

ABSTRACTS

Introduction

Michel Le Clainche

After the intensive preparatory work of establishing budgetary categories and accounting norms, defining indicators, choosing new actors, information systems, and numerous other matters directly involving thousands of civil servants; after the actual changeover of public management to the "LOLF (*Loi organique sur les lois de finances*) mode", the time has come to take perspective on medium-term changes in the administration - to put aside voluntarist and operational discourse and take a close look at the various concepts pertaining to the reforms, the precise content of the budgetary and administrative changes in question, and the link between the two. What appears is that the LOLF is more the starting point of a reform than a revolution: the majority of its technical concepts were widely tested in France in the context of the rationalisation of budgetary choices, or partake of a certain continuity, going hand in hand with progress made in public management since the 1980s. It also appears that the effects of the LOLF in the domain of state reform are most specifically felt in the modernisation of public management, enhancing the status of public service rather than the contrary or a neo-liberal shrinking of the same. Finally, it is clear that the success of the LOLF will depend essentially on the involvement of society as a whole - civil servants and citizens alike.

The LOLF: Lever of State Reform

Alain Lambert, Didier Migaud

State reform, in the sense of a more effective and efficient state - maximum performance for a given cost - is one of the LOLF's main objectives. The architecture of the state budget in terms of missions and programmes is the backbone of new public management. Missions are the large units of public policy; they can be inter-ministerial, in which the notion of public policy is above that of a ministry. Programmes are the basic unit of new public management. A programme is ministerial, belongs to a single mission, and is piloted by a high-level civil servant, an individual responsible for the programme and who must account for its management. Each programme has objectives, targets, and results indicators, all of which make possible a performance evaluation of the manager. Other tools resulting from the LOLF are of a kind that should bring about a modernisation of the state - accounting tools (accrual accounting, patrimonial accounting, and the putting in place of analytical accounts), as well as piloting tools (the LOLF goes along with the generalisation of management control). However, state reform can only be achieved on condition that there be a true cultural change, exhaustive information systems, and strong political determination.

The LOLF in the History of Landmark Budgetary Texts: Continuity and Innovation

Robert Hertzog

The LOLF represents a complete rewriting of budgetary law, and has brought about deep changes in the budgetary system of the state. The object of this article is to situate it in the *Revue française d'administration publique* n° 117, juin 2006

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history of landmark texts that have organized the budgetary system of the state, to show both how it fits into a context of continuity and in what ways it is original. The author points out that budgetary law is fundamentally political and naturally economic, and shows that the LOLF has been remarkably innovative on these two levels. Politically, it contributes to a return of parliamentary power in matters dealing with public finance. Parliament is better informed and its supervisory functions enhanced, forcing the government to be more rigorous in its management. On the economic level, the LOLF reflects three periods of time, each of which has given a priority function to financial law without suppressing previous functions, thus giving the LOLF its layered aspect and its complexity. Although the LOLF reinforces the legal aspect of the budget, its judicial framework, and although it remains - despite disillusion - at the service of economic policy, it is more marked by the idea that the state is an economic agent which must respect basic economic laws, in particular by proving its efficiency, and therefore by applying management and accounting methods.

From the Failure of the Rationalisation of Budgetary Choices (RCB) to the LOLF

Bernard Perret

The improvement of choices in matters of state expenditure in France has antecedents dating back to the attempt to put in place a method known as the rationalisation of budgetary choices (RCB) in the 1970s. The author describes this reform, its aims, limits, and eventual failure in 1984. He shows however that its underlying rationales never entirely disappeared, but continued to influence the partial and limited reforms relating to the evaluation of public policies that were introduced in the 1990s. In conclusion, he draws an interesting comparison between the LOLF and the RCB that is certainly to the LOLF's advantage, but also shows up some of its limits.

