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A THEORETICAL INTERPRETATION OF POLICY EVALUATION IN THE CONTEXT OF LITHUANIAN PUBLIC SECTOR REFORM

JAROSLAV DVORAK

Doctoral Candidate

**Vytautas Magnus University Faculty of Political Science and Diplomacy
(Lithuania)**

Contact information

Address: Gedimino 44, LT-44240 Kaunas, Lithuania

Phone: 370-610-31001

E-mail address: j.dvorak@pmdf.vdu.lt

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ABSTRACT

Why do some policy evaluations have national and worldwide recognition? Those evaluations make an impact on states' modernization; they change the paradigms, values, stereotypes, programming transformation and reforms. Other evaluations do not have any significant influence and are likely put on the e-shelves of the governments and universities computers. Evaluation researches are defined as reformistic, which aim to develop alternatives for the social improvement. One of the functions of evaluation is an improvement by assessing policy output and outcome. Most outcomes are jointly determined and controlled by plurality of the actors. Evaluation helps to change a policy agenda, policy formulation and implementation strategies. Modern scientific and technological achievements provide governments with real and noticeable military, economic, political, diplomatic power. Under such circumstances, a critical question emerges: is the influence of policy evaluations determined by the qualifications of the evaluators, the political-economic situation or the efforts of the international donors community to export values, knowledge, ideas which have either direct or indirect interest to the development efforts?

KEYWORDS

Policy evaluation, outcome-based evaluation, assessment, evaluation culture, accountability, efficiency

INTRODUCTION

Traditionally, government has consisted of three systems: budgeting, human resources and auditing. However, the feedback system, which would provide information on the results and outcomes of the government's actions, was missing. The establishment of an evaluation system became a new public control instrument of governments. Programme evaluation was born in the USA, when President L. Johnson introduced the Great Society Programme. Development of the Planning-Programming-Budgeting System was one of the programme elements. Thanks to the evaluation system, the U.S. government developed new scientific knowledge, which in the 1970s was imported by many governments of Northern Europe, which in turn established agencies, units and committees engaged in the analysis of politics. According to Toulemonde, such institutions performed ex-ante and ex-post assessments. The purpose of these actions was the introduction of scientific rationality into the budgeting process.¹

The rise of policy evaluation in Great Britain and France has often been related to public management reforms. The EU Member States started applying the evaluation of policy effect only in the last decade, and only recently the European Commission began extensively using evaluation of policy effect for public policy.² Today policy evaluation is part of European administrative culture³ and is characteristic of the modern state. Therefore, evaluation is an integral part of rational and up-to-date policy forming and reforming, and, under such circumstances, policy evaluation continually evolves, widens and changes its character.

The aim of the article is to examine policy evaluation perspectives in Lithuania and in the context of public service reform. This goal is achieved by taking several steps. First, the article briefly describes the evaluation effects on society. Second, this article indicates the progress and obstacles in the development of evaluation capacity in Lithuania. Third, the article addresses the issue of outcome-based evaluation in the context of public sector reform. Changes in the delivery of public services have an increasing impact on society and on existing relationships among different policy actors. In these circumstances, more than ever before national governments need to use outcome-based evaluation.

¹ Jacques Toulemonde, "Evaluation Culture(s) in Europe: Differences and Convergence between National Practices," *Vierteljahrshefte zur Wirtschaftsforschung / Quarterly Journal of Economic Research* 69 (2000): 351.

² Ramūnas Vilpišauskas and Vitalis Nakrošis, *Ko verta politika?* (Vilnius: Eugrimas, 2005), p. 76.

³ Andrea Mairate, "Developing evaluation capacity in the Member States: the case of Structural Funds," Paper presented at IDEAS Workshop, Prague (June 2006), <http://www.ideas-int.org/Documents/Mairate%20paper.doc> (accessed December 12, 2008).

