



# Statehood, State Capacity and Limited Access Orders: Comparing Belarus and Ukraine

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Antoaneta Dimitrova, Dimiter Toshkov, Honorata Mazepus, Klaudijus Maniokas, Maxim Boroda, Tatsiana Chulitskaya, Oleg Grytsenko, Natallia Rabava, Ina Ramasheuskaya, and Kataryna Wolczuk

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## **Abstract**

This paper discusses the role of statehood and limited statehood in relation to societal orders in Belarus and Ukraine. We conceptualize state capacity as a crucial factor affecting open and closed access orders and define its key elements. We investigate specifically public service provision by state and non-state actors, while recognizing that security and control over territory are other important aspects of statehood which are problematic in Ukraine. Our empirical investigation of key public services covers, on the one hand, elements affecting public service provision such as public administration reform and independence, and on the other hand, the actual state of basic services. We find that healthcare, postal services and public transport are better developed in Belarus than in Ukraine. This reliable provision of public services likely contributes to the stability of the limited access order in Belarus. At the same time, politicization of the Belarusian public administration and authoritarian centralization of government institutions affect other public services and continue to represent a threat to the economy in Belarus. Ukraine, in contrast, while struggling to deliver some public goods and services, is taking important steps in public administration reform. This could result in creating a more professional and independent public administration in Ukraine and, in the long-term, an opening of access to public services on a more universal basis.

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## 1. Introduction: The relevance of statehood and state capacity <sup>1</sup>

Open access orders (OAOs), in which there is free competition for political and economic resources (North et al. 2009), allow for a large number of organizations to emerge and thrive. Unlike in limited access orders (LAOs), the ability of citizens to form and be a part of organizations is based on universal access and impersonal rules. In contemporary OAOs, a rich ecology of social, political, and economic organizations coexists with the institutions of the state, rather than supplanting them. In fact, OAOs are supported by strong, consolidated statehood and high state capacity. Limited access orders, however, also owe the stability of their dominant coalitions to strong natural states resting on personal relationships and patron-client networks (North et al. 2009: 33-39).

Moreover, statehood and state capacity play a potentially crucial role for explaining the stability of social orders and the patterns of transitions between limited and open access orders. One aspect of state capacity – the capacity to provide public goods – is also an important element of the development of mature natural states in LAOs, as suggested by North et al. (2009). Therefore, studying the role of statehood and state capacity in maintaining existing LAO equilibrium or affecting the opening towards an OAO is crucial for understanding the potential for change of contemporary states and social orders. The interplay between statehood, state capacity and social orders is particularly salient for the post-communist countries in Eastern Europe, such as Belarus and Ukraine, and for assessing their potential for development and transition into OAOs.

The institutions of the state and the role that they play in the economy and everyday lives of citizens have undergone momentous changes in the post-communist period. From the all-powerful communist state, weak or more limited states have emerged in the last three decades. State institutions have transformed in processes described by scholars as ‘politics of state formation’ (Volkov 2002: 156-157) or elite competition over the shape of emerging post-communist state (Grzymala-Busse and Jones Luong 2002).

Belarus and Ukraine, the two states we examine in this paper, had a similar level of socio-economic development upon their exit from the USSR. Yet, their political and economic trajectories have been rather different: Ukraine is regarded as having suffered a staggering decrease in state capacity: a development that has been avoided in Belarus. State building, defined as the creation of stable and impartial institutions providing basic public services, appears to be an ongoing process and remains a challenge for Ukraine, as evidenced by ongoing conflicts but also by the dedication of funding from the European Union (EU) to Ukraine. Belarus, on the other hand, performs relatively well according to some existing indicators related to the provision of public services, but faces challenges in continuing to finance public service provision (World Bank 2018).

Has the alleged decline in state capacity in Ukraine been a consequence or a cause of the persistence of its LAO and the dominance of patron-client networks? Is state capacity to provide public services in Belarus helping to support the stability of its LAO? We aim to provide some insights towards addressing these important questions even if larger theoretical and empirical investigation is needed to decisively answer them. This paper will present a snapshot of state capacity in both countries and formulate some propositions as to the effects of current state capacity on their LAOs.

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Further complexity is added by the realization that political opening and state capacity may be in tension. Based on the analyses by Fortin (2012), Back and Hadenius (2008) and Charron and Lapuente (2010), it is clear that the relationship between state capacity and authoritarian and democratic regime is curvilinear. On the one hand, high levels of state capacity help democratizing countries to become more democratic. On the other hand, authoritarian regimes also benefit from state capacity for their stability.

This paper starts from a discussion and conceptualization of statehood and state capacity, building on several different bodies of literature and taking into account the post-communist and post-Soviet context. We develop a conceptual framework that is nuanced, comprehensive and adapted to the post-communist context in Eastern Europe, rooted in a literature review of relevant discussions of concepts of statehood, state and administrative capacity and their measurement and application to the post-communist world. We then operationalize the major dimensions of state capacity that we distinguish and identify measures and questions capturing key aspects to study state capacity in the cases of Belarus and Ukraine. Equipped with these comprehensive assessments of state capacity in these two countries and insights from the conceptual discussion, in the next part of the paper we formulate some theoretical propositions for how state capacity interacts with other features of LAOs.

## **2. Conceptual discussion: Dimensions of statehood and state capacity**

### *2.1. Statehood and state capacity*

The emergence of state and the nature of statehood have been a key theme and core subject of vast amounts of literature and centuries of scholarly investigations in disciplines such as history, historical sociology, law, political science and public administration. The perspectives on the state from all these disciplines are too vast and diverse to be addressed in full here. For the purpose of setting our investigation of state capacity in a clear conceptual context, we draw on the framework by North et al. (2009) and recent work on statehood and limited statehood by Krasner and Risse (2014), as well as on work on states in post-communist (Ganev 2005; Volkov 2002) and related societal settings (Migdal 1988).

According to North et al. (2009), mature states resilient to shocks and with sophisticated governments are a feature of the developed LAOs, while OAOs have a bigger government with a more articulated institutional system (2009: 122-129). For OAOs, a number of specific characteristics of state institutions are established in a process of state building which entails, in North et al.'s interpretation, both the provision of public goods and services through sophisticated and impartial institutions and policies and the creation of institutions that impose limitations on government (2009: 123). Another feature that deserves special attention is that in OAOs, public goods and social insurance programmes provided by state institutions in many cases complement the market rather than interfere with it. Such public goods and policies are, for example, education, infrastructure provision and social insurance (North et al. 2009: 124).

Before going in greater depth into the examination of public services and the state capacity to provide them, a brief discussion of statehood as a broader concept is needed. Statehood has been often defined in the context of historical investigations of the emergence of monopolies on the use of violence, uniform taxation over a territory

and bureaucracy (Tilly 1992). Externally, statehood comprises, in a most basic sense, international legal recognition of borders and formal sovereignty.

Recent work by Krasner (1999), Krasner and Risse (2014), Risse (2011) and Börzel and Risse (2010) develops a conceptualization of statehood starting from the recognition that states with full or ‘consolidated’ statehood are rare (Krasner and Risse 2014: 548). In this framework, statehood is defined as the capacity of state institutions to control the use of force, and set and enforce collectively binding rules (Krasner and Risse 2014; Risse 2011). States with ‘full’ statehood possess both complete monopoly over the means of legitimate use of force and the ability to create, implement and enforce rules over a territory.

Existing states, however, often have areas of limited statehood defined by Krasner and Risse (2014: 549) as “those areas of a country in which central authorities (governments) lack the ability to implement and enforce rules and decisions and/or in which the legitimate monopoly over the means of violence is lacking”. The ability to enforce rules or to control the means of violence can be differentiated along two dimensions: (1) “territorial, that is, parts of a country’s territorial space, and (2) sectoral, that is, with regard to specific policy areas” (Krasner and Risse 2014: 549).<sup>2</sup> From this perspective, statehood is not a dichotomous variable but one that varies by degree on a continuum defined by two dimensions: state monopoly over the means of violence and state capacity<sup>3</sup> (Krasner and Risse 2014: 550).

We find the concept of limited statehood, with regard to territory control or the ability to create and enforce rules, particularly useful with regard to Ukraine because it captures the problem of governance in the separatist controlled areas. We further define state capacity, by adding various aspects related to administrations (administrative capacity), tax collection and public services. State capacity depends on whether there is an administration capable of planning, coordinating and implementing policies and doing so in an impartial way. The impartiality of institutions exercising government authority is, according to Rothstein and Teorell (2008), a key condition for the quality and effective functioning of governments.

The ability to collect taxes over a territory is seen by many as a key component of statehood. Studies of state capacity often use extractive capacity as a key indicator for state capacity (cf. Fortin 2012; Lee et al. 2014).<sup>4</sup> In view of state capture problems in the countries we study, however, the question is, once extracted, where do extracted resources go? Extraction through taxes does not necessarily mean use for public good or administrative development, certainly in countries with high level of state capture or corruption.<sup>5</sup> In addition, extraction capacity is not always equivalent to all finances available as the latter may also come from external actors or private donors (e.g. the EU, businesses, international NGOs).

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<sup>2</sup> In a complementary approach, statehood is measured by three indicators, namely: state monopoly over the means of violence (as measured by two indicators ‘failure of state authority’ and ‘portion of the country affected by fighting’) and state capacity (measured by fiscal extraction capacity) (see Lee et al. 2014).

<sup>3</sup> From this perspective, Greece or Italy are defined as states with areas of limited statehood, based on challenges to the fiscal extraction or violence control (Southern Italy) respectively (Krasner and Risse 2014: 550).

<sup>4</sup> For example, Fortin (2012) uses a five-item index of state capacity comprised of the following indicators: Tax revenue to GDP to indicate funding capacity; Progress in infrastructure reform (EBRD); Levels of corruption (Heritage foundation); Quality of property rights protection (Heritage foundation); The ratio of Contract Intensive Money (CIM), calculated from International Monetary Fund financial statistics (Fortin 2012: 909).

<sup>5</sup> The phenomenon of state capture in the Eastern Partnership region is closely linked to and, arguably, an aspect of the evolution of the state in post communism.

Fukuyama (2013) provides several reasons why extractive capacity is only a very limited proxy of state capacity and may be empirically inaccurate. He argues that extractive potential and actual extraction rates usually differ. Furthermore, he stresses that high levels of taxation do not translate into actual efficient use of tax revenues, as corruption, inefficient transfers or inefficient administration might intervene. These are relevant mechanisms for our countries, so we will bear in mind the divergence between tax collection and provision of public goods when we refer to existing data on tax collection.

Despite this critique, it is clear that without some level of resources and the capacity to extract them, few aspects of statehood related to rules, policies or public service provision can be realized. For example, having resources to maintain a public administration apparatus is obviously contingent on some level of tax collection.

Next to extractive capacity and other financial resources, we view the organizational resources for performing key functions relevant to all governments as a part of state capacity.<sup>6</sup> Therefore, for us, both extractive capacity and administrative capacity (procedures, structures, personnel, expertise, as elaborated further below) are key elements of state capacity.

Some argue, as Fukuyama (2013) has done, that state capacity should be conceptualized, and measured as separate from open society and democracy, so that we can measure and understand how authoritarian states that provide goods and services function.<sup>7</sup> As we attempt to define state capacity separately from open or limited access orders, this is an interesting approach which we bear in mind when operationalizing state capacity.

We expect that the provision of public goods and services related to key functions all states might perform will shape citizens' assessment of the state. According to Fukuyama (2013: 8) such key functions that all states might perform might include:

'...a set of functions theoretically performed by all governments (e.g., macroeconomic policy management, basic law and order, primary and secondary education, population registration), or it could incorporate data on how expansive the functions performed are (e.g., giving extra credit if a government is able to, say, regulate pharmaceuticals).'

In addition, states may commit to providing further services and developing welfare policies dependent on the political programme of those in power and on the resources available to them. There is clearly a difference between governments committed to market principles and neo-liberal conceptions of the role of the state and governments committed to (aspects of) welfare state and a variety of models of state-controlled economy. While engaging in a discussion about the 'right' level of social welfare and public service provision is beyond the scope

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<sup>6</sup> Again, the possibility that some actors have captured the state and use its organizational resources for rent extraction, needs to be taken into account. We will discuss the relationship between organizational and regulatory resources and state capture below.

<sup>7</sup> Fukuyama's conception of governance as provided by the state or by government was criticized for its lack of inclusion of the governance provided by non-state actors: economic and civil society actors or external actors (Hale 2013; Risse 2013, 2014). As Levy-Faur and Risse argued, referring to earlier work by Kersbergen and van Waarden, an essential aspect of governance is provided by non-state actors: networks or public private partnerships, individual actors and civil society members (Levy-Faur 2014; Kersbergen and van Waarden 2004: 151-152).

of this paper, we discuss the idea of the state and its service provision in a post-communist and post-Soviet context. Placing our investigation in the context of the different trajectories of development of the post-Soviet or post-communist states allows us to focus our investigation on the structures and services which elites and citizens in these states expect states to provide.

Outputs, such as public services are therefore included as an element of our assessment of statehood and state capacity. However, it is widely accepted that outputs do not depend only on state capacity, but on other context-dependent conditions and on the input and participation of stakeholders and society at large. An important caveat here is that while non-state actors may contribute to public service delivery, they might also diminish it, by appropriating and using state organizational resources to maintain their position.