The LOLF: a Text, a Spirit, and a Practice

Jean-François Calmette

Voted in a context of sparse public funds, the "letter" of the LOLF aims at ensuring efficiency in the use of credits and the evaluation of state services. It targets not only the performance objectives of civil servants, but also a true evaluation of the state's patrimony. For this reason, the "spirit" of the LOLF is founded in the economic analysis of law, in that the latter involves a utilitarian procedure in the form of a calculation of efficiency. However, the efficiency aim of this law - whose eventual goal is to reduce public deficit - must be nuanced in "practice": in certain areas, the notion of "performance" is ill adapted to public service missions, added to which is the difficulty of establishing reliable indicators.

The LOLF: Control or Freedom?

Sylvie Trosa

This article draws the lessons of twenty years experience with management through programmes in some OECD countries. Based on the evaluation of these programmes and the debates surrounding them, the article discusses the reform's various successes and failures, indeed much the same in all countries. In order not to focus on cultural and national specificities, reasons for failure and factors of success are described in two imaginary

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countries. The lesson that can be drawn is that in France, the LOLF is at a crossroads between an exclusively budgetary and accounting model based on the close control of activity and a performance dynamic that truly and lastingly motivates civil servants as to the social usefulness of their activities. As in all countries, such a reform needs time, on condition that it be possible to maintain the desire for change, to correct errors, progress and learn. The great strength of the LOLF is its capacity to bring to the surface all the important management questions: how to motivate agents? Should Parliament be involved? Are users taken into consideration? Are we managing growing social demand on more and more limited means? What degree of empowerment should be given to managers and their agents? How can we change over from a culture of procedure to one of initiative and conscious and justified risk? Is it possible to manage public policy without evaluating it? If these questions are discussed with civil servants and not in closed circles, the LOLF can be a catalyst for deep and lasting change, as it is and has been in most of the OECD countries.

Budgetary Reforms of the Managerial Type: Observations on a Few Precursors

Jacques Bourgault

Experiments in other countries have led to the assumption that simultaneous action is necessary when dealing with financial reform and public management reform. With an end goal of promoting a managerial type culture and thus improving decisions on public finance which translate state policy, the LOLF includes France in a procedure that several countries have already adopted. The culture of management based on results has repercussions on the budget, but also on the implementation of policies and programmes. The model-type of the approach to management through results comprises: strategic planning, a budget-programme based on results, the follow-up of accounting, an annual performance report, and the rendering of accounts to Parliament. This article analyses budgetary reforms inspired by these principles, for the purpose of seeing to what extent their application has been fruitful. It describes the reform process in four countries: Canada, the United States, the United Kingdom and Sweden, and presents the comments of observers.

The Architecture of the LOLF in Education and Research: Political Choices or Technical Choices?

Jean-Richard Cytermann

The LOLF stipulates that credits allocated by the law of finances are grouped together by mission, and that a mission comprises a series of programmes related to a specific policy. Missions can be inter-ministerial. Education and research - the areas examined by the author - lend themselves particularly well to the creation of inter-ministerial missions. Missions for primary and secondary schools and research and higher education have in fact been set up, but remain disappointing in the sense that they seem unable to overcome difficulties caused by the structural differences within the administrative organisation in force. Whereas they could have provided an opportunity to try out more dynamic and innovating approaches, programmes limited to existing administrative divisions are also a source of disillusionment.

LOLF Indicators: an Opportunity for Democratic Debate?

Jean-René Brunetière

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Source : www.ena.fr

Into the core of the French system of state finance and state action, the LOLF has introduced the evaluation of the results of state action by means of indicators. The author takes a sample of these indicators, discusses their relevance, and brings to light their serious shortcomings: often, they fail to pinpoint the principal action of the state in a precise area, and as a result, only measure accessory elements of this action. Still more serious, some indicators are not relevant for the evaluation of a given action and can even lead to results that hardly reflect that action. Others are unusable, and still others are only able to measure internal activities of the administration without taking into account the impact of its activities on users or the public in general. The author concludes by saying that if - as the LOLF stipulates - indicators are to measure not only the results of the state but also be of use to Parliament for future budgetary choices and serve to judge the action of administrative managers, they must be completely revised.