1. EVALUATION EFFECTS ON SOCIETY

Evaluation has several different effects on society. First, evaluation can be a response to reduced confidence in the contemporary state. Evaluation could be the measure for restitution of confidence and legitimacy. Those societies which implemented the evaluation system reinforced confidence between their members and leaders. Hanberger reasons that function of evaluation is to ensure legitimacy or de-legitimacy of effective valid programmes, politicians, and applied model of democracy.⁴ However, policy evaluation may help to find out in the program complies with other state programmes, strategies and concepts.

Second, evaluation may help to determine whether there are any preconditions for the duplication of programmes. Therefore many evaluations are initiated to confirm the existing convictions or political positions. Nevertheless, public policy evaluations may be used as delay tactics, when politicians do not wish to accept the decision due to reasons known to them. The initiator of the evaluation must ask himself and other participants, when a high probability may occur that assessment results would be seriously considered by the decision makers and implementers.

Third, evaluation does not always create the sense of confidence and perception that everything is under control. Evaluation is considered an instrument of risk management, which insures politicians, top-ranked officers and leaders of non-governmental organisations against accusations of carelessness, irresponsible behaviour. After all, such evaluative management is a convincing argument that all efforts were used to prevent possible problems.⁵

Finally, many organisations of the public sector, as well as business and non-governmental organisations, and other participants today are involved in public policy formation and its implementation process. The demand of policy evaluation increases when governments introduce new governance models, such as new public management or multi-level governance models,⁶ and start applying more stringent limitations on public financing. Evaluation provides governments with knowledge about what is efficient for the society, and why it is efficient or inefficient. Simply put, evaluation aids in better decision-making.

⁴ Anders Hanberger, "Evaluation for and for Democracy," *Evaluation* 12 (2003): 24.

⁵ Frans L. Leeuw and Jan-Eric Furubo, "Evaluation Systems: What are They and Why Study Them?," *Evaluation* 14 (2008): 165.

⁶ Anders Hanberger, *supra* note 4: 18.

2. DEVELOPMENT OF EVALUATION CAPACITY IN LITHUANIA

In order to prove the importance of policy evaluation in contemporary society, a case study of states transiting from pre-democratic regimes to some kind of democratic regime shall be performed. In a wide sense, this could be an assessment of the transformation effect, taking into consideration whether the government succeeded in achieving its goals, first of all, in the development of a functioning democracy and market economy.⁷ The application of policy evaluation practice in Lithuania is rather new; it has been applied for the measurement of policy success. The same applies for other Central and East European governments, which have a short history of programme evaluation, since the first independent steps in this region were made in evaluation of use of the funds allocated under EU PHARE, SAPARD and ISPA programmes. Policy evaluation capacities in Lithuania had to be developed during a short time period. Therefore, the need for strengthening evaluation capacities and the development of the "evaluation culture", as well as stimulating treatment of evaluation as the measure of continuous improvement and learning, is still obvious.⁸

The governments of post-communist states were not looking for their own efficient solutions in the area of policy evaluation. After the restitution of independence Lithuania did not have its own strategic programmes, and initially was looking at the templates and samples offered by international organisations. During the first decade of independence, Lithuania implemented programmes (see table 1) initiated by the International Monetary Fund (hereinafter IMF) and the World Bank. Therefore the experts hired by the above organisations performed programme assessments, though it also created preconditions for presence of local evaluation experts. Not efficiency, but legitimacy was sought by the development of assessment. Such rational strategy is called *isomorphism*. Post-communist governments, thanks to their conformist behaviour, earned the confidence of important external statesmen, and it guaranteed them access to necessary resources. The use of independent strategic measures started during preparation for membership in the EU. As can be seen, strategies based on isomorphism can become successful.

⁷ Klaudijus Maniokas, *Europos Sąjungos plėtra ir europėizacija. Vidurio ir Rytų Europos valstybių įsijungimas į Europos Sąjungą* (Vilnius: Eugrimas, 2003), p. 9.

⁸ Finansų Ministerija, *ES programų Lietuvoje vertinimo gairės* (Vilnius, 2006), http://www.esparama.lt/ES_Paramas/bpd_2004_2006m._medis/administravimo_sistema/bpd_igyvendinimo_vertinimas/files/Atnaujintos_vertinimo_gaires.pdf (accessed December 13, 2008).