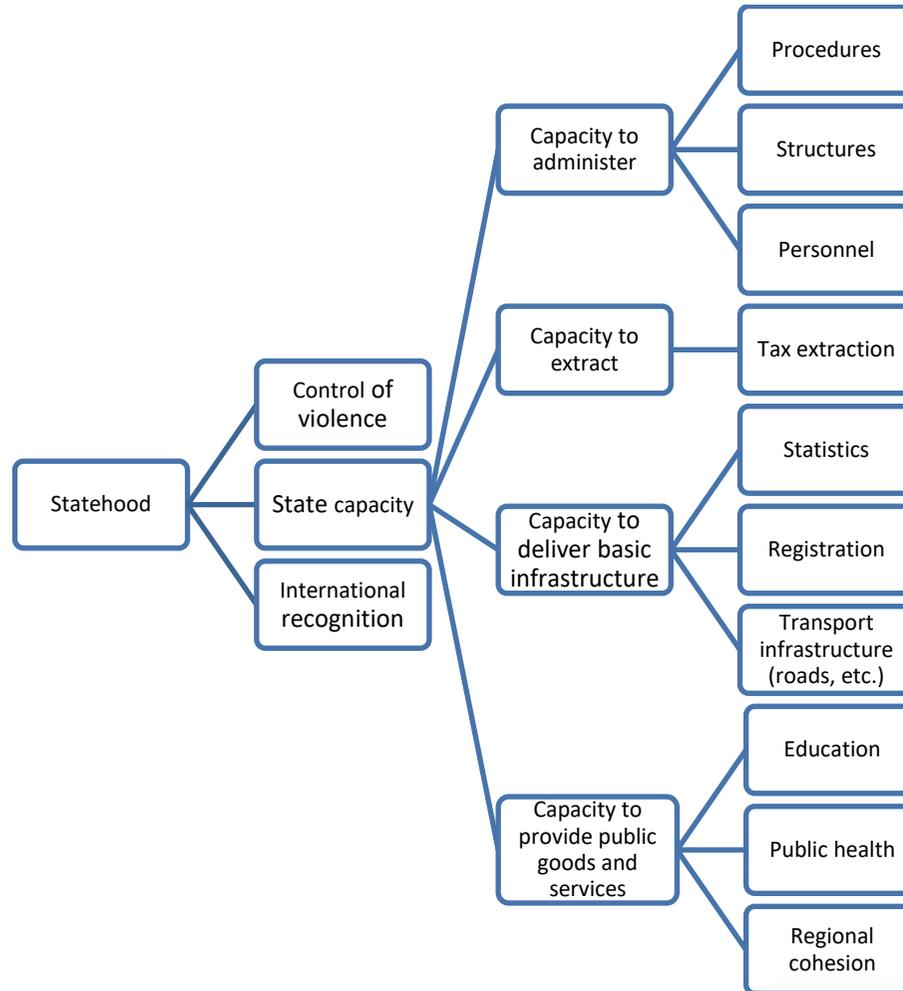
The latter dynamic of state society relations has been highlighted in Joel Migdal's (1988) work on weak states. Migdal emphasized that in many parts of Asia and Africa, the state has been one organization among many, with other organizations and actors ('strongmen') throughout society maintaining their own rules and social control and using state resources to enhance that control. Incorporating the insights from Migdal's analysis of strong societies and weak states, we can expect that the relationship of post-communist entrepreneurs and strongmen with the state and their effects on state capacity are ambiguous. On the one hand, as Migdal has shown for Africa, they might aim to use the share of state resources at their disposal to bind citizens to them, by becoming brokers for the contracts, jobs and services that filter through via the structures of the state. Therefore, they might aim to enhance the resources of the state to some extent. On the other hand, however, as Migdal argues, they aim to thwart the state in establishing control and offering direct access to services and public goods to the citizens (Migdal 1988: 255-256).

While we fully agree that public services and public goods do not depend entirely on the state and its capacity, we suggest that the legacy of post-Soviet states justifies an emphasis on provision of public goods by state institutions rather than private actors or non-state actors. Nevertheless, building on the discussion above, we envisage two ways in which non-state actors need to be taken into account in this analysis. First, we discuss state capture, as the widely accepted set of mechanisms whereby non-state actors appropriate and weaken or use the resources of the state. Second, we investigate empirically how substantial the role of non-state actors in public service provision currently is in our two country cases. Figure 1 summarizes the theoretical discussion and presents the relationship between the different elements of statehood we consider.<sup>8</sup>

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<sup>8</sup> This is, of course, an oversimplified sketch of the theory. We intentionally do not demarcate the input and output side of state capacity as the two aspects of state capacity are interrelated. Taxation, for example, could potentially be on both the input and output side of state capacity as it is determined by the capacity to extract resources (tax), but it also determines the level of public goods delivery. Moreover, not all possible goods and services are listed in the figure.

Figure 1. The elements of statehood



### 3. State capacity and the legacy of the post-Soviet and post-communist state

#### 3.1. State capture in Post-Soviet states

The shift from socialist planned economies to market economies entailed dramatic changes in the scope and types of state interventions and role of the state in general. The transition opened up the possibility for the ruling elites to use reforms, such as privatization, in order to concentrate both economic and the political power and to capture the state, often creating a blockage for further reforms (Hellman 1998). A broad literature has developed on post-communist state capture showing that state capture was a phenomenon that emerged as elite networks took over state assets during privatization (Ganev 2005, 2007; Grzymala-Busse 2004; Volkov 2002).

If we follow North et al. (2009), however, in accepting that most states are limited access ones, governed by dominant coalitions restricting access to organizations and services, then state capture can be seen as a ‘normal’ symptom of the existence of a stable and functioning dominant coalition. By definition, dominant coalitions in LAOs do not create or support institutions that enable impersonal access to public services (North et al. 2009). It follows that in a LAO, access to public organizations, goods and services is provided based on connections and not on an impartial basis and not systematically supported by rule of law as an enforcement mechanism of impartiality (North et al. 2009: 113). For empirical purposes, we can distinguish between access to public organizations (e.g. hiring and firing rules in public administration) on the one hand, and access to public goods on the other (e.g. access to health care or education).

Both theory and empirical evidence suggest, therefore, that the relationship between state capture and state capacity is complex.<sup>9</sup> However, following from the discussion here, we must acknowledge the possibility that LAOs can co-exist with different kinds of natural states providing different levels of public services. Natural states, as defined by North et al. (2009) are the most prevalent form of the state in human history. Although this type of state can exist in diverse societies with very different levels of development (North et al. 2009: 31), they all share several characteristics: (1) “most relationships within dominant coalitions are personal rather than impersonal” (North et al. 2009: 33), (2) “patron–client networks (...) structure the creation, gathering, and distribution of rents that can limit violence (...) and organize violence itself” (North et al. 2009: 36), (3) these states “limit access to organizational forms” and control trade (North et al. 2009: 38). Where different types of natural states diverge is in “the structure of their state and in the sophistication of the organizations they can support” (North et al. 2009: 41). One type of LAO would exist in underdeveloped natural states where most of the existing administrative capacity of the state would actually be used for rent seeking and public services would be minimal or highly deficient. Another type of LAO co-exists with well-developed natural states that provide high levels of public services, albeit not on a universal basis but as a means to keep control or balance between various constituencies and groups. Following Way (2005), we can expect that high levels of state capacity can contribute to the survival and stability of authoritarian regimes. Therefore, we can investigate whether relatively high and stable state capacity may contribute to the stability of a LAO.

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<sup>9</sup> Further investigation of state capture is beyond the scope of this paper, but we note specific channels of state capture, for example through political interference with the work of regulatory agencies or systematic politicized hiring and firing in all layers of the administration.

Empirically, we need to establish whether the two post-communist states we examine, Belarus and Ukraine, are of the former or the latter type. Depending on the ability of a dominant coalition to maintain and use highly dense and intricate networks with personalized ties, state capacity may be high under a long standing and stable dominant coalition or low due to persistent rent extraction combined with limited administrative capacity.

When social orders and political institutions are partially open or in flux, we may have a different situation from those two stable extremes, namely state capture as a factor undermining a process of opening of a LAO via broadened access to public goods and services. In such cases, state capture – the control of some of the organizational parts of the state by a coalition of business actors working to extract rents – can be expected to undermine state capacity in several ways.

First, state capture may create informal institutions and de-couple them from formal rules and laws, with the aim to avoid state regulations acting as a constraint on illegal activities and practices. Second, state capture may take command of the material assets available for supporting administrative capacity. Third, state capture may result in state organizational units and administrative capacity being used purely to extract rents, an extreme case of grand corruption. In both the second and the third case, the delivery of public goods and services by state actors would be diminished because their capacity is captured and used for rent-seeking.

The consequences of state capture would be, therefore, most detrimental in social and political orders which are partly open or on the verge of opening. A state which attempts to maintain open access to institutions but has low statehood and low administrative capacity may not manage to support and maintain open access, as open access depends, at least partly, on organizational ability and density (North et al. 2009).

### *3.2. States and markets after communism*

Analyses of different institutional frameworks emerging to define levels of state intervention in markets and social protection led to conceptualizing different forms of state interventions within market economies. Each of these types of market economies is also associated with distinct modes of state intervention and conceptions about the role of the state, with limited role of the state in the liberal market economies and stronger coordinating and welfare functions in coordinated market economies. Bohle and Greskovits (2012) have identified three distinct political economy models in the post-communist region: a neo-corporatist (Slovenia), a neo-liberal one (Baltic states) and an embedded neo-liberal one (Visegrad).

The two country cases examined in this paper differ from these Central European transition types. Belarus, in particular, was perceived as a laggard when it comes to a ‘transition to market’: by EBRD indicators, “Belarus was a little below average as a reforming economy in the mid-1990s, and had become very obviously uninterested in reform by the end of the decade” (Lawson 2000: 126). In political terms, Belarus has been proclaimed the ‘last dictatorship’ in Europe. However, the flip-side of a lack of reform has been that the republic has managed to avoid the erosion and fragmentation of state institutions, that of which has become so apparent in Ukraine.

An important consequence of these divergent pathways of political and economic development is the emerging gap in state commitments and resources. This so-called neoliberal group, the Baltic states in particular, while having a rather small public sector in relation to gross domestic product (GDP), have nevertheless maintained an extensive level of state commitments to their citizens in terms of public services.

It can be argued that among the Central and Eastern European post-communist states, even in the ones that took a neo-liberal turn, the state still commits to a provision of a relatively large array of public services. This has resulted, at least to some extent, in *shallow states*, which have extensive obligations to their citizens, often defined by law, and very limited resources, if calculated by the size of the national budget vis-à-vis the GDP, to serve them. Combined with the small size of the public-sector, this generally has led to the poor quality of under-funded services and their partial quasi-privatization.<sup>10</sup>

Unfunded political commitments to provision of full public services seem to be one of the major horizontal failures of the real markets in different sectors. This is particularly evident in sectors where prices of public services are regulated, such as energy and water, where tariffs set typically do not cover the full cost of service.

By contrast, a different pathway has been taken by Georgia, one of the few post-Soviet states that tried to address the gap between commitments and resources. It opted for a different strategy: via radical de-regulation and privatization, the Saakashvili government adopted a model of offering fewer public services, but controlling the output of these better. It resulted in reduction of corruption and demonstrated the possibility of coming to terms with the shallow state phenomenon, at the expense of providing a smaller range of services.

The majority of post-Soviet and post-communist states, however, still commit to a broad array of public services. Despite its clear capitalist pathway, Ukraine preserves to quite some extent the socialist legacy of wide commitment to public services. This commitment to wide public services is also common among post-Soviet states with controlled or mixed economies, as is arguably the case in Belarus. The difference between the more capitalist economy of Ukraine and the more controlled economy of Belarus is the proportion of state resources used to provide those services (Ukraine spends a smaller proportion and Belarus a larger proportion of state resources).

#### **4. Operationalizing concepts and selecting key indicators**

Following from the discussion above, focusing in turn on administrative capacity and outputs, we can specify these further for our purposes based on existing assessments by international organizations such as OECD (SIGMA) and the World Bank and on in-depth assessments based on available data sources and expert interviews in Belarus and Ukraine.

The machinery available to perform state functions combined with its various characteristics such as neutrality, internal coordination, continuity over time,<sup>11</sup> is investigated as the source and level of administrative capacity.

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<sup>10</sup> Solutions to the structural problem of a wide but shallow layer of public services can be found through either raising taxes to provide better funding or privatizing part of public services. Both have been politically difficult in recent years.

<sup>11</sup> This list is non-exhaustive, as public administration and public management literatures deal with a large range of characteristics affecting bureaucratic performance. The features mentioned here are mostly examples and

*Administrative capacity* depends on public administration and its organization (units and their location and staffing at appropriate levels) and coordination between the units of the state, numbers of personnel and their remuneration, qualifications and age, and, last but not least, technology.

Key principles of public administration have been formulated as guidelines in the work of the SIGMA unit of the OECD, first in the context of EU enlargement and nowadays for the European Neighbourhood Policy (ENP) countries (SIGMA 2016). The focus on defining what state administrations need to re-build and function effectively in the post-communist period came with the realization that state capacity was necessary to make market and policy reforms a success. The existence of laws on public administration and the civil service is seen as a first step and has been a starting point for the reform of the administrations in many post-communist states (Dimitrova 2002). However, those who followed the reform trajectories of post-communist states have further noted that while legal frameworks started the process of redefining the role of the civil service, many other factors played a role in increasing administrative capacity. Politico-administrative relations in the broader sense are important and the ability of civil servants to perform expert and policy making tasks in an independent and professional manner depends on provisions for hiring and firing, career systems, level of coordination and involvement of the civil service in policy development (Verheijen and Rabrenovic 2000: 410-418).

