

# Is The National Institute of Administration a model agency? The agencification process in Romania and a case study

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**Abstract:** *Agencification is a strategy of vertical specialization of government institutions by delegating some attributions to specialized agencies. The study aims at two interconnected objectives. First, it provides an overview of the concept of agencification. Second, and more specifically, it identifies a set of idealized features of agencies according to the literature on agencification and explores to what extent one specific agency in Romania (the National Institute of Administration) exhibits said features. While agencification is supposed to guarantee a clearer separation between policy formulation and implementation, in practice this may not work if features such as the agency's autonomy is too limited or if, despite its organizational separation from the line ministry, the agency is in practice overseen too strictly by the latter. Case studies such as the one provided here are useful in revealing to what extent the process of agencification in Romania has followed the general template outlined in the literature or, on the contrary, at least in some specific cases has developed based on other routines or constraints.*

**Key words:** agencification, New Public Management, Romania, autonomy, control

**JEL:** D73, H83, L32, L38, P35, P37, P48

## 1. Introduction

This paper investigates the extent to which one of the important national agencies in Romania, the National Institute of Administration (henceforth INA, or 'the Institute'), satisfies an idealized checklist of agency features as proposed by the literature on agencification. So far, the literature in question has been very limited with respect to this country. I have identified only two general studies examining a cross-section of the national system of agencies (Hințea, Hudrea and Balica, 2011; Nakrosis et al., 2013), but they have low response rates and cover many organizational types that are very different from each other. While such questionnaire-based research is very useful to glimpse the broad features of agencification in this country, it remains inherently limited in light of the diversity of organizational missions, organizational structures, as well as the structure of the policy subsystem.

The National Institute of Administration has had a tumultuous past, being established, abolished, and re-established because it represented an ex-ante conditionality of the European Commission. Under Government Ordinance no. 23/2016, the Institute was re-established after a hiatus "by taking over the activities in the field of professional training in public administration and the professional development of public officials from the National Agency of Civil Servants and the regional centers for continuous training for local public administration". After the completion of the Institute's reorganization in 2018, it was gradually recognized by public institutions as a stable partner for professional training in public administration.

## 2. Theoretical framework

Agencification was a fundamental process across several European countries in the 1980s and 1990s. It was at the core of New Public Management reforms, which substantially changed the way governments are organized by, among others, increasing the number of agencies and by expanding their autonomy (Sześciło, 2020). According to this template, the creation of a new agency is carried out following a major change in public policy, through legislative changes or through a newly adopted statute. This may require the creation of new organizational structures or the restructuring of present ones, more precisely, the establishment of new units, intended to put into practice the new objectives provided by the statute, in the composition of an existing public organization (Yesilkagit, 2004).

The idea of a separation between politics and administration is among the traditional perspectives on the role of the bureaucracy. It was subsequently promoted within New Public Management, based on principal-agent theories, where the clear division of roles and responsibilities represented an essential element. This division stimulated the trend of agencification in countries where state agencies were established or restructured according to the principles of New Public Management thinking (Bach, Niklasson and Painter, 2012). So new independent public agencies were created, separated from direct political influence, in the hope of improving managerial efficiency by adopting private practices.

Agencies are typically government-funded entities which are distinct from a legal perspective and operate autonomously from ministries, even if frequently they are formally subordinate

to ministries. They deal with the implementation of the basic functions of the state, for example, regulation or the enforcement of laws, and sometimes with the provision of services (Beblavy, Sicakova-Beblava and Ondrusova, 2012).

Agencification, as advocated by its proponents, does not provide a clear template for agency (re)structuring beyond the general idea that “agencies should have some autonomy” (Moynihan, 2006). As a result, the meaning of the term can be adapted by actors with different goals in countries with varied contexts (economic, political, cultural, social). There are significant variations between states that can steer agencification in all sorts of directions (Koprić, Kovač and Musa, 2012).

Autonomy is the degree of freedom under which an organization can act without needing prior approval from the ministry it is related or subordinated to or from political leaders. Autonomy is therefore clearly connected to the ability of an organization to function without external influences (Nakrosis et al., 2013). For this reason, however, there have been disputes regarding the appropriate degree of agency autonomy: because they are organizations within the public apparatus subordinate to the Government, they are subject to the provisions of the law on public service; therefore, the agencies are not completely autonomous organizations (Gellén, 2012).