The main programmes for Lithuanian economic and social development⁹

Table 1

No.	Period	Name of the programme, organization
1.	1992 10 21 - 1993 09 20	Stabilization programme, IMF
2.	1993 10 24 - 1994 10 24	Structural development programme, IMF
3.	1994 10 24 - 1997 10 23	Financing programme, IMF
4.	2001 03 08 - 2003 06 07	Stabilization programme, IMF
5.	2001 03 29 - 2003 09 30	Stabilization programme, IMF
6.	Beginning 2002 06 12	Long-term economic development strategy of Lithuania until 2015
7.	Beginning 2002 11 12	Long-term development strategy of the State
8.	Beginning 2004 05 14	Convergence programme, European Commission
9.	Beginning 2005 11 22	National Lisbon Strategy Implementation Programme, European Commission

The average duration of the governments' existence cycle was one year¹⁰ during the last period of independence, and thanks to a mixed proportionate representation system, coalition governments were usually formed after elections, with short-term governance powers only. It is obvious that under such circumstances the short-lived governments did not have time for necessary structural reforms, which would integrate policy evaluation into the political and administrative systems.

Though the Lithuanian Seimas (Parliament) executes parliamentary control over the government, it has not developed the practice for inviting external consultants to deliver evaluation services. Already in 2003, Vilpišauskas and Nakrošis pointed out that the Seimas could not efficiently control the government.¹¹ In their opinion, the Seimas assigns the greatest attention to legislation activities, to a small number of specialists in the Seimas committees, and to the evaluation and improvement of graft laws presented by the government; beyond this not much time is left for the more proper control of government. Nevertheless, the Seimas accepts laws even with the Government's negative conclusions. Such actions influence implementation, provide preconditions for waste of funds, and, instead of ensuring the accountability of the executive power, the Seimas pushes it into deviance, and, as stated, failures are programmed.¹²

⁹ Stasys Kropas, "Globalizacija ir instituciniai viešosios politikos klausimai Lietuvoje": 43, in.: *Lietuvos Ekonomika Europoje ir globalioje erdvėje*, ed. Lietuvos Respublikos Ūkio ministerija, Ekonominių tyrimų centras (Vilnius: Ekonominių tyrimų centras, 2007).

¹⁰ Gordon Evans, "Exporting governance: Lithuania adapts a Canadian policy management model," *Canadian Public Administration* 48 (Spring 2005): 8.

¹¹ Ramūnas Vilpišauskas and Vitalis Nakrošis, *Politikos įgyvendinimas Lietuvoje ir ES įtaka* (Vilnius: Eugrimas, 2003), p. 61.

¹² *Ibid.*, p. 35.

Nakrošis¹³ pointed out the conclusion-report "About the implementation of the national *acquis* accession programme and proposals how to improve the administration of this programme", prepared by the Committee on European Affairs, as one example of non-traditional control. This document could be described as an intermediate evaluation, since after the resolution accepted by the Seimas in January 1999, the government committed itself to prepare proposals with respect to the conclusions of the report of the Committee on European Affairs.

Political parties disturb the professionalization of the bureaucracy. Being weak themselves, political parties try enfeebling their potential competitors. Therefore the qualification maturation of the Lithuanian bureaucracy came late and though the non-qualified bureaucracy was able to compete with *partocracy*¹⁴, it remained responsible for routine delivery of public services and did not become an expert in the *prestigious* policy evaluation function. In his own turn, Clark¹⁵, analysing the case of France, noted that different governmental audit, inspection and planning agencies compete for the new area of expertise. Lack of evaluation practice experience in Lithuania—particularly in the preparation of the State budget, of laws and other state acts, and of daily decisions—had a negative impact on state governance.

An important step in the development of evaluation culture was made in 2002, when the resolution regarding impact evaluation of draft decisions was accepted. This particular document consolidated both basic and extensive impact evaluation of legal acts and other decisions. Since political parties do not agree on the measure for achieving certain objectives, policy evaluation may give one or another ideological force advantage over the other. Essentially, evaluation should be firmly established in the areas where agreement is required, and where parties of different political tendencies are interested in implementation of such policy.