Approaching the problem of good governance from a different disciplinary perspective, the Quality of Government programme in Gothenberg has reached a similar insight that the independence and impartiality of civil servants is an important variable affecting the quality of government (Rothstein 2013; Rothstein and Teorell 2008). Impartiality refers mostly to levels of political influence on the recruitment and interference in the functioning of civil servants and key officials. In terms of the organizational structure of the administration, the availability of coordination units and procedures is crucial for the implementation of policies (Dimitrova and Toshkov 2009).

A relevant distinction in the administration is between horizontal and vertical components. Horizontal aspects affect the administration in general and can comprise rules and overarching institutions, coordination units, planning and strategic units, and human resources. The broad horizontal level also covers general functions and statistics, functions such as registration (citizens, demographics, companies, land), cadaster, passports and similar services.

Vertical aspects refer to policies, sectors, and specific administrative and agency capacity dealing with a sector. Social welfare, health, transport, etc., may differ considerably depending on the political priorities and amount of state finances targeting particular public services: for example, some governments may choose to invest in infrastructure to facilitate economic transactions while others may invest much more in health care services based on their ideological commitment.

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serve to indicate that bureaucratic machinery on its own, in terms of numbers, may not ensure bureaucratic effectiveness or quality of services.

Taking these aspects into consideration, we aim to investigate, via two sets of questions<sup>12</sup> guiding the (quantitative and qualitative) case studies, aspects of administrative capacity and outputs in several key areas. On the administrative capacity side, we investigate the existence and levels of impartial administration, organizational coordination, professionalism in training and merit-based recruitment. Regarding outputs, we make a selection based on the discussion above. We investigate to what extent Belarus and Ukraine respectively provide public goods and perform basic functions regarding citizen registration, property transactions (cadaster), postal services, education (primary), health care and regional cohesion.<sup>13</sup>

First, we seek to identify overall levels of state capacity and actors involved in its provision by focusing on these key aspects:

- Administrative capacity defined by the professionalization and political neutrality of the administration
- Legislation defining the neutrality and political independence of civil services
- Key horizontal public services: statistics, passports, land registry, postal services
- Quality and coverage of key public services in two chosen areas (health care, education)
- Aspects of state capacity that are taken care of or provided by others, such as external actors or business

Second and following from the above, we are interested in the implications of our findings for state capacity in LAOs. Therefore, we will discuss how the assessment of state capacity informs our understanding of the stability of LAOs and the possibility of them opening towards OAOs.

## 5. Assessing state capacity in Belarus

### 5.1. *Legacies and recent developments*

In terms of its trajectory before independence, Belarus stands out as a ‘success story’ of Soviet-style modernization. It was not affected by the economic malaise of the Brezhnev era to the same extent as other republics, owing to the charismatic, long-term leadership of Pyotr Masheraw (1965-1980). Belarus experienced faster socio-economic development and rise in living standards than the rest of the USSR (Balmaceda 2014: 522).

After independence, at least some existing capacity necessary to deliver public services was preserved, not least because a large share of enterprises remained state-owned and continued to provide Soviet-era welfare and social provisions.<sup>14</sup> The Belarusian trajectory was characterized by inertia between 1992-4, followed by the promise of continuity by Lukashenka with a view to preserving the stability of the Soviet period.

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<sup>12</sup> For further details on operationalization, see Appendix 4 for the questionnaire. To be able to assess the levels of state capacity of Belarus and Ukraine, we will also discuss how they compare with other countries that can serve as reference points (e.g. Lithuania, world averages).

<sup>13</sup> We take into account the possibility that non-state actors such as businesses or civil society actors may provide some services where the state does not or cannot do so, by including questions aiming to track the involvement of non-state actors in the key service areas we selected.

<sup>14</sup> For example, as of 2018, the Minsk Tractor Factory continues to provide accommodation, healthcare and even cultural and entertainment activities for the employees and their children (‘the Minsk Tractor Factory’, *Crossing Continents*, BBC Radio 4, 3 May 2018).

Like other Soviet republics, the Belarusian and Ukrainian SSR did not have their own tax systems and, hence, were almost entirely dependent for revenue on sums allocated to them by authorities of the Soviet Union (Johnson 1969: 229). Taxation was very limited in the USSR and “by far the greater part of the money collected in taxation went to the All-union authorities, who then allocated sums to the individual Union Republics” (Johnson 1969: 229). This re-distribution was a major component of the measures designed to integrate the Soviet republics within the common political and economic system (Zaslavsky 1991). This meant that the newly independent states had to rapidly develop new functions and capacities to generate revenues. One of the major differences that emerged between the post-Soviet trajectories of Ukraine and Belarus was the development of extractive (fiscal) capacity. While Belarus developed new fiscal capacity rather early in its independence, Ukraine, in contrast, had a fiscal system in “utter disarray as a result of economic crisis as well as the relative weakness of state capacity” (Fritz 2007: 127).

Energy profits from Russia facilitated the survival of the Belarusian economic system without the need to embark on difficult and painful economic reforms (Balmaceda 2014). Balmaceda draws attention to how income accrued from energy trade has been re-distributed in Belarus. Various studies, such as Yarashevich (2014), point to distributional authoritarianism, while Wilson (2016) stresses “the regime’s spending on social goods to maintain baseline popularity and keep the level of coercion lower than it would be otherwise”.

## 5.2. *Capacity to administer*

### *Public administration: Basic legal provisions and reform*

The Law on Civil Service was adopted in Belarus in 2003 and revised 13 times since, the last revision dating to January 2017<sup>15</sup>. A major revision of the law has been announced for 2018 following presidential instructions for such a revision, but the draft law has not yet been made public (Belta 2017).

The body in charge of personnel management in the civil service in Belarus is the Presidential Administration. There is no separate law on the public administration outlining its principles or tasks, however. Experts argue that in the absence of clearly defined scope and principles of public administration in general and of individual organizations in particular, public bodies are overwhelmed by *ad hoc* orders and requests from superior organizations (Ramasheuskaya et al. 2018).

As Belarus has a presidential political system, the Council of Ministers is an ‘executive arm’ of the President and hence subordinated to the Presidential administration, which is the most powerful decision-making body. All policy initiatives originate from the Presidential Administration and policy directions from the Presidential Administration are implemented by the Council of Ministers and the rest of the administration. Only very occasionally the premier or individual ministers openly question policy directions coming from the Presidential Administration.

There are 24 ministries in Belarus which present a rather formidable coordination challenge. The Council of Ministers, chaired by the Prime Minister, is the central body of public administration in Belarus which oversees the system of subordinate organs of public administration, other public organizations, as well as local executive

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<sup>15</sup> For the Law on Civil Service, see <http://www.pravo.by/document/?guid=3871&p0=h10300204>.

and regulatory bodies.<sup>16</sup> The Council of Ministers is also responsible for gathering feedback from line ministries on draft laws and other regulatory documents. The administrative support staff of the Council of Ministers comprises approximately 150 people after the most recent administrative staff cuts and reorganization.

Planning and legislation drafting functions are performed by the Institute for Legislation and Legal Research, part of the Presidential Administration. The Institute serves as a centre for drafting laws mostly on behalf of the President, who proposes most new bills and appoints the Institute's Director. It provides legal expertise on draft

laws and oversees the consistency of legislative measures. Before the recent personnel cuts, the Institute had about 100 employees, after the reorganization about two-thirds of staff remain.

In the last five years, the civil service has undergone two rounds of 'optimization', which is a euphemism for personnel cuts and reduction of staff. Both reductions were initiated by the Presidential Administration following instruction from the President. The stated aim of staff cuts was to save resources and increase the salaries of the remaining staff. In 2003 the service was 'optimized' by 25 percent, in 2017 – by 30 percent according to existing reporting, which is, however, quite fragmented and does not cover all units.<sup>17</sup> For example, according to reports from the Minister of Foreign Affairs, the Ministry's central staff has been reduced by one-third, while personnel serving in embassies and consulates has been downsized by fifteen percent (Belta 2018).

### *Civil service professionalism and independence from politics*

All appointments in the civil service in Belarus are de-facto political. According to the Law on the President of the Republic of Belarus<sup>18</sup>, the President can appoint or fire any public official, including judges and heads of local administrations. There are no restrictions in the legislation on firing any public official.

The Law on the Civil Service (from 2003) provides for merit-based recruitment without using this specific wording. However, it does not provide any instruments to ensure that recruitment is merit-based in practice. The law contains provisions for a grade-based career structure. While merit-based recruitment is possible in theory based on the relevant provisions in the law, in practice the hiring process is left in the hands of hiring managers, who are mostly the heads of individual organizations. There are two registries (databases) of recommended candidates for public positions. The first one is maintained by the Academy of Public Administration under the aegis of the President and contains information about successful graduates. The second one contains information about civil servants recommended for managerial positions (nominated by the heads of public organizations). Hiring managers are encouraged but not obliged to consult these databases before recruitment. Final decisions about recruitment rest with the heads of the organizations.

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<sup>16</sup> Based on the Law on the Council of Ministers of the Republic of Belarus from 23 July 2008, available at [http://government.by/upload/docs/law\\_424\\_cm.pdf](http://government.by/upload/docs/law_424_cm.pdf).

<sup>17</sup> No analysis investigating whether these numbers have indeed been reduced and the salaries increased has been carried out. Some experts speculate that heads of public organizations were able to report reductions in personnel by cancelling open (unfilled) vacancies and stripping some categories of specialists (e.g. legal advisers) of civil servant status while very few actual layoffs took place.

<sup>18</sup> The Law on President, available at [http://president.gov.by/ru/official\\_documents\\_ru/view/zakon-respubliki-belarus-ot-21-fevralja-1995-g-3602-xii-1396/](http://president.gov.by/ru/official_documents_ru/view/zakon-respubliki-belarus-ot-21-fevralja-1995-g-3602-xii-1396/).

It seems that most positions within the civil service are filled through direct appointments rather than open competition. One possible reason for this is that salaries at the entry level of civil service are not very competitive, and open vacancies might not attract many applicants. Another possible reason is that heads of public organizations have a lot of discretion when it comes to appointments, which they exercise by hiring friends, relations and in general people with similar views and backgrounds. Advertising positions through open competition is the exception rather than the rule.

Hiring managers are not constrained by any form of control over their decisions, and any 'mismatched' official can be removed by not prolonging his or her contract. All civil servants work on the basis of limited-term contracts (most frequently two- or five-year).

Public officials receive their in-service training at the Academy of Public Administration under the Aegis of the President of Belarus (former Higher Communist Party School of Byelorussian Soviet Socialist Republic). The Academy has about 20 retraining programmes offered to public managers, including those in the field of human resources, management of state enterprises, management of agribusiness, local governance, economy, management, etc. There are also specialized advanced programmes for those wishing to upgrade their knowledge and skills in public management (Presidential Academy of Public Administration n.d.).

#### *Horizontal aspects of administrative capacity: Policy making and coordination*

As there is no formal separation between political and administrative levels of government in Belarus and given the central role of the President and the Presidential Administration, it can be said that political interference permeates the public administration in Belarus. The government does not receive general policy directions, but very specific 'target' indicators in the form of exact figures for GDP growth, trade turnover, investments attracted, unemployment, etc.<sup>19</sup>

The Council of Ministers is therefore de-facto deprived of any independent policy-making role. While the Council of Ministers is placed in the centre of the Government and is adequately staffed, it simply follows the President's directions. Directions from the President on key policies have been known to be contradictory, for example the instruction to increase the salaries of employees of state run enterprises to reach an arbitrary target of 500 USD while at the same time restraining inflation.

The economic and social consequences of certain measures are not taken into account, as shown by the 2017 proposed measure of instituting a 'parasite tax'. This measure – *de facto* a fine on unemployment – was created in response to the president's demand that persons who are 'not productively employed' be fined in order to encourage them to find employment. The first version of the decree introducing this policy prompted an unprecedented level of mass protests across the country in February-March 2017.

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<sup>19</sup> Even if high- and mid-level officials privately admit that these figures are not realistic, they almost never challenge them publicly. On the other hand, it is very rare to see a public official removed for failing to reach these targets.

*Text Box 1. Example of the influence of political rule on public services in Belarus****Politicized administration and public services: The case of school times***

An interesting example of the effects of political interference on public services is the change of the time when classes start in primary and secondary schools (all public) in Belarus. Until recently, classes started at 8 am. In the middle of the last school year the President complained that his teenage son was not getting enough sleep and ordered to move the start of classes to 9 am across the country. For many schools it did not make any sense as most parents start working at 9 am and in case of the later start would not make it to their workplaces in time. However, departments of education across the country started to enforce this change. Facing the outrage of parents, some schools allowed children to come to school as early as 8am, but then invented some meaningless activities to keep the schoolchildren occupied before the 'decreed' start of classes at 9 am. As soon as the President moved his attention to a different issue, many schools 'creeped' back to the 8am start.

### 5.3. Capacity to extract

#### *Tax collection*

While retaining much of the otherwise unreformed state apparatus, Belarus has, according to some studies, succeeded in developing an effective fiscal system (Fritz 2007). The taxation system is defined in the Tax Code. Taxes form 25 % of the GDP of Belarus, or 83.2 % of the consolidated budget. In 2017, 12.1 billion euro (26.3 billion BYN) were collected in taxes. These taxes are (Belarusian Ministry of Finance 2017):

- VAT (35.1 % of all taxes collected)
- Income tax (16.5 %)
- Tax on international trade (13.5 %)
- Corporate income tax (11 %)
- Excises (8.9 %)
- Property taxes (6.1 %).

The institution responsible for tax collection is the Ministry of Taxes and Duties (except the payments to the extra-budgetary funds). The Ministry has 10 offices in Minsk, and 10-14 offices in each region of Belarus. It is possible to submit tax returns online (businesses have to use electronic digital signatures).