Agencification existed before New Public Management, but this process pushed governments to assign more and more responsibilities to agencies. Agencies were present before the collapse of communism in the countries of Central and Eastern Europe, although the probability that the intensification of agency-creation is directly related to their communist heritage is low. Rather, agencification was a key component in two important (and related) reforms in the post-communist era: on the one hand, the transition to a modern democracy and, on the other hand, the accession to the European Union (Thiel, 2011).

### **3. Research methodology**

In their pioneering efforts to describe agencification, particularly in terms of agency autonomy, in Romania, Hințea et al. (2011) explore the levels of ministerial control (structural, financial, personnel and with respect to processes) over executive agencies in this country based on data collected in 2010 using the COBRA survey. The latter targeted 125 executive agencies and had a response rate of 36.85%. Their study aims to understand control models and highlights the fact that Romanian ministries still prefer *ex ante* over *ex post* control mechanisms, despite progressive changes towards the latter. Their research also suggests that the relationship between executive agencies and their line ministries is complex and involves factors such as autonomy, trust, rewards, sanctions, and performance measurement.

The findings in this study are based on the same control models and on the variables borrowed from Hințea et al. (2011). I have applied them in more depth to one agency, the National Institute of Administration (INA). Methodologically, I analyze the information available in the relevant legislation, in formal regulations, in INA reports. To better understand the actual practices rather than just the formal structure of the agency, I interviewed two members of the Institute: the director of a key department in the organization and one of the main advisers to the INA president.

In their study, Hințea et al. (2011) use four dimensions of ministerial control, which I have adopted for this case study. First, structural control can be considered the opposite of structural autonomy, being driven by the existence of an intermediate council located between the agency and the ministry to which it belongs. The Council will generally function as an intermediary and should increase the agency's autonomy. In other words, the agency is subject to strong control when there is no board and the person in charge is appointed and answers directly to the ministry (Hințea, Hudrea and Balica, 2011).

Secondly, financial control refers to the extent to which agencies rely on transfers or allocations from other government entities in order to carry out their work. The degree of dependence that rests on such resources dictates how much financial control is exercised over the agency. Thus, if control is high the ministry can steer the agency in whatever direction it wants, also reducing its real autonomy (Hințea, Hudrea and Balica, 2011).

Thirdly, personnel control refers to how the agency's activity is influenced in its management of the number and roles of employees. If the agency wishes to expand its staff in order to better achieve its objectives, and this depends on the consent of the ministry or on other outside constraints, then the control exercised is considerable (Hințea, Hudrea and Balica, 2011).

Finally, process control refers to the line ministry's influence on how agencies must proceed to achieve their objectives. Ministry involvement can vary from none at all (agencies decide completely independently) to total (ministry decides exclusively), in the latter case correspondingly diminishing agency control over processes (Hințea, Hudrea and Balica, 2011).

The following section discusses these four dimensions of agency autonomy in the case of INA based on my qualitative analysis consisting primarily in document analysis and interviews.

## **4. Results**

### **4.1. Structural control**

The National Institute of Administration has legal personality and is subordinate to the Ministry of Development, Public Works and Administration (HG 645 07/08/2020). As for its relationship with the ministry, according to the interviews, it is formally defined as one of collaboration and support. There is an additional agreement with the National Agency of Civil Servants (ANFP, or 'the Agency') and a mutual openness for collaboration; according to my interviews, the relationship is not competitive.

On the other hand, the structure of the relations between the Ministry, the Agency and the Institute regarding the quality of personnel training policies in public administration is not the right one according to one of the interviewees, but neither are the line ministry, INA, and ANFP the only responsible actors. According to the same interviewee, under a better scenario the Agency and the Institute should not be subordinated to the line ministry, but placed under the General Secretariat of the Government or directly the Government. This would simplify the external approvals INA needs to organize some kinds of key programs. Additionally, since there are several categories of stakeholders, there are also separate training perspectives which may or

may not favor certain actors. Being directly accountable to the General Secretariat would simplify the task of organizing a variety of targeted programs, according to the interviewees.

Regarding involvement in the development of general vocational training policies, the Institute is frequently consulted in the development of strategies by various public organizations, especially those that include training components. Its members participate in working groups on specific areas and show openness to collaborate and be involved. In certain situations, the Institute can even be the initiator of such strategies. However, the interviewees consider that it should have a much more important role in the future in the development of training policies and in ensuring unitary quality standards for public administration, in order to guarantee a real impact for training.