Vilpišauskas and Nakrošis emphasize that impact evaluation of legal acts would automatically separate part of non-significant proposals, thus facilitating the preparation of agenda. Utilisation of *Ex-ante* evaluation in formation of the public policy agenda has a positive effect, since impact evaluation of legal acts would automatically separate part of the non-significant proposals. Impact evaluation would prevent chaotic, hasty, scientifically unjustified legal acts, prepared without the consideration of experts' comments, from inclusion in the agenda¹⁶. Such

¹³ Vitalis Nakrošis, "Lietuvos administracinės atskaitomybės sistemos raida," *Politologija* 3 (2001): 21.

¹⁴ Vaidutis Laurėnas, *Normalios politikos genezės atvejais* (Klaipėda: Klaipėdos universiteto leidykla, 2001), p. 221.

¹⁵ David Clark, "The Changing Face of Audit and Evaluation in Government: a Franco-British Comparison," *Public Policy and Administration* 16 (Winter 2001): 30.

¹⁶ Ramūnas Vilpišauskas and Vitalis Nakrošis, *supra* note 11, p. 32.

evaluation would create preconditions for concentrating the long-term strategic plans of the state as well as public demands.

It is obvious that the development of evaluation capacities requires time, and necessary structures cannot be established once and for all. The development of capacities and structures must be a continual process. Hyatt and Simons note that the main concern of the Middle and East European states is the development of structures that guarantee the direction of funds in the correct way, while also guaranteeing their proper management.¹⁷ Policy evaluation must be aimed not only at improving efficiency and the effectiveness of the interventions financed by the EU, but also of those financed nationally. However, the existing policy evaluation results are not being integrated into the programmes' management systems and into the wider processes of policy formation. This comes as a surprise, since many EU financed programmes are executed on a co-financing basis. The question arises in what ways it will be done in the future, and how policy assessment capacities will be strengthened.

Today no "golden" evaluation rules exist in the EU which would be applicable in all Member States; however, assessment of Structural Funds is mandatory since 1988. In its turn, evaluation is not just the selection of methods and techniques; it must be perceived as institutionalized. In other words, different evaluation methods exist, but for the purpose of evaluation specific institutional, cultural and social aspects of the states must be taken into account. The variety of evaluation approaches reflects the environment in which the programmes of the EU Structural Funds (or similar structures) are implemented.

3. OUTCOME-BASED EVALUATION: THE CASE OF CONTRACTING-OUT

Contemporary governments use a wide spectrum of assessment methods to guarantee efficiency and positive results of planned policies, programmes or rendering of public services. Governments are not just interested in knowing the true effect of policies, programmes and projects; they are also interested in finding out how successfully such initiatives were implemented. Therefore there is a need to know how, why and under what circumstances policies and programmes may be successfully implemented and rendered. Assessment usually does not have a directly traceable effect; despite that, it influences the way of thinking of decision makers, which in its own turn influences their small unnoticeable decisions.

¹⁷ Jenny Hyatt and Helen Simons, "Cultural Codes – Who Holds the Key? The Concept and Conduct of Evaluation in Central and Eastern Europe," *Evaluation* 5 (1999): 29.

Policy is the result of coproduction, which cannot be controlled and accounted for by a single main actor. Thus, policy formation is a cooperative process, where evaluation is the product of cooperation. According to Van den Meer and Edelenbos, policy evaluation may not be the final point in the formation of cooperative policy. On the contrary, it is just an input into continuous and deeper cooperation.¹⁸ Van den Meer and Edelenbos admit that policy evaluation supports organisational learning and facilitates cooperation among interested parties. They continue by noting that it is necessary in policy evaluation to acquire knowledge about policy implementation and effects, behaviour of private actors, development of unforeseen effects, changes in the structure of values, preferences and objectives. Learning from experience (*ex-post*) evaluation helps to acquire understanding. However, if evaluation is performed during a political process, it is necessary to “learn through doing” and “do through learning”.