The level of capacity, professionalism and reputation of the Ministry and its offices is perceived as adequate (Research Centre IPM 2018). There were and still are many difficulties related to the digitalization of the processes (the electronic digital signatures can only be bought from the state-owned monopoly; VAT is only accepted electronically, however the system is not always working well and is not compatible with many operating systems or browsers; in the case of a mistake, a person would still have to physically visit the inspection office, etc.). The workflow between different governmental institutions is partially digitalized. However, some institutions use different IT systems, so information exchange needs people to manually handle it.

According to the IPM think tank, small and medium enterprises consider the high tax rates as the main obstacle for their businesses (52 % mention it according to the recent survey), 39 % say that constantly changing legislation is also a barrier to their business (IPM 2018). According to the World Bank 'ease of doing business' report, businesses on average have to pay 52.9 % of their profit as taxes and other contributions (World Bank 2018a).

#### 5.4. Capacity to deliver basic infrastructure

##### *Statistics*

The national statistics collection is done by the National Statistical Committee of Belarus and is regulated by the Law of the Republic of Belarus ‘On State Statistics’. It has been moving from Soviet standards and norms towards international ones. The intention to use international statistical standards was announced in the Strategy of Development of National Statistics 2014-2017, and was underlined again in the Strategy of Development of National Statistics 2017-2022.

Since 2016, Belarus uses the most recent internationally used System of National Accounts (2008 SNA). Therefore, international statistical databases have access to the most recent information (World Bank 2018b). The World Bank assesses the statistical capacity of Belarus as quite good, scoring at 87.8 out of 100 in 2017 (World Bank 2018).

The National Statistics Committee has data exchange agreements with other government agencies, including the National Bank, Ministry of Finance, Ministry of Taxation, Ministry of Justice, etc. The system of data collection has been digitized, and all the data is collected in the Unified Information System of State Statistics of the Republic of Belarus.

##### *Registration*

Belarus has no generalized and integrated personal identification system. Various ministries and organizations maintain different databases, which includes:

- The population register (Ministry of Internal Affairs)
- Personalized records (the Fund for Social Protection of Population)
- Loan register (the National Bank)
- Database of the persons temporarily restricted from leaving Belarus (the Ministry of Internal Affairs)
- The database of cellular subscribers (service providers)
- Automatized information system of payments (the National Bank)
- United state database of law violations (the Ministry of Internal Affairs)
- Database of dactyloscopic registration (the Ministry of Internal Affairs)

These databases are digitalized and appear to be up to date. Since they are separate and maintained by different institutions, there are difficulties with informational exchange between them.

Currently the authorities have announced plans to create a database recording the employment status of the population in order to make people who do not “participate in the social expenditures of the state” pay full price on subsidized state services (communal charges above all) (Belta 2018b). The institution to be responsible for this database is the Ministry of Labour and Social Protection.

The main personal document in Belarus is the passport. In accordance with the Decree of the Council of Ministers regulating these administrative procedures, issuing passports is done by the Ministry of Internal Affairs (MIA).

According to regular procedures it takes one month to get a new passport, it is also possible to get it faster (15 days, 7 days) for an additional fee. The passport is valid for 10 years (5 years for children). Belarus is planning to introduce biometric passports and national ID cards by the end of 2018.<sup>20</sup>

Application for passports can be done in Minsk at the centres providing public administrative services to the population (there are 43 such centres)<sup>21</sup>, or at the regional offices of the MIA in other locations. People can choose to be notified by a text message when their passport is ready. Since the procedure is formalized and there are no delays, there is no need to pay bribes in order to get the document on time. However, there is anecdotal evidence of bribes when citizens have aimed to obtain documents faster than within seven days.

### *Land cadaster<sup>22</sup>*

Belarus has a well-functioning land cadaster administered by the National Cadaster Agency of the State Committee for Property. It is quite comprehensive and reliable, covering the entire territory of the country.<sup>23</sup> It is also accessible through a mobile application “Moi kut” (My nook). It is professionally maintained and updated. Since it is available online, there is no need to pay bribes in order to find or use information from the cadaster.

There are also services and e-services that citizens and businesses can get from the Cadaster Agency, such as remote access to the state register of real estate, information about real estate ownership and transactions, and online access to the register of prices and information about the value of land for tax purposes.

### *Public transport and infrastructure*

The country inherited an extensive road and rail network from the Soviet Union. Since then, Belarus has maintained that infrastructure in good condition, avoiding the large-scale deterioration seen in some of other countries in the region.

The spheres of infrastructure and transport are regulated by the State Programme of the Development of Transport Complex of the Republic of Belarus for the years 2016–2020 (approved by the Decree of the Government № 345 dated April 28, 2016) The main objective of the program is formulated rather broadly as a “*satisfaction of the needs of the population and economy in transport services*”.

Current problems with the transport system include: the deterioration of the main railways (up to 53 % in 2016), low speed of the railway and public passenger transport, and the lack of financial viability of public transport, which exists due to subsidies. The Belarusian government intends to attract investments for upgrading and modernizing the road and rail networks and is discussing the possibility of such investments with the World Bank.

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<sup>20</sup> As announced in the news section on the Ministry of Internal Affairs’ website, available at <http://mvd.gov.by/en/main.aspx?guid=376813> (accessed 20 May 2018).

<sup>21</sup> The website of the Unified calculation and information center in Minsk is available at <http://ercu.bel/ru/o-predpriyatii>.

<sup>22</sup> A cadaster is a comprehensive public record of the real estate (land and buildings) within a territory of a country. It is based on a map the territory and usually describes the location, size, ownership, type, value, and applicable tax of each real estate unit.

<sup>23</sup> The public cadaster map is available online at <http://map.nca.by/map.html>.

According to *Belstat*, the most important means of passenger transportation in January-April 2018 were buses and coaches, followed by urban electro transport and metro, while railway and especially air transport had essentially smaller shares (*Belstat* 2018a). The system of urban public transport is more developed and advanced in the city of Minsk and regional capitals while other cities and towns face problems including lack of transport and connections and worsening quality of vehicles.

The interregional and intercity transportation in Belarus is still quite well developed, but is faced with some challenges, including the inconvenient schedule of regular buses with limited opportunities for transfers (including transfer into other means of transport); lack of connections to small towns and villages; lack of transport in the regions; bad communication between regional capitals (especially, between capitals of the regions in eastern and western parts). In 2018, the Belarusian government introduced regulatory changes which limit the opportunities for smaller private companies to provide interregional and intercity transport services.

While the public transport system is still quite developed, there are weaknesses, in particular the deterioration of transport and infrastructure, heavily centralized regulation, lack of a client-oriented approach, disparities between capital and other cities, and disparities in transport networks in urban versus rural areas.

### 5.5. *Capacity to provide public goods and services*

#### *Postal services*

In Belarus activities in the field of postal services are carried out on the basis of a license issued by the Ministry of Communications and Informatization (sic) of the Republic of Belarus.<sup>24</sup>

One national company is recognized as a designated operator for international postal services (in accordance with the Universal Postal Union acts), namely the Republican Unitary Enterprise of Posts 'Belpochta'. *Belpochta* has the function of the mandatory provision of universal postal services in the country. It has a license for public telecommunication services and public postal services; provision of international telephone connections; provision of intercity telephone connections; provision of local telephone connections; data transfer services, IP-TV services; forwarding of postal items; providing subscriptions to printed mass media and delivery of printed mass media. *Belpochta* consists of six regional branches and 'Minskaya Pochta' made up of 3216 outposts of postal communication, including 2940 post offices, 209 points of postal services and 207 mobile post offices. The company is often referred to as a 'monopolist', although currently there are 15 other organizations (in addition to *Belpochta*) which have licenses on postal services. However, the number of services they provide is more limited.

In everyday life *Belpochta* fulfills multiple functions from the different types of postal services to payment of pensions and retailing of goods. The last functions are especially important for the small towns and rural areas. Meanwhile, because of the decrease of population in rural areas, *Belpochta* has been steadily decreasing the number of its offices following the state norm of one postal office per every two thousand people. Customers in rural areas express dissatisfaction with such plans saying that the postal offices provide essential services allowing citizens to pay communal services, transfer money, buy everyday goods, etc., at their locations.

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<sup>24</sup> Decree of the President of the Republic of Belarus dated September 1, 2010 № 450 'Concerning the Licensing of Certain Types of Activity'.

Another cause of some dissatisfaction Belarusian citizens experienced with the postal services is parcel delivery from abroad. All parcels must pass customs control and in 2016 changes were made regarding customs duties on international parcel delivery. Since then, fees must be paid for all deliveries above 22 USD per month. The postal services in Belarus are in generally in a satisfactory condition, as attested in a positive assessment from the Universal Postal Union.

## Education

The Belarusian state guarantees the right of education, in general, and free secondary education to all its citizens. Articles 49 and 50 of the Constitution of Republic of Belarus stipulate that: *“Everyone shall have the right to education. Access to free general secondary and vocational-technical education shall be guaranteed. Secondary special and higher education shall be accessible to all according to the capabilities of each. Everyone can, on a competitive basis, receive education free of charge at an appropriate State educational establishment.”* Starting from the late 1990s, the Belarusian system of school education went through a series of reforms and changes, which, however, were not consistent, well-focused or balanced. In some cases, changes just reverse the actions taken during the previous stages of reform (for example, the establishment of 12 grades of secondary education, which was later abolished).

Government expenditure on education (of all types) in 2017 was 4.67 % GDP (National Bank 2017) (with a similar share in previous years).

Primary education is compulsory. Upon completion of grade nine students pass exams in order to receive a certificate of primary education. Primary school graduates can continue their studies in the form of (a) combined vocational and general training at a vocational-technical school, (b) specialized secondary educational establishments, or (c) general secondary education at schools, gymnasiums or lyceums. At the end of grade eleven students pass the final exams and (if successful) receive the certificate of (complete) general secondary education (UNESCO-IBE 2011).

When it comes to the numbers of secondary educational institutions and enrolled students, national statistics (*Belstat*) show that at the beginning of school year 2015/2016, there were 3230 institutions of general secondary education with an enrolment of over 969 thousand students in Belarus. They also report an increase in the numbers of the first-grade pupils (+7.1 %) in 2016. There were 206 institutions of vocational-technical education with 72.2 thousand students enrolled. 231 educational institutions provided secondary specialized education for a total enrollment of 121.3 thousand students (*Belstat* 2015/2016, 2017, 2018).

In terms of quantitative indicators, Belarus scores highly in literacy and education (see Table 1). National statistics give approximately the same numbers for the earlier period of 2010-2011 when the general coefficient of population involved in primary education (2010/2011) was 100.9 % and the general coefficient of involvement in elementary and secondary education was 109 % (Ministry of Education 2015a).<sup>25</sup>

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<sup>25</sup> According to official explanations the score of this indicator is higher than 100 % as it calculates all children receiving primary education who are of the official age for this stage of education, older, and younger than this age, for more information, see [http://edu.gov.by/statistics/Система%20образования%20Республики%20Беларусь%20в%20цифрах.%20Сравнительный%20анализ%202014\\_2015%20год.pdf](http://edu.gov.by/statistics/Система%20образования%20Республики%20Беларусь%20в%20цифрах.%20Сравнительный%20анализ%202014_2015%20год.pdf) (accessed 17 May 2018).

*Table 1. Quantitative indicators in the sphere of literacy and education in Belarus*

Indicator	Data
Expected years of schooling in Belarus	15.7 years
Adult literacy rate	99.7 % of population
Gross enrolment ratio in primary education (% of primary school-age population)	99 % of population
Gross enrolment ratio in secondary education is	107 % of population
Population with at least some secondary education (% aged 25 and older) is	89.3 % of population

Source: UNDP 2016

However, the positive and high quantitative indicators of the education in Belarus need some more nuanced qualitative interpretations. Belarus does not participate in international educational attainment systems such as the Program for International Student Assessment (PISA), although a pilot is planned for April-May 2018. Some experts suggest the inflation of secondary school exam results (Listopadov 2018). According to the results of independent research conducted by the one of the Belarusian think tanks (IPM) there is a system of tutoring whereby secondary school graduates pay for additional private lessons in order to get proper training for the standardized tests required to enter a university. In 2017, 32.3 % of their respondents paid for services from tutors specialized in different school subjects. Respondents were divided almost equally in their evaluation of the sufficiency of the school education for entering universities (IPM 2018).

### *Healthcare*<sup>26</sup>

Healthcare is a priority of Belarusian public policy. However, it has not been substantially reformed since 1991. Policy development and priority setting in healthcare is a centralized process where the Ministry of Health is the key actor. Richardson et al. (2013: xiv) argue that there are no formal channels for input from different stakeholders, a situation which is mirrored in other policy sectors.

In 2017, the Belarusian government allocated 4.09 % of GDP to the national healthcare system (National Bank 2017).

The general legal basis for the healthcare system is in the Belarusian Constitution, which states that “citizens of the Republic of Belarus shall be guaranteed the right to health care, including free treatment at state health-care organizations” (Article 45). All Belarusian citizens have access to the healthcare system on the basis of their citizenship or permanent residence (in the case of non-Belarusians). Access to health services is universal and free of charge, while significant co-payments exist predominantly in pharmaceuticals, dental and optical care costs. Belarus has not introduced any form of compulsory social health insurance. The share of the voluntary health insurance (VHI) is not significant (Richardson et al. 2013). Meanwhile, according to expert evaluation, despite formally public healthcare, in practice citizens increasingly pay for services (Vitushka 2017). This option is officially sanctioned, allowing citizens to cut waiting times or get treatment outside of the territorially-assigned healthcare provider.