In addition to the National Institute of Administration, there is a Coordination Council, established under the Prime Minister's decision (OG 23 24/08/2016). Regarding the involvement of the external members of the Council in establishing the strategic decisions of the Institute, based on the interviews, these members are consulted by the management of the Institute when necessary and perform their duties within the limits of the powers conferred on the Coordinating Council by the relevant laws and regulations.

Another dimension of structural control is external evaluation. The evaluation of the Institute's performance consists of two aspects. The first is related to the fulfillment of the objectives set by the Institute itself at the level of its structures, through the annual operational plan and its monitoring. The second aspect refers to the training programs, where participants complete a feedback questionnaire at the end, evaluating aspects such as the trainer, the materials, the training platform and the activity of the training manager.

As for external evaluation proper (i.e., beyond that by INA's individual clients), the procedures are not very clear because, except for the internal processes above carried out by the audit department of the Institute, the rules for external evaluation are not explicit. The responses of the interviewees do not shed light on this dimension, mentioning either the regular internal audit (present in every institution) and a potential assessment of the ministry at the end of the year (based on the annual report and data).

The National Institute of Administration is headed by a president with the rank of secretary of state, appointed by the prime minister (who can also dismiss the former) upon the proposal of the line ministry (OG 23 24/08/2016). As for the evaluation of the president's performance, there is no clarity in this case either, and the answers from the interviews are contradictory: she is either not evaluated (since she is a political appointee), or, alternatively, the minister does it (at least formally). Additionally, it seems there were no situations in which the president's job performance were not considered adequate, during the period of activity of the interviewees.

#### **4.2. Financial control**

The resources available to the Institute consist of INA's own revenues and the budget assigned by the government through the line ministry. As for the Institute's own revenues, it consists of "income from training program participation fees; sponsorships; donations of natural



and legal persons from the country and abroad; non-refundable external funds; other sources" (OG 23 24/08/2016). The interviews suggest that sponsorships and donations have not really been available.

According to the interviewees, currently resources – government funding and own revenues – are sufficient for the basic activities carried out by the National Institute of Administration. But additional resources are needed to expand the Institute's activities. On the other hand, there were legislative provisions in 2023 under which the budgets of public organizations were reduced, so expenses were cut in all areas of activity, including for professional training. The consistent systemic slashing of budgets means that the allocated funding is not sufficient for desired programs.

As for the need for more financial autonomy, for example, the interviewees mentioned the possibility of direct allocations from the state budget for certain categories of public positions with priorities and targets set annually. By ensuring free access to these types of programs (specialized and advanced training) for strategic target groups, one might increase the participation in these courses and implicitly improve the skills of, for example, leading or senior civil servants. The latter might then determine the implementation of changes at the level of their organizations.

Another perspective regarding the need for autonomy – although the interviewees did not explicitly claim more autonomy was currently needed – concerns the bureaucratic process, specifically a legal framework under which, with their own revenues, agencies have the freedom to make decisions they consider appropriate within the limit of the law. For example, if a purchase needs to be made from the revenues generated by the members of the organization, no other approval should be necessary, except for the usual coordination and subordination processes. This form of autonomy would require a change in the legislative framework.

### 4.3. Personnel control

Regarding the internal staff of the Institute, the interviewees highlight issues related to the sufficiency of personnel for carrying out regular activities. There are gaps, particularly in the specialized departments, which include the two training departments and the department of communication, projects, research, and international relations, in terms of filling the positions available within these structures. For example, the support department, as in other public organizations, has always suffered from a shortage of personnel, particularly in financial-accounting.

Therefore, some directions do not encounter difficulties, while others do, and it is not through the pursuit of a budget maximization perspective, because more people are always needed. The departments that are not necessarily good, such as support, the projects department (which is large), and the communication department, external relations and research. In addition, one interview points out that people with researcher status should be recruited to allow the Institute to carry out research, because otherwise it cannot perform this type of activity.

The staff-related barriers that the National Institute of Administration is facing at the moment are legal in nature, as an Ordinance passed recently (no. 115/2023) bans new hiring except for some positions declared vacant in 2024. As a result, the reorganization involves cutting some positions while keeping the total number of positions fixed. Additionally, the maximum

number of posts for the Institute's internal structure is capped at 100 by government order (HG 645 07/08/2020).