Use of research about New Public Management characteristics in the delivery of public services is very popular. Worldwide reforms have confirmed that new forms of governance have a different impact on the welfare of a local community and on the relations between state and citizens. A review of some recent literature on public sector reform provided the following observations for an understanding of it. There is a lack of evaluations the extent to which policy programme achieve their outcome-oriented objectives and learning the reasons for differences between actual outputs/outcomes and stated objectives.

The dilemma of ensuring accountability. Contract management usually creates difficult control problems for state officers. Until the programme is managed by the personnel of the public sector, a partly efficient hierarchic contract implementation control is possible.¹⁹ Similar values characteristic of the employees of the public sector, will probably better meet the requirements applied to the delivery of public services and “public interest” than the values fostered by the employees of the private sector, especially those working in “profit seeking” organisations.

Accountability of the private provider in the public-private partnership has classic features of principal/agent relations. The agent (private provider) usually has his own objectives in such a relationship, and may choose an inefficient level of effort. Bos warns that this must be given attention when the structure of the agent’s remuneration is established.²⁰

¹⁸ Frans-Bauke Van Der Meer and Jurian Edelenbos, “Evaluation in Multi-Actor Policy Processes: Accountability, Learning and Co-operation,” *Evaluation* 12 (2006): 204.

¹⁹ B. Guy Peters, *The Politics of Bureaucracy* (London and New York: Routledge, 2001), p. 334.

²⁰ Dieter Bos, *Privatization: A Theoretical Treatment* (Oxford University Press, 1991), p. 44.

With regard to contracting-out for the delivery of public services, Schraufnagel asserts that private entities do not act to harm public organisations that have contracted them.²¹ On the contrary, politicians are proud of the increased accountability of private providers after the privatisation. There is no doubt that in many cases politicians have the possibility to describe the desired outcomes, execution control and to impose penalties, i.e. to do that which they could not do in attempting to control their own personnel. However, these arguments regarding increased accountability may be unsuccessful, bearing in mind that the principal often does not have complete information about the agent's efforts in contract performance. The lack of information about the private sector partners' level of efforts may complicate the evaluation of contract implementation, and/or application of sanctions. It was confirmed by Donald F. Kettl, who stated that governments' concluding contracts for the delivery of public services did not know what results they were buying. This happens due to small levels of competition and the subsequently fewer possibilities to check which alternatives are offered in the market.²²

The above statements comply with the main elements of O. Williamson's theory of the firm. However, the place of the company is now taken by the government, which is in an uncertain position. The results are that negotiations regarding the contract are usually held with a small number of providers, there are limits of what can be known about the partner, and an opportunism related to a moral risk and reverse selection emerges. Therefore, in an attempt to reduce their uncertainty, governments increase control of their transactions.

Many experts and scientists warn about potential problems when, instead of a public monopoly, a private monopoly develops.²³ The level of accountability is compromised in any monopoly situation. In order to neutralise this possibility, specific minimum requirements for the implementation must be included in the contract with the private provider, which must be easily controllable.²⁴ Therefore contracts must be concluded for a limited time period, usually for one year.²⁵

It is natural that when specific minimum requirements for the implementation are described, the number of private providers willing to compete for service providing may be reduced, and it will consequently reduce the benefits obtained in the competitive bidding process. Furthermore, the private provider may increase

²¹ Scot Schraufnagel, "Testing Privatizations of "Long Arm" Service of Process," *Evaluation Review* 26 (Feb, 2002): 61.

²² Donald F. Kettl, *Sharing Power. Public Governance and Private Markets* (Washington DC: The Brookings Institution, 1993), p. 234.

²³ Ernst & Young, *Privatization: Investing in State-Owned Enterprises Around the World* (New York: John Willey and Sons, 1994), p. 7; Dieter Bos, *supra* note 20, p. 8.

²⁴ *Ibid.*, p. 99.

²⁵ Scot Schraufnagel, *supra* note 21: 62.

the price of its services to compensate the time and costs related to complying with bureaucratic regulations. Even more, if the contract becomes a burden to the company, the following scenario may: when the company awarded the contract determines what services it shall render in order to achieve the desired profitability.