<sup>26</sup> This part draws substantially on an author’s interview with Andrej Vitushka MD, PhD, healthcare expert (Minsk, 27 April 2018).

From an organizational point of view, the national system of healthcare is heavily centralized and a hierarchical one. All primary care facilities are owned by the state. Recently there have been efforts to introduce a system of general practitioners (GPs), in particular through retraining care internists or paediatricians. However, the outcomes of these efforts need further evaluation.

The primary healthcare network today has *de facto* two forms of service provision: traditional (inherited from the Soviet times) polyclinics in the cities, and rural outpatient clinics (*ambulatorii*) and Feldsher-midwife (*Akusher*) point (FAPs) in the rural areas. Primary care in the capital, Minsk, and regional centres is provided through the network of adult and paediatric polyclinics, where a number of preventive, diagnostic, consultation and referral services are offered (Richardson et al. 2013: 69; Rusovich and Richardson 2009).

Belarus has also for a long time preserved a so-called 'system of parallel medical services'. In Soviet times some ministries (for instance, of railway transport) had their own facilities for the provision of healthcare to their employees (and their families). Since the mid-2000s they started to reduce that parallel system and a lot of ministerial medical services were integrated into the general system. However, nowadays there are still special healthcare services for state officials<sup>27</sup>, *militsiya* (Belarusian police), KGB, the military, etc.

In all essential characteristics, Belarus performs well in comparison with other former USSR republics, Ukraine and Russia, in particular. For the year 2017 *Belstat* estimates an average life expectancy of 74.4 years (69.3 – male, 79.2 – female) (Belstat 2017). According to international evaluations, mortality data for Belarus is generally trustworthy, especially at working ages, although some concern was expressed regarding the number of deaths by unknown causes<sup>28</sup> (Grigoriev, 2011; Richardson 2013). Mortality in Belarus is caused mainly by external factors (household income level, lifestyle and behaviour models) and not just by the population ageing<sup>29</sup>. The prevailing public health risks in Belarus include: alcohol abuse, smoking, inadequate diet and low physical activity, and unsafe sex (UNDP 2015: 6). Grigoriev et al. (2010) note that it is difficult to distinguish the degree to which increases in life expectancy depend on medical factors or on the general improvement of the socioeconomic conditions of life.

There have been significant improvements in the indicators related to maternal and child health in Belarus. When it comes to the statistical data on neonatal and child (under-five) mortality, Belarus demonstrates very impressive results. Estimates from experts and the World Health Organization (WHO) show a stable downward trend in mortality indicators (Grigoriev 2011; Richardson 2013). Both maternal and under five mortality rates are very low, a fact often highlighted by Belarusian officials. Child mortality under 5 is reported to be 3.9 in 2016 (World Bank 2016), lower than in a number of EU member states and certainly lower than in Ukraine.

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<sup>27</sup> For example, the State Enterprise 'The Republican Clinical Medical Centre' of the Administration of the President of the Republic of Belarus provides services for state officials for free, but also provides chargeable services to others. For more information see the website of the Centre, available at <http://www.vip-clinic.by/eng/history/> (accessed 15 May 2018).

<sup>28</sup> 127.5 per 100,000 in 2009, or 11 % of total deaths.

<sup>29</sup> Author's interview with Andrej Vitushka MD, PhD, healthcare expert, Minsk, 27 April 2018.

## *Regional cohesion*

### *Regional economic disparities*

Belarusian regions (except Minsk City) have relatively even economic development and follow approximately the same economic paths. Simultaneously there are employment disparities within regions (for example, within the capital city agglomeration, rural and urban areas, etc.).

The World Bank estimates that Minsk City has a predominant position due to the fact that the main economic activities are concentrated there. For example, in 2013 the capital alone accounted for 24 % GDP of Belarus, while regions are close to each other. In 2013 per capita Gross Regional Product (GRP) for the six regions varies from 60.3 to 70.3 % of the national average level GRP growth, reflecting differences in the composition of the economies of the regions. Variation in economic densities in the regions of Belarus does not lead to any substantial variations in per capita incomes, with the only exception being Minsk city (World Bank 2015: 13-16). The main drivers of growth for the regions (oblasts) are industry, construction, and trade (with industry playing a major role). Also, some other spheres make important input. For instance, services are becoming highly prominent in Minsk City, with industrial activities concentrated in the oblast. In the Brest and Grodno regions, on the other hand, the role of agriculture increases. While in 2013 it accounted for only 7.9 % of national GDP, it contributed over 16 % to the GRP. Minsk City, its region, and Mogilev region are industrial spaces with developed machine building, electrical, optical, and transport equipment sectors (World Bank 2015: 13-17). In parallel, Belarusian authorities continue to support large state-owned enterprises (SOEs) inherited from the Soviet time and dependent on the state, which dominate the economies of some cities and even regions.

Meanwhile, the even distribution across regions masks significant within-oblast concentrations of economic activity within a few districts. Within oblasts, industrial production tends to be highly concentrated near the capital and other large cities. About half of the national industrial output is produced in just 14 out of the 118 districts. The population of these 14 districts constitutes about 39 % of total Belarusian population. However, wage variation is not very significant: wages in these districts are on average about 8 % higher than the levels in their oblasts (with the exception of Novopolotsk and Soligorsk, where wages are about 40 % higher) (World Bank 2015: 13-17). The leading position of Minsk and relatively evenly distributed indicators across the regions with some disparities between districts have been in place for the last 10 years.

### *Regional social disparities*

Social disparities in Belarus are similar to the economic ones, with the more advanced positions of Minsk City and approximately the same types of other regions and related levels of problems. However, the information on social indicators is limited. For instance, poverty is not fixed at the district level, making it difficult to assess welfare in lagging areas. Unemployment data is provided at the district level, but only registered unemployment is counted (World Bank 2015: 12).

Provision of basic social services (healthcare and education, for instance) is based on unified social standards which in theory should provide the same services in all regions. But their quality in the capital, regional centres

and districts differ. There is a similar situation with infrastructure in terms of the quality of roads, the availability of public transport, and even Internet access (World Bank 2015: 8).

### Demographic disparities

Analysis of demographic indicators show that there are differences between regions in terms of life expectancy. Such differences reflect the age and sex structure of the population in a particular region, which is shaped by mortality rates and causes of death (UNDP 2015: 4).

The highest life expectancy at birth according to *Belstat* in 2018 is in Minsk City (72 years for males and 80.7 years for female), the lowest ones in Minsk region (68 – male, 78.3 – female). Since 2011, life expectancy is increasing for all groups of Belarusian population, however, there are disparities between urban and rural population. For the urban population the indicator in 2017 was 75.6 years (70.5 – male, 79.9 – female), while for the rural population – 70.8 years (65.6 – male, 77 – female).

The population is declining in all Belarusian regions except Minsk. In early 2018, the national indicator of the general size of population is 9,492,000. In 2008, the size of the population was 9,542,000. Regional differences are most evident between the urban and rural population in terms of the share of the able-bodied population and age and sex structure (UNDP 2015: 4). Minsk City is in the leading position with a population of 1,982,400, which it has preserved since 1999 with an average increase of population. The second (moderately) increasing in size of the population is the Minsk region (1,843,700 in 2010 and 1,982,400 in 2018). The Grodno and Mogilev regions have the smallest populations (1,043,700 and 1,058,800 respectively).

The national mortality rate in 2017 was 12.6 (per 1000 population) and has fluctuated since 1995, but with a tendency towards decreasing starting in 2011 (14.3) until present day. There are differences at the regional level, where the Vitebsk and Minsk regions have the highest indicators (14.4 and 14.0 accordingly)(*Belstat* 2018). An analysis of population reproduction trends suggests that the main cause of population decline is a natural loss mainly among rural population. Internal migration is the main factor of population growth. Out of 118 districts, the death rate is above the country average in 88 districts (UNDP 2015: 6).

In summary, regional cohesion is declared but is not an implemented goal of Belarusian public policy. The lack of coherent policy, budgeting and priority setting prevent positive developments in this sphere. Certain social, economic and demographic disparities exist between Belarusian regions, but the main imbalance is the difference between the capital and other regions.

### 5.6. *Assessing state capacity in Belarus*

Fortin (2010: 667) has described Belarus as an ‘archetypical example of inconsistency’: in some areas such as taxing capacity it gets top scores but offers inadequate protection of property rights and has not implemented infrastructural reforms. The summary presented above seems to confirm this view to the extent that some public services appear to be quite well developed and maintained, but other indicators of state capacity lag behind. In particular, administrative capacity is strongly affected by the extreme politicization of the administration linked to the authoritarian features of the political system.

Services such as the land registry (cadastre) or statistics are well developed and often linked to electronic systems that minimize openings for corruption. Policy making is, however, *de facto* in the hands of the President and his administration, thus the Council of Ministers only has the function of implementing. Impartiality appears low and politicization in terms of hiring and firing seems to be very high.

Regional disparities are difficult to assess but do not appear to be large and the state commits to a uniform level of service provision. Many state-owned enterprises continue to provide welfare services, in tune with Soviet-era practices, although the size of the state-owned share of the economy is steadily declining.

Belarus commits to a wide range of public services, many of which are mentioned in the constitution, and as such is a textbook example of a shallow but broad public service model influenced by the Soviet period. The delivery of these is at a relatively high level, especially for health care and education, the areas discussed in this overview. This can be expected to have an impact on regime stability and citizen approval of government, although we cannot establish whether the public service provision is more important than repression for the survival of the dominant coalition.

A tentative conclusion of the overview is that the level and coverage of state capacity in Belarus mirrors and reflects the centralized character of its political and economic system, in North et al.'s (2009) terms, its limited access order. Financial difficulties borne out of the economic challenges to a state-controlled economy combined with the effects of the economic crisis and the depreciation of the Belarusian currency, have had a knock-on effect on the public finances and the state of the administration. The lack of feedback and assessment of the economic effects of administrative measures and policies targeting the economy is also detrimental for the provision of public services and for economic development in general. At the same time, the preservation of a medium level of state capacity for the last 25 years and the development and upgrade of some services such as tax collection and land registry has likely contributed to the stability of the LAO in Belarus.

## **6. State capacity in Ukraine**

### *6.1. Legacies and recent developments*

Ukraine has not undergone a clear break from the Soviet administrative system since it gained independence from the Soviet Union. As a consequence, the inherited Soviet apparatus adapted to independent statehood and became increasingly dysfunctional. Kravchuk (2001) argues that upon the collapse of the USSR and the abolition of the central authority, Kyiv inherited a highly fragmented public administration lacking in unity and coherence. New tasks and functions were added, but without a clear political leadership strategy and without a clear reform of the Soviet-style of administration. The low cohesion of elites and the multiple veto points available within bureaucracy have presented serious obstacles to setting clear priorities (Kravchuk, 2001; Langbein and Wolczuk 2012; Wolczuk, 2016).

Until 2013 the Cabinet of Ministers of Ukraine was rather a technocratic body rather than a political one. It played primarily a subordinate role to that of the presidency, elaborating or implementing the policy goals defined by the presidential apparatus, meaning that prime ministers have been in effect acting as executive managers.

According to Kravchuk (2001), decisions tended to be made in a strictly exclusionary, closed manner and taken by a narrow group of officials within the *nomenklatura* in each ministry. This accounts for the multiple administrative bottlenecks capable of stifling governmental policy initiatives (Wolczuk 2009). Political obstacles and impediments for reform, however, have been just as important.

Since independence, a political system has developed whereby formal institutions have been hollowed out by informal practices centred on patronage and rent-extraction. As the formal structures of the state experienced institutional fragmentation and erosion at all levels, they became colonized by and incorporated into informal networks of political, administrative and business elites with powers of patronage extending deep into all public institutions (Leitch 2016: 21). Studies suggest that there is hardly any part of the state that had not been colonized by such extractive networks, which have been highly active and innovative in inventing various schemes (*skhemy*) to convert political and administrative power into economic gains. Van Zon charts “the transformation from a development to a predatory state” which he links to “the rent seeking inclinations of a ruling elite that sees the state primarily as a feeding ground” (2000: 4).<sup>30</sup>

Multiple attempts at reforming Ukrainian institutions and civil service have been made through the years, but these have mostly fallen victim to the high levels of political polarization and the dominance of the political system by oligarchs and the networks connected to them. Reform of the Ukrainian civil service has been a recurring activity with many initiatives which have been reversed or changed in recent years. As a result, “at the beginning of 2014, Ukraine has a virtually destroyed and looted state apparatus that was incapable of ensuring the well-being of its citizens or to protect itself” (Soroka 2018).

Since 2014 the most serious reforms to date have been launched addressing various areas such as the creation of independent institutions to fight corruption, state funding for political parties, reforms of the judiciary and civil service (BTI Ukraine Country Report 2018).

Important developments relevant to Ukrainian statehood need to be taken into account: namely, that since 2014, the state does not have control of the use of force on the entire country’s territory. Since March 2014 Crimea has been annexed by Russia. Since May 2014, the so-called Luhansk People’s Republic and Donetsk People’s Republic have been established by separatists, comprising together with the Crimea about 12 % of Ukrainian territory. Ukrainian statehood as a whole is affected in numerous ways by the conflict. For example, volunteer battalions established to fight separatists were only gradually brought under the control of the Ukrainian Security Service (BTI Ukraine Country Report 2018).

## 6.2. *Capacity to administer*

### *Public Administration: Basic legal provisions and reform*

Public administration reforms in recent years have comprised the establishment of patrol police, the tax code, establishment of anti-corruption bodies, and civil service and judicial reform. Decentralization has been the most important reform launched to provide local units with more autonomy. The “Concept of Reforming Local Self-

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<sup>30</sup> It is telling that even the war in Eastern Donbass has been used by top officials and staff in the Ministry of Defence to continue embezzlement practices (e.g. purchases of equipment and weapons for the Ukrainian army).

