



**London School of
Economics and Political
Science (LSE)**

**L'Institut français des
relations internationales
(Ifri)**

**LSEE: Research on South
East Europe**

**Programme Europe du Sud
- Est**

CALL FOR RESEARCH PROJECT PROPOSALS

THEME

**The Management of Public Services in South East Europe:
Implications for quality, reliability, efficiency and equity**

The LSE's South East Europe Unit (LSEE), and *L'Institut français des relations internationales* invite researchers with a recognized interest in contemporary South East Europe to submit an application for funding in order to carry out a project on the theme highlighted above. This call has been made possible by the funding generously provided by the Latsis Foundation, to which we wish to record our gratitude. This new initiative is consistent with LSEE's mission to promote public policy research and to foster academic collaboration and networks. The Call is open to all researchers with an affiliation to a recognised University or research institute. Applicants should have a good command of English.

Applications from groups of researchers are welcome, but in this case all members of the research team should meet the eligibility criteria.

A grant of up to €12,000 (euros) in total will be awarded to the successful applicant(s) for research on the management of public services in South East Europe, to be undertaken normally within a period of one year. The participants will be required to present the results in a conference in Brussels, in late summer 2010. They shall also send an interim report after 6 months to LSEE and Ifri, demonstrating the state of progress.

Payments will be made in two equal installments, the first on commencement of the project and the second on completion of the defined outputs. The successful applicant(s) must provide a relevant research account in their host institution for the transfer of the grant.

Applications should be submitted electronically by the deadline of **Monday 30th November 2009** (5pm GMT) to euroinst.lsee@lse.ac.uk. The subject line of the email should read "LSEE-IFRI Call 2009" only and all application material should be in MS Word format. Applicants who are unable to submit their application in this form must contact the LSEE Office on +44-20-7955-7198 at least 10 days before the advertised deadline.

TERMS AND CONDITIONS

The award will be made by a Selection Committee appointed by the LSEE and Ifri solely on the basis of the application materials submitted. All applicants must provide (a) a project proposal (of up to 5 pages), detailing the research question, the conceptual framework and methodology, the empirical data, and the expected outputs; (b) an indicative budget (see below); (c) a copy of the CVs of all applicants; and (d) a cover letter, summarizing the competencies of the applicant and/or research team in relation to the proposed research. For group applications, an additional document highlighting the structure of the team and the allocation of tasks across its members is required.

The indicative budget should justify the costs identified for the project. All types of costs are allowed - including costs for fieldwork, data, travel, consumables and research staff - insofar as they can be accepted as essential parts of the proposed research. Overhead costs of up to 15% are allowed, but these should be included in the budget (the total budget cannot exceed €12,000). The Selection Committee has the right to request additional information regarding budget costs and to award a smaller amount than the one requested or advertised. Awards must be used solely for the purposes set out in the application.

The Selection Committee is solely responsible for approving the eligibility of applications and reserves the right to request additional information from the applicants. Shortlisted applicants may be asked to participate in a telephone interview. In all cases, the decisions of the Selection Committee will be final. The Committee reserves the right not to make any award or to adjust the number of awards it makes.

The successful researcher(s) / research team will be required to provide an 'Interim Progress Report' (at the end of the 6th month of the project), a 'Final Report' (at the end of the project) and a full research/policy paper presenting the results of the project, in a manner suitable for publication in an international academic journal. The successful applicants will be invited to present the results in a conference in Brussels, in late summer 2010.

LSEE and the Ifri's South East Europe Program will also cover the basic costs for the researcher (or one team member) to present the research findings in Brussels. The researcher/ research team will be obliged to give full acknowledgement to LSEE, Ifri, and Latsis Foundation in all publicity and outputs related to the project, copies of which should

be sent to LSEE and Ifri. LSEE and Ifri's South East Europe Program also retain the right to publish the results, with full acknowledgement to the authors of the research, on their websites and in their other publicity outlets.