Corruption in the private sector. The third problem related to contracting-out the delivery of public services was described by Savas as corruption in the private sector²⁶. It is obvious that uncontrolled corruption may greatly increase costs in the privatisation process.²⁷ Business people with their short-term profit seeking may use the benefits of the contracts offered by the government. An opportunity to falsify the results of services delivered and to ask payment from the government for the works partly done, or even not completed, may develop in the public contracts management context.

According to Schraufnagel, two trajectories related to the opportunity of fraud in the public sector after privatisation may be distinguished: first, the amount of financial resources received by the private provider for delivery of services is an important factor related to the probability extent of fraud.²⁸ The provider preparing for fraud realises that his behaviour is risky, and that potential revenue will be minimal. Therefore, if the amount of money is relatively small, the provider will try to falsify the number of cases, to make money a significant incentive for fraud. Second, ability of the government to perform an efficient monitoring of privatised services. A light-minded side of this argument occurs when monitoring of the established level of service rendering cannot be easily performed. The potential of fraud increases under such circumstances.

Therefore many problems that arise in conclusion of contracts by the government are related to unethical behaviour in the private sector, and not to corruption of the public sector. Public organisations concluding contracts with the private sector, certainly, must supervise their implementation and must guarantee that the community receives value for the money. But the problem would be smaller if the private sector would behave in the same scrupulous way as the public sector must act. The public sector sometimes incompetently controls the execution of contracts, but usually this is not related to corruption or abuse of position.²⁹

Efficiency and productivity. Many cases of public services process privatisation in the Western counties demonstrated that privatisation had a positive

²⁶ Steve E. Savas, *Privatization -The Key for Better Government* (New Jersey: Chatham House, 1987), p. 308.

²⁷ Ernst & Young, *supra* note 23, p. 87.

²⁸ Scot Schraufnagel, *supra* note 21: 63.

²⁹ B. Guy Peters, *supra* note 19, p. 334.

effect on the efficiency of the public sector.³⁰ However, it depends on the area of the public sector where that privatisation is executed. Increase of competitiveness and reduction of costs was particularly noticed in the areas of "blue collar" work. In the case of Germany it was noticed that the transfer of social, education and health care services which rendered to the associations the total result related to the financing of public agencies, had no effect on cost reduction. However, the financing institutions indicated that they managed to reduce future budgets of public agencies, as private companies and non-governmental organisations are much less influenced by politicians than state officers.

It is obvious that when services are rendered under contracts, the transaction costs shall be taken into account, as decision makers usually underestimate the costs of negotiation, contracting and monitoring. Higher transaction costs are more characteristic of the rendering of public services under contract, than in the case of the public sector.³¹ It is natural that transaction costs are much higher in such cases, in which the application of specific resources is necessary or a high degree of uncertainty exists. In Germany the transaction costs make up about 6% of the total cost for wastewater treatment, and above 20% of the total costs for cleaning the streets in wintertime.³²

Usually all stages (supervision, rendering and monitoring, formalisation) related to the rendering of services under contract cause high transaction costs³³. Strong procedural control and supervision regulations from the side of the court exist. Such tendencies have been noticed in the local governments of Australia and Germany after the introduction of public/private competition. In these cases transaction costs can be the subject of economic reflection. It may easily happen that these costs will absorb a large part of the productivity increase received from the rendering of services under contract.

The existing practice is not new to business, and companies usually face such conditions when they enter new markets and when the buyer insists that the market entry price should be very low. A similar situation exists in the rendering of services under contract: the client provides the plan of goods/services and, if the provider of services accepts this plan and payment conditions, the client does not bother if all of the services will be profitable to the provider, as it is not part of such business.

³⁰ Christopher Reichard, "Marketisation of Public Services in Germany," *International Public Management Review* 3 (2000): 74.

³¹ *Ibid.*

³² *Ibid.*: 75.