Governance Territorial Organization of Power in Ukraine” was adopted by the Council of Ministers in April 2014. Local bodies are to be given more autonomy and are to have executive councils on the village, district and regional level. While the first steps of this reform package have been successful and promising,<sup>31</sup> further steps appear to be blocked due to the link with the conflict in the East and fears that further decentralization in terms of independent powers for the regions would enable the separation of territories (NISPACEe 2016: 5-6).

In June 2016 a public administration reform strategy was adopted for the period 2016-20. The Association Agreement with the EU has been one of the triggers that started civil service reform in Ukraine<sup>32</sup>. The key documents that state the obligation to reform the civil service are the Program of Action of the Cabinet of Ministers of Ukraine and the Strategy for Sustainable Development ‘Ukraine – 2020’ (Center for Adaptation of Civil Service 2018). In January 2018 the government approved a resolution increasing the salaries of certain categories of civil servants and a new performance assessment model for assessing the results of the work of individual civil servants has been developed in the course of 2018. Experts have, however, expressed doubts about whether salary increases and performance management are being uniformly implemented or are immune from problems at the political level (Soroka 2018).

Among the key laws recently adopted in the area of public administration are the Law ‘On Civil Service’, adopted in 2016 and the Law on the Cabinet of Ministers adopted in 2014<sup>33</sup>. Reform of the judiciary has been started with the adoption of a new law on the Constitutional Court and the selection of new judges for the Supreme Court (European Commission 2017: 2).

According to the European Commission’s Association Implementation Report on Ukraine (European Commission 2017), the strategy for public administration reform 2016-2020 is on the right track. However, the process of reform is lagging behind in a number of areas, e.g. redistribution of core functions between the state authorities, human resource management, e-governance.

Some of the ongoing reforms include legislative and reform measures such as:

- A new law is being drafted on general administrative procedure, which aims to improve legal protection of public servants and their working conditions, as well as provide a basis for effective judicial control over the activities of civil servants (Centre of Policy and Legal Reform 2017);
- A human resource management information system is being introduced with the support of the World Bank. This system is intended to modernize the recruitment process, recording of personal data and digitalizing key functions (Center for Adaptation of the Civil Service 2018a);
- e-governance: In September 2017 the Cabinet of Ministers approved the concept of development of e-governance. However, at the beginning of 2018, out of about 600 administrative services only 32 were available online (Liah 2018).

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<sup>31</sup> For example, the merger of small territorial units into larger communities or amalgamations. In 2015 a merger process was initiated in more than 6300 territorial communities. As a result, 794 village, town and city councils voluntarily merged to form 159 communities (NISPACEe 2016: 7).

<sup>32</sup> Author’s interview with a representative from the Cabinet of Ministers, Kyiv, 8 June 2018.

<sup>33</sup> For the laws, see Appendix 2; Author’s interview with a Ministry of Economic Development and Trade official, Kyiv, 14 May 2018; author’s interview with a National Academy for Public Administration official, Kyiv, 18 May 2018.

Among recently introduced innovations, the position of state secretaries has been created in the ministries. These positions were introduced in the Law ‘On Civil Service’ aiming to *differentiate political and administrative functions* in the ministry and free ministers from routine administrative tasks. Previous attempts to introduce such positions were undertaken by the former President of Ukraine Kuchma in 2001-03 but were unsuccessful (Koliushko and Derets 2016). Some experts claim that creating the position of state secretaries is a big step forward for Ukraine as it would allow the institutional memory of the ministries to be sustained when the government changes<sup>34</sup>. Others say that this could be a problematic change, as there is still a lack of clear division of power between the ministers and state secretaries. Moreover, although state secretaries are public servants, their appointments often tend to be affected by political considerations, e.g. in numerous cases former deputy ministers have been appointed as state secretaries<sup>35</sup>. It is still too early to assess the effectiveness of state secretaries as a new institution, as they were only appointed to all ministries at the end of 2017 (except for the Ministry of Healthcare) (Glavcom 2017).

Another important transformation in the structure of the governmental institutions is the introduction of a new type of structural units called general directorates, to be created in all key ministries and some governmental agencies. The number of directorates and their staff varies from 11 positions in the general directorate of the National Agency for Public Service to 180 positions in the Secretariat of the Cabinet of Ministries. All the general directorates will be in charge of policy development and implementation of key reforms (Krasnoshchokov 2017). The idea behind the introduction of these new structural units is to facilitate the reform process and involve well-qualified professionals in the public service. According to the First Deputy Minister of Justice of Ukraine, due to the support from the EU, general directorates receive good funding and higher salaries for their staff (Governmental Portal 2017). On average the remuneration of the general directorates’ staff is three to four times higher than of the similar positions in other units of the ministries.

### *Civil service professionalism and independence from politics*

The Law ‘On Civil Service’<sup>36</sup>, adopted on 1 May 2016, is seen as the starting point of a new and hopefully more promising stage of reform. The law defines key features of the service such as political impartiality and protection from arbitrary dismissals (Soroka 2018).

The new Law ‘On Civil Service’ stipulates that civil servants can only be hired on the basis of open competition – a rule established for all positions<sup>37</sup>. The only way to get a position without competition is to transfer from a position of the same level<sup>38</sup>. The process of hiring has also become more transparent, however, experts note the tension between old and new employees and the resistance of the system and its ‘old’ staff to the new people entering public service<sup>39</sup> (Shaipov 2018).

Furthermore, the situation with civil servants’ recruitment, despite important improvements, is still not free from political interference and arbitrary decisions. For example, political appointments represent one form of biased

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<sup>34</sup> Author’s interview with a Presidential Administration representative, Kyiv, 7 June 2018.

<sup>35</sup> Author’s interview with a National Academy for Public Administration representative, Kyiv, 18 May 2018.

<sup>36</sup> See Appendix 2.

<sup>37</sup> Author’s interview with a National Academy for Public Administration representative, Kyiv, 18 May 2018.

<sup>38</sup> Author’s interview with a Ministry of Economic Development and Trade official, Kyiv, 14 May 2018.

<sup>39</sup> Author’s interview with a representative from the Cabinet of Ministers, Kyiv, 8 June 2018.

hiring process. Political interference definitely is especially obvious on the highest levels, e.g. appointment of state secretaries, heads of the agencies, etc.<sup>40</sup>. Many high-level politicians criticize this state of affairs: for example, in 2016 the Minister of Infrastructure Volodymyr Omelian and the acting Minister of Healthcare Ulana Suprun held a press-conference stating that the competitions for state secretaries were unfair and not transparent (Vuets 2016). In another recent example, the former Minister of Finance Danyliuk wrote a letter to the G7 group of states, where he mentioned that Ukrainian President Petro Poroshenko interferes in the appointments of deputy ministers (Gazeta.UA 2018).

The recruitment process also leaves some room for manipulations at each stage. For example, the recruitment process begins with situational tasks that are followed by interviews. This allows recruiters to choose a concrete person by giving them a specific situational task and asking specific questions during the interview<sup>41</sup>. Other obstacles include the type of situational tasks used by recruiters, which are often easier to solve for experienced civil servants than for newcomers. Moreover, professionalism in communication and handling of documents are not yet up to the highest standards<sup>42</sup> (Shaipov 2018).

Experts highlight several problems with remuneration as well (Kashko and Piontkivska 2017). The salary consists of a base, provisional and reward-based (bonus) components. According to the Center of Economic Strategies, the wages of civil servants are competitive at the lower levels, but not at the higher ones (Soroka 2018). The variable components are large, which makes civil servants quite vulnerable to political pressure and above all loyal to their superiors. The variable component can reach up to 50 % of the total amount of remuneration. In addition, bonuses for years of service are too high, which prevents young professionals from receiving higher salaries (Kashko and Piontkivska 2017). Since 1 January 2017, the minimum base salaries have almost doubled (Kashko and Piontkivska 2017). This may help to solve some of these problems.

At the same time, some positive aspects should also be mentioned:

- There is now some involvement of civil society and donor organizations in the selection of top-level officials;
- A candidate feedback system has been created, allowing better identification of problematic areas;
- Video-recording and audio-recording of the interviews for public service positions has led to more transparency<sup>43</sup>.

Furthermore, Chapter 9 of the Law 'On Civil Service' clearly defines the grounds for dismissal of civil servants. In fact, dismissal of low and mid-level civil servants could become a very difficult task. The high threshold for dismissal is seen as one of the causes of weak performance of some of the administrative staff according to some experts<sup>44</sup>. On the other hand, the clear grounds for dismissal should limit some of the political hiring and firing which have crippled the administration so far.

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<sup>40</sup> Author's interview with a Ministry of Economic Development and Trade official, Kyiv, 14 May 2018; author's interview with a National Academy for Public Administration representative, Kyiv, 18 May 2018.

<sup>41</sup> Author's interview with a Presidential Administration representative, Kyiv, 7 June 2018.

<sup>42</sup> Author's interview with a Ministry of Economic Development and Trade official, Kyiv, 14 May 2018.

<sup>43</sup> Author's interview with a Presidential Administration representative, Kyiv, 7 June 2018.

<sup>44</sup> Author's interview with a Ministry of Economic Development and Trade official, Kyiv, 14 May 2018.

The main institution for training, advance training and in-service training of public servants and local self-government officials is the National Academy for Public Administration functioning under the auspices of the President of Ukraine<sup>45</sup>. There are also training centres and bodies within the ministries with courses available to civil servants. Such units exist in many, but not all, ministries, for example, in the Ministry of Finance and the Ministry of Social Policy<sup>46</sup>. Recently, around 35 training centres have been established in various fields dealing with training of civil servants and employees of state enterprises and providing informational and consulting assistance to state authorities and local self-government bodies.<sup>47</sup>

### *Horizontal aspects of administrative capacity: Policy making and coordination*

There is no hard evidence of coordination problems between the Presidential Administration and the prime minister, but experts claim that such problems exist (*de facto* but not *de jure*)<sup>48</sup>. No duplication of coordination functions between the Presidential Administration and the prime minister has been found, except for the personnel appointments<sup>49</sup>. However, there are experts who argue the functions are not clearly delineated and separated from each other. Furthermore, as Averchuk (2016) has argued, the frequency of constitutional changes in Ukraine increases the room for manoeuvre for the President and provides more possibilities for misusing formal provisions. There are also problems regarding duplication of functions on the local and regional level<sup>50</sup>.

Within the framework of decentralization and local self-government reform, amalgamated territorial communities (ATCs) were created, which took over a great part of authority and functions. However, regional administrations still exist and duplication of functions between these authorities is a serious problem<sup>51</sup>.

Coordination issues between ministries are resolved by the Secretariat of the Cabinet of Ministers, which has about 800 people working in it<sup>52</sup>. The President and his staff definitely have influence on the government and its bodies, though not quite to the extent of the previous Yanukovich regime<sup>53</sup>. There is also an ongoing competition between different political forces and groups and their representatives within the government and its agencies<sup>54</sup>.

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<sup>45</sup> Author's interview with a National Academy for Public Administration representative, Kyiv, 18 May 2018.

<sup>46</sup> Author's interview with a Ministry of Economic Development and Trade official, Kyiv, 14 May 2018.

<sup>47</sup> Ibid.; The Law 'On the training and skills development centres for civil servants, local self-government officials and state enterprises and companies' officials', which defines the tasks of such centres, was adopted in 2004 (Law 'On the training'; Author's interview with a Presidential Administration official, Kyiv, 7 June 2018).

<sup>48</sup> Author's interview with a Ministry of Economic Development and Trade official, Kyiv, 14 May 2018; Author's interview with a representative from the Cabinet of Ministers, Kyiv, 8 June 2018.

<sup>49</sup> Author's interview with a Ministry of Economic Development and Trade official, Kyiv, 14 May 2018.

<sup>50</sup> Author's interview with a Cabinet of Ministers representative, Kyiv, 8 June 2018.

<sup>51</sup> Ibid.

<sup>52</sup> Author's interview with a Ministry of Economic Development and Trade official, Kyiv, 14 May 2018; Author's interview with a Cabinet of Ministers representative, Kyiv, 8 June 2018.

<sup>53</sup> Author's interview with a National Academy for Public Administration representative, Kyiv, 18 May 2018.

<sup>54</sup> Ibid.

### 6.3. Capacity to extract

#### *Tax collection*

In general, taxes in Ukraine could be considered quite high. According to the research conducted by the Ukrainian Economic Freedoms Foundation and iFAK<sup>55</sup> in 2016, with an average salary in Ukraine of 10,609 UAH (gross), a person works 179 days (out of 365 in a year) to pay taxes and 186 days for oneself. The share of the single social contribution comprises 18 % (66 days of work), income tax comprises 14.8 % (54 days of work), and military duty – 1.2 % (4 more days of work). Therefore, for every thousand UAH a person earns, he/she has to pay 515 UAH of taxes. In addition, regular citizens – but not businesses – pay VAT (11 %), excises (3.5 %), and some import duties (0.5 %).

Ukraine has a relatively large shadow economy, comprising about 30-50 % of its GDP (Dubrovskiy 2015). In 2017, tax revenue consisted of 27.8 % of the country's GDP, which is comparable to that of some EU countries (CASE Ukraine 2018). According to a study conducted by Dubrovskiy (2018), there are eight main known tax exemption avenues that make up roughly 50 % to 80 % of the shadow economy. These avenues include the use of tax havens and offshore operations, VAT fraud, smuggling (customs abuses), counterfeit and illegal production, the 'industry' of tax evasion<sup>56</sup>, profit shedding through pseudo sole proprietors on simplified taxation system (STS), and underreporting of sales by sole proprietors on STS. The remaining 20-50 % of the shadow economy are most likely made-up of unofficial activities that are very hard to detect.