The LOLF and Deconcentration

Bernadette Malgorn

The author believes that the implementation of the LOLF is an opportunity to rethink deconcentration, all the more so as it aims at greater responsibility for actors and encourages the use of a certain number of tools, in the sense that over 90% of state agents work in deconcentrated services. The first condition for such a rethinking is to put in place a system of financial information enabling the localisation of expenses and incomes on a very precise geographical level - urban zones and even blocks. This would make it possible to measure the impact of public policies on the territories, and in particular, to avoid paying for the same action several times. Another condition is that of an efficient management dialogue between three levels: the national conception and direction level, the departmental implementation level, and an intermediary level (regional or, in certain fields, zonal) of scheduling, distribution, and evaluation. Regional and zonal prefectures would thus all be designated as responsible for ensuring the function of inter-ministerial territorial evaluation and as relays in the overall management of state modernisation.

The LOLF, Human Resource Management and New Managerial Competencies

Pierre Winicki

The article describes how the LOLF will affect human resource management in the civil service. The author shows the mechanisms responsible for the LOLF's impact on staff management and argues that this impact must be explained to staff in a positive light: the LOLF is often the cause of certain fears, mainly that of questioning the status of agents. The LOLF neither aims to, nor does it in effect question status. It gives managers wide room for manoeuvre, which can be much to their advantage if they know how to present the reform and explain that its aim is to remedy existing problems, on condition that they be clearly brought to the fore by those involved.

The LOLF and Control of Public Finances

Michel Lascombe, Xavier Vandendriessche

One of the essential elements of the reform introduced by the LOLF is the complete reorganisation of the control of the state's public expenditure. First of all, the LOLF embodies a new concept of control: it is no longer only the verification of an operation's regularity; it also establishes whether the management decision taken was efficient. Control now aims at determining whether or not a specific decision made it possible to reach the objectives set by a certain programme. Secondly, in lieu of a single control, the LOLF provides for a series of controls undertaken by various entities. Control is carried out first of all through information from all administrations received by Members of Parliament, a pre-control which requires that information in the form of reports be given in due time and be usable and used by Members of Parliament for the preparation of the next budget. Parliamentary control *stricto sensu* is done by the financial commissions of the Assembly and the Senate, notably by means of on-site accounts examinations in administrations conducted by members of the commissions and the control and evaluation mission of the Assembly. The third form of control is that of the Cour des comptes (Audit Office), whose rôle becomes extremely important when called upon to certify state accounts.

For Better or for Worse? The Role of Parliament in the Budgetary Process of Developing Countries

Carlos Santiso

Can parliaments contribute efficiently to budgetary processes while preserving fiscal discipline? Greater budgetary transparency and a stable taxation system are crucial challenges for emerging economies concerned with the efficient management of public finance and the fight against corruption. Considerably neglected during the first stage of economic reforms, legislative budgetary institutions reappeared with the second wave of reforms in financial administrations. However, due to the predominance of their executive rôle as well as their own lack of knowledge on the subject, parliaments often have little to do with budgetary matters. Although they possess a wide range of powers in budgetary affairs, only rarely do they manage to make efficient and responsible use of them. The article examines the contribution of parliaments to budgetary processes in developing countries with both presidential regimes and centralized budgetary systems, and evaluates the conditions and constraints of a greater parliamentary role in budgetary matters. It analyses the political economy of budgetary processes in Latin America, underlining the risks of insufficient government participation in budget management and the advantages of parliamentary control of public finances. It argues that in Latin America as elsewhere, the main challenge of parliamentary participation in the budgetary process consists in preserving the advantage of a strong executive authority able to ensure fiscal discipline, while at the same time procuring the restraint and institutional counterbalance that guarantee financial responsibility, the rendering of accounts and democratic control. Good fiscal governance is the fruit of a harmonious blend of government prerogatives and parliamentary control.