Call for Research Tender 2/2009

Project title: The management of public services in South East Europe: implications for quality, reliability, efficiency and equity

During the post-Communist transition in South East Europe, with its emphasis on privatisation, the public sector was relatively neglected, leading to widespread perceptions of the decline in the quality, reliability, and efficiency of public utilities (such as energy, water supply, local municipal utilities) and other public services (including health, education and transport). The energy sector has been a focus of special concern owing to the deterioration in infrastructure and weak managerial capacity, raising the costs of doing business. In Kosovo and Albania, power cuts remain a feature of daily life, while in other countries in the region costly subsidies are needed to keep the energy system operating. In the health sector, poor quality services and gaps in provision are one cause of low labour productivity. To different degrees, in the countries of South East Europe, health provision has been partially privatised, but this has not compensated for the lack of essential equipment in the public sector, which also suffers from problems of corruption and informal payments for access to public sector services. In general, inefficient, unreliable, and low quality public services have held back economic development in South East Europe (SEE), and will continue to do so unless the problems which affect them are addressed effectively. Although the main emphasis of policy in the region has been on the privatisation of public services, in the established market economies the privatisation of such services remains controversial. Proponents argue that privatisation can increase quality, efficiency, investment, cost recovery, consumer responsiveness, and reliability, while opponents point to the adverse distributional effects, and to the possible problems of monopolisation of markets. These issues suggest three key themes that require new research investigation, centred around questions the issues of ownership transformation, the balance between public and private finance, and regulatory arrangements. The examination of the appropriate role and scope of regional cooperation in relation to these three themes is also important. This could concern the relevance of regional cooperation, for example, as a mechanism of knowledge transfer and learning from best examples, as a method of

resource-pooling across states with weak financing capacities, or as a forum for policy harmonisation across countries in the region.

Ownership transformation is an ongoing process in South East Europe, yet little is known about the relative merits of public versus private ownership in relation to the delivery of public services in the region. What have been the effects of privatisation on quality, efficiency, investment, cost recovery, consumer responsiveness, reliability, and equity? Is promoting competition more important than transforming ownership in order to ensure improved outcomes? In place of privatisation, should state-owned utilities and other public services be restructured or decentralised to ensure improved transparency and accountability? Can the methods of New Public Management be successfully transferred to public services in the region?

The balance between public and private investment in the supply of public services is open to question, especially in view of the pressures on governments to reduce capital spending, and on low rates of cost recovery which limit the funds for reinvestment and essential maintenance. Various forms of private sector involvement ranging from time-limited concessions, public-private partnerships which bring private finance into public sector projects, contracting out of services to private providers, have been suggested as a means to overcome such investment constraints, while maintaining a degree of public involvement in the provision of services as alternatives to outright privatisation. How effective has such private involvement in the provision of public services been in the South East European context?

The state is also often involved in the regulation of privately owned utilities and services, aiming to encourage competition, inhibit monopolisation, and counteract the abuse of market power by incumbents and dominant external suppliers. Can regulatory authorities and competition agencies be effective in the SEE context of limited administrative capacity, underpaid staff, unpaid leave, and a high degree of political involvement in public utility management?

In several sectors, such as energy supply, new agreements have been struck to deal with the issues on a regional basis such as the 2005 Energy Community Treaty. How far can regional

cooperation contribute to the improved efficiency and equity of public services? Can regional cooperation be appropriate in other sectors?

Researchers are invited to present projects which address one or more of the following:

- The impact of ownership transformation on the quality, reliability, efficiency and equity of public services in SEE
- The appropriate role of public-private partnerships, in the SEE context, in mobilising new investment
- The optimal form of regulation of public utilities in SEE
- The role of regional cooperation in the provision of public services

Applications

The call invites research proposals on the provision of public services in South East Europe which investigate these issues, and which provide policy relevant research on the public sector in the region. Proposals which address these issues in a particular sector, or in a particular country are welcome. However, those which make a comparative analysis across sectors or across countries are especially encouraged. *Proposals which involve the energy sector, all else being equal, will be given priority.* In any case, the projects should identify clearly the sector (for an in-depth case study) or sectors (for a comparative analysis) of public services (energy, transport, health, education, telecommunications, other utilities) on which their analysis will focus and explain the reasons for selecting these sector(s), in terms of their relevance to policy and their importance for the economic and social development and cohesion of the country or countries concerned.

Applicants are encouraged to demonstrate relevant theoretical and conceptual foundations to their proposals, and to connect these to their proposed research questions and empirical work. The call is open to a wide range of methodological approaches including those based on statistical analysis of the performance of public services under different ownership and regulatory regimes, as well as qualitative methods based on case study research of specific cases which have wider implications. The research methods should be appropriate to the research questions which should be clearly set out. The potential relevance of the research findings to policy makers should also be indicated. Applications which are purely theoretical in nature, or which are unfocused and poorly justified will not be funded.