Moreover, another statement from the interviewees considers the problem to be systemic, because in all areas (legal, procurement, IT, financial-accounting) the Institute cannot offer adequate financial motivation, i.e., the salary to attract people. For these reasons, many turn to other types of organizations which offer better salaries. Financial compensation is regulated under general legislation applicable to public employees (HG 645 07/08/2020). The interviews clarified that, in addition to the salary, the Institute has also included staff in projects to top up wages, so until last year, when these projects were completed, this provided an additional motivation. For those involved in projects and getting these increases, the income is adequate, but not more than that.

While the Institute may need more autonomy in hiring or in financially rewarding staff, being a public organization is inherently limiting. As far as employment is concerned, it cannot derogate from the provisions of the Administrative Code, which are applicable to all public organizations.

#### 4.4. Process control

Establishing the categories of training and improvement programs is formally part of the mandate of the National Agency of Civil Servants, which defines which civil servants should be trained during a particular year. This can be achieved through the Institute as well as other training organizations, whether public or private. Although the Institute is the main public training provider, it is not the only one.

In developing its offer, the Institute takes into account the report of the National Agency of Civil Servants. These priority areas of training in public administration are developed based on the centralization of the plans submitted by public organizations and authorities following the evaluation of the professional performances of civil servants. However, the Institute also carries out annually an analysis of its own on training needs to determine which topics and what skills are of current interest to its direct beneficiaries, i.e., participants in the training programs, whether civil servants, political appointees, or other types of staff under contract. In this way, according to the interviewees, the National Institute of Administration has sufficient autonomy in designing the scheme of training and improvement programs.

As for the choice of target groups, they are defined according to the thematic specifics of each individual program and at the moment when the offer is outlined. However, certain target groups are expressly mentioned in various legislative provisions in relation to which programs are developed. The Institute determines internally, depending on its priorities, strategic targets which would be the groups for the shorter courses. A further claim made by the interviewees is that all but very large government courses should be open to all citizens irrespective of their employment.

## 5. Conclusions

This research effort aimed at gauging the extent to which the National Institute of Administration meets several idealized criteria for an agency as developed as part of the theory of agencification. In particular, it focused on gaining a broader understanding of agency autonomy in terms of four types of external control exercised over INA, Romania's key agency in the field of professional training for civil servants. I have not identified other case studies focusing on a single agency in an attempt to better understand the agencification process in this country.

According to what I observed in this respect, the Institute, which is specialized in the provision of services, is structurally disaggregated from the ministry, and possesses a certain managerial autonomy. Regarding structural control, it is characterized rather by collaborative relations with the line ministry and the National Agency of Public Servants, by an active involvement in policy making and frequent consultations. The Council which in theory serves as a coordinating board has a rather consultative function in practice. It generally responds to INA's requests for assistance and does not seem to be the prime strategic decision-maker.

It follows that INA enjoys relatively substantial structural autonomy. That said, there are suggestions for simplifying the decision-making structure and for strengthening the Institute's role in formulating and implementing vocational training policies.

The extent of external evaluation does not emerge clearly from the interviews I conducted, as on this dimension the answers were contradictory with respect to the evaluation of the president. The formal regulations are not very clear either, while INA reports are not explicit on this point, as they only talk about internal organization and assessment.

With regard to financial control, I refer to the study carried out by Hințea et al. (2011), which mentions four categories of sources of income for agencies by which it establishes the level of control over them. INA falls into the second category (mixed funding with predominant government financing), but because it is close to the first category, it is subject to substantial financial control, or at least, limitations under the current general laws.

Personnel control is significant. According to the interviews, there are impediments in several areas which cannot be overcome because, on the one hand, INA cannot provide sufficient financial motivation to attract very skilled staff, and, on the other hand, generally applicable legislative constraints are inherently limiting.

Process control exists to the extent that decisions on the types of training and improvement programs must take into account the report of the National Agency of Civil Servants, while certain target groups are determined by legislation. However, the interviewees consider the Institute's autonomy in designing the scheme of training and improvement programs to be fit-for-purpose.

In conclusion, this study of a single case only covers a very particular and specific part of the process of agencification. The materials used were generally available reports while interviews were limited to two persons in key positions but with very different lengths of service at the Institute (relatively short and, respectively, quite long). The research is therefore inherently limited, but it may be expanded later with additional respondents, by studying other units involved in the same policy subsystem (e.g., the National Agency of Public Servants, service providers, academic bodies training civil servants), and with further themes or dimensions central to theories of agencification, such as politicization.



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