The use of tax havens and offshore operations makes up for the biggest part of the fiscal losses. Ukraine is in the top-20 countries that use tax havens, which is legal according to the country's laws (Dubrovskiy 2015). The abuses of simplified taxation, which are often considered as the main component of the Ukrainian shadow economy, constitute only 0.2-0.4 % of GDP, or 4.2-9.5 billion UAH (Dubrovskiy 2018). While the government puts a lot of effort into fighting STS violations<sup>57</sup>, it pays less attention to the violations committed by big businesses, which result in much larger tax losses (Dubrovskiy 2015).

### 6.4. Capacity to deliver basic infrastructure

#### *Statistics*

According to the Adapted Global Assessment (AGA) of the national statistical system of Ukraine, which was undertaken within the framework of the Eurostat-funded project 'Assessment of the statistical systems and selected statistical areas of the enlargement and ENP countries', the overall quality of the national statistics is moderate, but improving (Laux et al. 2017). Some experts claim, however, that in some cases data published by the State Statistics Service of Ukraine does not reflect the real situation in some areas (i.e. agriculture) (Zhuk et al. 2016).

<sup>55</sup> For the report, see [http://www.ueff.org/sites/default/files/rezultati\\_doslidzhennya.pdf](http://www.ueff.org/sites/default/files/rezultati_doslidzhennya.pdf) (accessed on 20 August 2018).

<sup>56</sup> The industry of tax evasion refers to the market of companies used by other tax payers to obtain tax benefits (Ivanov 2015).

<sup>57</sup> There is another issue with STS: an additional amount of 2.5-5 billion UAH could have been paid into the budget if those sole entrepreneurs, who are, in fact, employees, paid standard taxes (PIT and payroll) (Dubrovskiy 2018).

According to the AGA, the interference of government authorities in collection of statistics is prohibited by law ('On State Statistics') (Laux et al. 2017). However, according to the law 'On Central Executive Authorities', the activities of the State Statistics Service of Ukraine are coordinated and guided by the Cabinet of Ministers of Ukraine through the Ministry of Economic Development and Trade of Ukraine, which leaves room for concern about political interference (Laux et al. 2016).

As for the harmonization of Ukrainian statistical system with EU standards, Ukraine has made good progress since 2011. However, there are still some remaining problems, one of them being that professional independence has deteriorated. The law on national statistics should also be substantially revised to comply fully with European standards (Ibid).<sup>58</sup>

### *Personal identification system and personal documents*

The personal identification system in Ukraine is based on the Single State Registry, which was introduced in 2012. Identification of a citizen of Ukraine is normally verified by passport, which Ukrainians used to receive in paper form at the age of 16 (Solodko 2017). Recently, a new ID card (biometrical) was introduced which should be received by Ukrainian citizens at the age of 14 and is valid for 4 years. Permanent ID cards are to be received by citizens at the age of 18 (Ibid).

It is no longer possible to receive a passport in the old format but exchanging one's existing passport for a new ID card is not obligatory (Ibid). The new system of ID cards is digitalized and will be connected to other government information systems and services. Additionally, biometrical ID cards will allow citizens to receive a variety of state services online.

There is a state company called 'Document', which provides a high-quality service for obtaining personal identification documents for a reasonable price (State Company 'Document' 2018). In addition, citizens can visit the district offices of the State Migration Service of Ukraine to receive personal identification documents.

Moreover, there are Centres for Administrative Services, where citizens can receive personal identification documents as well. These centres are located all over Ukraine. On the official website (State Portal for Administrative Services 2018) people can check the location of the closest centre and receive some administrative services online. The typical waiting period for obtaining new personal identification documents is 20 working days (State Migration Service of Ukraine 2018). There are no significant delays for ID cards, but there are significant delays for receiving a passport to travel abroad. In order to receive the latter, people sometimes choose to pay bribes to speed up the process (UNIAN Information Agency 2018). In one of the recent cases, the Security Service of Ukraine found that a specialist from the State Migration Service in the Lviv region was constantly demanding bribes for speeding up the process of getting passports to travel abroad (Censor.net 2018).

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<sup>58</sup> Regarding the availability of recent data on Ukraine in major international statistical databases, the most recent data is from 2016 in World Bank database, while there is no data on Ukraine in the EUROSTAT database (World Bank Open Data 2018).

## *Land cadaster*

Although there is no comprehensive, up-to-date register of all public organizations in Ukraine, the situation with land cadaster is different. There is a good, comprehensive and reliable land cadaster in Ukraine (Land Cadaster 2018). It was even evaluated by the World Bank as one of the best in the world (Landlord 2017). The cadaster's digitalization started in 2013, when the first cadaster map was launched. In 2015, this information became public (Raikov 2018). The percentage of agricultural land included in this cadaster is 95 %. It is professionally maintained and regularly updated, so users can easily access the information online (Agro Review 2017). Recently, the land cadaster has implemented blockchain technology, making it even more reliable (UNIAN information agency 2017).

### *6.5. Capacity to provide public goods and services*

#### *Postal services*

The main provider of the postal services in Ukraine is the state postal service *UkrPoshta*. For years, this service has been known to be inefficient and unprofessional due to high bureaucracy, low salaries, Soviet style, unfriendly personnel and constant queues (Rosik 2016). Despite all these factors, *UkrPoshta* is still one of the most popular postal services due to its numerous branches across Ukraine (more than 12,000 branches, 10,000 of which are located in rural areas) (Rosik 2016). Recently it has been slightly improved: working hours were extended, as well as the list of services.

Besides *UkrPoshta* there are a number of private postal services in Ukraine: Nova Poshta, InTime, Meest Express, Autolux, Delivery, Night Express. Nova Poshta is the biggest private postal service, which delivers mail to approximately a thousand communities all over Ukraine. The prices are higher than in *UkrPoshta*, but the service is much better (Rosik 2016). Other private companies have smaller coverage but almost all of them are constantly growing.

#### *Education*

The education system in the country remained more or less unchanged until 2018, when the reform began. One of the main changes is the reintroduction of a 12-grades education. Pupils starting first grade in 2018 will finish school in 2030. Ukraine has already tried to implement a 12-year education system in 1999. In 2010, 11-year education was reinstated (Kuryshko 2017). Other changes include the autonomy to design educational programmes (previously they were designed by the Ministry of Education and Science of Ukraine), increased salaries for teachers, and legalization of paid lessons in schools (Ibid).

In 2016 Ukraine spent 5.7 % of GDP on education of all types. Primary and secondary education are funded by up to 2.7 % of GDP (Ruda and Repko 2017). Primary and secondary education, according to the law 'On Education' (2018), are compulsory in Ukraine. When pupils finish the ninth grade, they pass exams to receive a certificate of basic general secondary education. After that, they can continue their studies in schools or move on to vocational education.

According to the State Statistics Service of Ukraine, there were 16,180 primary and secondary education institutions, 3.9 million pupils and 439 thousand teachers in the country in September 2017 (State Statistics Service of Ukraine 2017). The share of pupils enrolled in primary education in 2016/2017 was: Grades 1-4 – 83.9 %; grades 5-9 – 94.3 %. The share of pupils enrolled in secondary education in 2016/2017 was: grades 10-12 – 43.8 % (Slovo i Dilo 2017).

The expected years of schooling in Ukraine in 2015 was 15.3 (Chela 2017) and adult literacy rate (age 15 and above) – 99.8 % (CIA Factbook 2018). According to the State Statistics Service of Ukraine, the number of pupils enrolled in primary education in 2016/2017 was 1.6 million, in basic secondary education – 1.7 million, and in complete secondary education – 591 thousand pupils (State Statistics Service of Ukraine 2017). As for vocational educational institutions – there were 756 of them in 2017 with 269 thousand pupils enrolled (Ibid).

When analysing the data on education in Ukraine, one should remember that statistics do not include Crimea and occupied territories in the east of Ukraine, which may result in lower numbers.

According to the research conducted by the Governmental contact centre in 2017, the existing problems in school education are the poor condition of school buildings, materials and technical equipment, as well as the lack of textbooks and educational materials (Government Courier 2017). In addition, access to school education in rural areas has become an issue, as schools have been closed as a part of the optimization process (Ibid). Considering this, the current educational reform is of high importance.

### *Healthcare*

According to the State Statistics Service of Ukraine, the level of infant and child mortality in 2016 was 7.4 out of 1000 born (State Statistics Service of Ukraine 2018a). As for primary care access, while there are no problems with this in the capital and big cities, people living in rural areas often cannot gain access (Grytsenko and Smirnova 2017). The problem is that many small villages have no medical centres or doctors at all, forcing people to go to a different village or town (Ibid). The absence of good a transportation system and bad quality of roads make this process very difficult and sometimes impossible for certain people, e.g. elderly, disabled (Ibid). This problem is especially severe in the areas that are close to the conflict in the East of the country (Human Rights Watch 2015).

According to the poll conducted by the sociological group Rating (2016), almost 70 % of people were unsatisfied with medical services and 55 % said that the quality of medical services has been worsening in the last two years (Rating 2016).

Ukraine's healthcare system is still to a large extent inherited from Soviet times (Center for Strategic and International Studies 2017). For example, clinics are paid according to the number of people who pass through them, regardless of the care provided (Ibid). In addition, hospitals receive funds according to the number of beds they have but not the actual beds occupied (Ibid). The current medical reform aims to change this situation. Nevertheless, for now, healthcare remains one of the most corrupt sectors in the country (Ibid). The current medical reform is trying to transform the Ukrainian medical system into a modern European one. It includes the introduction of obligatory health insurance plans for the entire population, a new funding system for healthcare institutions based on the number and types of services provided, and a system of hospital districts to improve

the population's access to healthcare services. At the moment, about 10 % of medical care in Ukraine is provided by private medical institutions (Women's Doctor 2018).

Healthcare sector reform is needed. However, many politicians, including the head of the parliamentary committee on healthcare, Olga Bogomolets, have expressed opposition to the reform and raised fears within society of its consequences. The reform has not been communicated well, thus people do not understand its aims and oppose the introduction of changes. A clearer explanation of the plans (provisions, costs, and the regulation of state-financing) would help citizens grasp the consequences of the reform (Gorban 2017).

### *Regional cohesion*

Regional economic disparities have increased over the past 10 years. The regional GDP per capita in US dollars remains approximately the same (State Statistics Service of Ukraine 2018). At the same time, however, investments in the regions are decreasing (Potiomkina and Simkiv 2017).

Regional social disparities increased over the past 10 years as well. They are becoming more pronounced since the depreciation of the Ukrainian hryvnia. As a result of depreciation, prices have gone up but the salaries in many regions have not increased in parallel as they have, for example, in Kyiv. There is a correlation between the size of a village (town, city) and the level of poverty. In big cities, poverty decreased between 2000 and 2013, but in villages, it has remained high (Struchenkov 2016). Poverty has been also considerably and negatively influenced by the conflict in the East and the economic crisis in Ukraine in 2014.

Improving regional cohesion is a strategic goal for the current government, which has been proven by several measures. The first one, decentralization reform, began in 2014 and has already brought significant change to the country (Jarabik and Yesmukhanova 2017). This reform transfers a significant part of powers, resources, and responsibility from the executive branch of the government to the local government, which improves regional cohesion as well (Decentralization 2018).

Another step forward undertaken by the government in this area is the creation of the State Fund for Regional Development (Ibid). Through this fund, 1 % of the country's revenue is distributed for regional development projects: 80 % of the State Fund for Regional Development resources are allocated across the regions proportionate to the population, while 20 % of the State Fund resources are reserved for the regions that have a GDP below 75 % of the average in Ukraine (Ibid).

The public policy of regional cohesion is outlined in the decree of the Cabinet of Ministers of Ukraine 'State Strategy for Regional Development for the period until 2020' (See Appendix 2). All regions report on the success of the implementation of this strategy every six months (Ibid).

### *6.6. Assessing state capacity in Ukraine*

Steps towards impartial public administration have been formally taken with the new law on the civil service in Ukraine from 2016. At the same time, several measures, such as the declaration of property by high level officials or the introduction of competition for administrative posts, are not assessed as effective by our interviewees.

Despite new legislation on the civil service, currently political interference in the hiring and functioning of the civil servants is still high, possibly increasing in the run up to elections, although it is assessed as less prominent than in the Yanukovych period.

Administrative capacity needs improvement in the area of statistics, but the land register has been thoroughly and successfully modernized and provides a very good service. Vertical services and sectors vary: while healthcare is perceived as drastically in need of reform, postal services are evaluated as well developed through a combination of private services and *UkrPoshta*.

The relationship with the EU and the need to implement the Association Agreement are providing a major impetus for reform of the administration, including new legislation, new reform elements funded by the EU and ongoing reforms in several key areas such as e-government and human resource management.

A major challenge for the functioning of the state is the ongoing conflict in the Luhansk and Donetsk regions controlled by separatists, which can be seen as textbook examples of limited statehood as discussed in the first part of the paper. The annexation of the Crimea is also affecting state capacity and the capacity to provide public services, for example when it comes to the pension rights of citizens of Crimea.

## 7. Comparing state capacity in Belarus and Ukraine

In the early post-communist period, Ukraine experienced the effects of initial and partial reform measures and suffered from Hellmann's (1998) partial reform equilibrium. In addition to the political resistance to reform, the unreformed Soviet-era bureaucracy was not adept at devising and implementing new policies. In contrast, Belarus persisted with the 'tried-and-trusted' way of governing and in that way experienced less of a loss of capacity due to the limited reform it undertook.