³³ *Ibid.*

Delivering public services under contract is more easily accessible in certain specific areas. One of the factors influencing the efficiency is high transaction costs, which vary depending on the sector. Therefore it is natural that private delivery of public services may require political intervention, as the rendering of not all services can be profitable, and the government must decide whether to continue delivering this service or refuse it.

Interaction between the market and the law. The development of privatisation access in the public system of services uncovers specific legal problems. As stated by Lorrain and Stoker, one of the problems related to contract management is the development of “public law”, which analyses specific contract management problems.³⁴

Contract management usually encompasses a large number of works, which the public organisation purchases on behalf of the customers. However, the members of the community are not involved as a party of the contract. Under such circumstances, the contract gives no legal rights to the users of public services. Furthermore, it shall be admitted that customers’ involvement in the contract is limited. Therefore it is obvious that the customer may influence the contract only by complaining after the event, when service was not duly rendered.

In the case of failure to fulfil contractual obligations the parties may apply to the court. The court judgment resolving the dispute is an appropriate way to solve the problem. However, in practice many difficulties related to contract execution are solved informally.³⁵ As rendering of services under contract does not provide the citizen with more rights, there is a very slight possibility for compensation of damages related to non-compliance with the standards. The following standards of services rendered are applied: a) social; b) ecological; c) legal (i.e. minimum salary or social insurance); and d) fair pricing. Thus, separation of the buyer and provider may create uncertainty about who must analyse the complaints.

Introduction of market principles in the delivery of public services raises problems associated with the relationship between the public and the private areas. As explained by Lorrain and Stoker, the rights of the customers of public services vary in the legal systems of different countries.³⁶ In the English-American legal tradition, the contract has become quintessentially the mind of private law, which negotiates the relationship of governance law between the individual and the state. As the conceptual agreement of the public and private separation has been completed, the methods of legal structure and thought shall be correspondingly re-

³⁴ Dominique Lorrain and Gerry Stoker, *The privatization of Urban Service in Europe* (London: Routledge, 1997), p. 38.

³⁵ *Ibid.*, p. 39.

³⁶ *Ibid.*

adapted. Thus, we see that separate models and means of access (are transplanted) from one country to another.

The higher authority uses hierarchic control with respect to subordinate structures. That is one of the essential features of the administrative structure. As mentioned above, along with privatisation, the demand for an increase in new control types and methods occurs. For example, consider different special and independent control bodies, such as the Consumer Rights Protection Authority, and the Personal Data Protection Authority. Establishment of such bodies is the only way to compensate for the loss of guarantees provided by administrative law.

The contracting-out of public services incurs many specific problems. The cause of these problems is separation of the customer from the provider of services, and uncertainty about the customer's role. The delivering of services under contract excludes the customer and it becomes unclear where he (the customer) should apply for compensation of damages. In the countries with a system of administrative courts (or other specific administrative courts) transition from the public to the private sector raises the issue of legitimacy and impersonality. The state officers have a special status, which is different from the status of the employees of the private sector. Therefore privatisation must also encompass an evaluation of the differences of criminal responsibility and liability for the infringement of the special status of state officers.

CONCLUSIONS

Experience from other countries shows that policy evaluation practices may affect society from different ways. There are certainly indications that societies which have implemented an evaluation system have reinforced confidence between their members and leaders. Where the institutional design of public policy programmes is under discussion, the evaluations are initiated to confirm the existing convictions or political positions. Finally, relations between politics and evaluation build a sense of confidence and the perception that everything is under control.

There are some obstacles for evaluation capacity building in Lithuania. These are (*inter alia*): a lack of experience in evaluating their own programmes; short-term government's existence cycle; a lack of Parliament demand for policy evaluation and a limited capacity for its efficient government control; weak political parties which disturb the professionalization of a bureaucracy that did not develop expertise in prestigious policy evaluation.

Taking into consideration the analysis of the outcomes of contracting-out, it may be concluded that the changes in the delivery of public services lead to unexpected snags. Public organisations concluding contracts with the private sector must certainly supervise their implementation and must guarantee that the community receives sufficient value for the money outcomes. But the problem would be smaller if the private sector would behave in the same scrupulous way as the public sector must.

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