Within Ukraine, multiple institutions with overlapping competencies have been rather inert when it comes to delivering public goods, but many officials have been highly active when it comes to extracting rents and using over-regulation as a tool.

Viewing the qualitative snapshots of state capacity in Belarus and Ukraine through a comparative lens we gain some unexpected insights. Several broad similarities and differences become apparent.

### 7.1. Similarities

To start with, both states have a commitment to broad coverage of public service provision, which, as discussed in section 3, results in a shallow state with broad, but often inadequate coverage. The second similarity is the expectation of broad service provision by the citizens, as often enshrined in constitutional provisions.

Despite the expectation that the level of resources directed at public services would be very different, some areas show remarkable similarities. For example, in expenditure on education, neither country differs very much from EU member states in the percentage of resources devoted to education (see Table 2).

*Table 2. Government expenditure on education (% of GDP)*

Country	2000	2005	2010	2011	2012	2013
Belarus	6.2	5.9	5.4	4.8	5.1	5.2
Ukraine	4.2	6.1		6.2	6.7	6.7
Lithuania		4.9	5.3	5.1	4.8	

Source: Based on the various sources used in sections 5.5 and 6.5 on 'Education'.

Also, land registry is in good shape in both countries and so appear to be personal documentation services. The situation with personal documents is comparable, except for the problems created by missing personal data from the occupied territories in Ukraine (Table 3).

*Table 3. Personal documents*

Issue of passports	Time	Bribes reported	Can be obtained
Belarus	30 days	Yes, for speedy services	A variety of service points
Ukraine	20 days, but delays are reported	Yes, for speedy services	The 'Document' company, state migration service points

Source: Authors' own based on various websites.

## 7.2. Differences

There are some more significant differences when looking at expenditure for health and life expectancy. Belarus spends almost double of what Ukraine spends on health care, while EU member state Lithuania spends almost three times as much. The total amount spent on health per capita reflects the economic crisis in Ukraine rather than a political choice to spend less on healthcare: when we look at the percentages of GDP spent for health, Ukraine spends the most. The result, however, is clear in terms of services: Ukraine's service provision in health care is at a lower level than the service provision in Belarus. This is also reflected in the key health indicators in table 4 below.

*Table 4. Comparing key health indicators*

Indicator	Belarus	Ukraine	Lithuania
Life expectancy at birth (World Bank) (2016)	74.1	71.5	74.3
Life expectancy at birth m/f (years, 2015)	66/78	66/76	68/79
Child mortality (under 5) for 1000 (2015)	3.9	9.4	5.1
Total expenditure on health per capita (Intl \$, 2014)	1031	584	1718
Total expenditure on health as % of GDP (2014)	5.7	7.1	6.5

Source: World Health Organization 2018 and World Bank 2018c.

Statistics and statistical services as examples of functions important for state capacity are reportedly better in Belarus than in Ukraine. The Ukrainian system is being criticized for being less impartial than legally required and also in need of reform. In Belarus statistical services and data are reportedly somewhat better, which is confirmed by the World Bank indicator for statistical capacity which estimates Ukraine's capacity at 83.33 (out of 100) and Belarus' at 87.78 in 2016.

The assessment of the postal services, which is also different in the two countries, illustrates the link between political and economic system and service provision quite well. While both Belarus and Ukraine report having good postal services, in Belarus this is attributed to the good service of *Belpochta* and limited involvement of private operators, while in Ukraine, just the opposite is true: private operators are considered faster and more reliable. This comparison also illustrates the possibility that services can be provided by the state or by others and in both cases adequately, as discussed in the theoretical section of the paper.

## 8. Conclusion: State capacity and limited access orders

Revisiting our theoretical framework and conceptual discussion, it is clear that in contrast to Fukuyama's view (2013), it is near impossible to separate political system and regime from state capacity, especially its administrative capacity component. When we look at Belarus' public administration, it exhibits the same problems of politicization and lack of initiative that are evident at the political level of its Council of Ministers, both being controlled by the Presidential Administration. Moreover, the role of the President and the Presidential Administration in government and coordination (limiting access to resources and their distribution) is very similar to their role in other areas of functioning of the Belarusian state (see, for example, Balmaceda 2014).

In terms of impartiality of the administration, Ukraine fares no better, but for different reasons: the political patronage system and dominance of political-business networks have affected the administration considerably, prevented reforms and diminished capacity. A considerable effort is currently being made to reform the Ukrainian public administration, spurred by necessity and the incentives and support provided by the EU. However, it cannot yet be said that the Ukrainian public administration is functioning in an impartial and effective way. Therefore, looking at the state capacity in terms of administrative capacity, both Belarus and Ukraine have problems linked to the limited access orders that they currently are. We can tentatively observe that the administration in Belarus seems to be affected by politicization in terms of high level decisions and (sometimes chaotic) direction of policy making, while the administration in Ukraine is affected in more aspects such as its day to day functioning.

When we look at outputs in terms of public services, we see some more differentiation. Health care services appear to be provided at a better level in Belarus than in Ukraine. Both countries report a two-track system, however, in which private health care is compensating for some of the inadequacies of public health care systems. Furthermore, in both countries there are remnants of the old parallel health services for special groups still exist and provide services for (high level) state employees while others pay for the same services.

Regional economic disparities are much greater and increasing further in Ukraine, while Belarus as a smaller and much more centralized state and command economy is less diverse in terms of economic development. According to the World Bank's current assessment, in Belarus the state is unable to address the current challenges of stimulating economic growth and reforming the economy (World Bank 2018). Therefore, it may have a challenge in continuing to provide the services it aims to provide without reforming the economy.

Nevertheless, Ukraine's public services appear to be in a worse state than those in Belarus and state capacity in Belarus is higher, on the whole. Paradoxically, the opening of the Ukrainian administration for new, competitively

hired personnel, has not led so far to better service and higher state capacity. Part of the reason for this delay in seeing improvements is that with political opening there is also pushback from bureaucratic and oligarchic circles in Ukraine, resisting the new institutions and the reformers themselves (BTI Ukraine country report 2018).

Are the better quality public services in Belarus in some areas such as healthcare or statistics sufficient to explain the persistence of the limited access order? The available evidence does not allow such conclusion to be drawn, however, it is highly likely that the preservation of relatively high levels of public service provision contributes to the stability of the regime in Belarus. In our empirical research, we focused mainly on the state capacity aspect of statehood. Nevertheless, one cannot ignore the fact that the provision of security is another fundamental element of statehood that is likely to have a considerable impact on the stability of the limited access orders. As we outlined in the theoretical discussion, control of violence (both internally and externally) is very relevant, albeit in different ways, for both Ukraine and Belarus. It can be expected that repression and use of violence balance with the provision of public goods to ensure stability in Belarus. More research is needed however to establish the interaction between these components and their relative weight. Neither do we know yet how state-capacity and the dynamics of the LAO in Ukraine are affected by the violence in its Eastern regions and the aggression of Russia. These are important questions for further investigation.

What is also clear is that for both our cases external assistance plays a major role in supporting public services: in Belarus through energy subsidies from Russia and in Ukraine currently through EU assistance. In both cases there is some reason to expect that LAOs and the stability of the dominant coalitions are supported and stabilized by external support for public services. This brings us to the interesting question of whether the EU contributes to the stability of the LAO in Belarus by supporting its administrative capacity. We will explore the relationship between the EU and LAOs in further research.

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### **Appendix 3. List of interviews**

#### **Belarus**

Interview Belarus 1 (27 April 2018) Andrej Vitushka MD, PhD, Healthcare expert.

#### **Ukraine**

Interview Ukraine 1 (May 14, 2018) an official from the Ministry of Economic Development and Trade.

Interview Ukraine 2 (May 15, 2018) an official from the State Migration Service of Ukraine.

Interview Ukraine 3 (May 18, 2018) a representative from National Academy for Public Administration.

Interview Ukraine 4 (June 7, 2018) a representative from the Presidential Administration.

Interview Ukraine 5 (June 8, 2018) a representative from the Cabinet of Ministers.

## Appendix 4. Questionnaire

### Measuring State Capacity Part 1 (input)

This part of the document introduces the questions that need to be answered to evaluate the input side of the state capacity in Belarus and Ukraine.

#### Functions, size, and coordination of administration

Is there an up to date (last 4 years) law defining what the administration/civil service is and what its tasks are?

Does the administration have a unit dealing with overall coordination between ministries or at different levels?

Is there a unit dealing with preparation of legislative and policy proposals that coordinates between ministries and different parts of the administration?

How big is the unit? What is the number of trained personnel works in this unit?

Which of the ministries, key administrative units have been growing in the last 5 years? Which have grown the most?

Are there coordination problems and rivalry problems between the presidential administration and the prime minister?

Is there duplication of coordination functions between the between the presidential administration and the prime minister?

Are there key units delaying with coordination that are inadequately staffed (less than 5 employees) or positioned in the wrong governmental organizational structure?

#### Recruitment of civil servants

Is there an up to date law on the civil service, merit based recruitment and career structure?

Is merit based hiring possible in practice?

Are there competitions for administrative functions?

Are such competitions frequently organized, or rare? Are they the norm or the exception?

Are there other rules followed in hiring and firing civil servants?

#### Political independence of civil servants

Is there political interference in appointments above junior level?

At what level in the administration are appointments overly political?

Are high and mid-level officials able of performing their tasks without political interferences?

Are there examples of political interference in the work of high level officials? Are these examples numerous and increasing or becoming fewer?

#### Training of civil servants

Is there a school for civil servants?

Are there specialized units that receive training for their field, for example finances?

### Measuring State Capacity Part 2 (output)

This part of the document introduces the items that need to be scored and evaluated for measuring the output state capacity in Belarus and Ukraine.

***Part I Capacity of the state to observe, collect and organize data about its territory, economy, and population***

### **1.1 Personal identification system**

Does a universal system for personal identification exist?

Does the system have comprehensive coverage and reliable data?

Is the system digitalized and connected digitally to other government information systems?

### **1.2 Personal documents**

Is there adequate organization for obtaining personal identification documents?

How long is the typical waiting period for obtaining new personal identification documents? Are there significant delays? Is the system functioning in places outside the capital and the big cities? Do people need to pay bribes and engage connections to get personal documents on time?

### **1.3 Register of state organizations**

Does a comprehensive, up-to-date register of all public organizations (ministries, agencies, boards, etc.) exist?

If yes, is the register digital?

Is it available to the public?

### **1.4 Land cadastre**

Does a comprehensive and reliable land cadastre exist?

What is the percentage of agricultural land included?

Is the cadastre digitalized, professionally maintained and regularly updated?

Do people have easy access to information from the cadastre for personal and business needs?

Does one need to pay bribes or find connections to use information from the cadastre?

### **1.5 Statistics**

What is the overall quality of the national statistics collection (as perceived internally in the country and externally by other countries)?

Is it organized adequately?

Does the main responsible organization have the necessary resources (legal and financial) to fulfil its tasks?

Are the organizations responsible for collecting statistics independent and free from political interference?

Are the statistical standards harmonized with the European ones?

Do the major international statistical databases (e.g. World Bank, EUROSTAT) have recent data on the country?

## **Part II. Capacity to deliver fundamental services and affect societal outcomes**

### **2.1 Education**

What is the share of pupils enrolled in primary education from those eligible?

What is the share of pupils enrolled in secondary education from those eligible?

### **2.2 Healthcare**

What are the levels of infant and child mortality?

What is the share of people with actual access to primary care (general practitioners)?

Is such access adequate overall? Is access adequate in areas outside the capital and the big cities?

### **2.3 Regional cohesion**

Is (improving) regional cohesion (i.e. the reduction of regional economic and social disparities) a strategic government goal?

Are there clear policy strategies to address this goal? Are these strategies supported by adequate legal frameworks and financial resources?

Have regional economic disparities over the past 5 to 10 years increased or decreased? (e.g. regional GDP per capita, investments, etc.)

Have regional social disparities over the past 5 to 10 years increased or decreased? (e.g. percent poor or without access to healthcare or other fundamental social services)

Have regional demographic disparities over the past 5 to 10 years increased or decreased? (e.g. birth rate, mortality, population totals, emigration, etc.)

**2. 4 Postal services and infrastructure** (adequateness, universal coverage, reliability, trustworthiness in the eyes of the citizens, professional)

**Part III. Capacity to provide the fundamental (institutional) infrastructure**

**3.1 Tax collection**

What is the share of taxes to GDP? (*Note this on its own is rarely enough to characterize extractive capacity*)

Does the state have adequate capacity to collect taxes from individuals and from businesses?

What is the level of professionalism and reputation of the tax collection authority?

To what extent is the collection of taxes digitalized (both in terms of interface to the people and internally within the government organization)?



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## **The EU and Eastern Partnership Countries An Inside-Out Analysis and Strategic Assessment**

Against the background of the war in Ukraine and the rising tensions with Russia, a reassessment of the European Neighborhood Policy has become both more urgent and more challenging. Adopting an inside-out perspective on the challenges of transformation the Eastern Partnership (EaP) countries and the European Union face, the research project EU-STRAT seeks to understand varieties of social orders in EaP countries and to explain the propensity of domestic actors to engage in change. EU-STRAT also investigates how bilateral, regional and global interdependencies shape domestic actors' preferences and scope of action. Featuring an eleven-partner consortium of academic, policy, and management excellence, EU-STRAT creates new and strengthens existing links within and between the academic and the policy world on matters relating to current and future relations with EaP countries.