



EXECUTIVE TRAINING SEMINAR

SCHOOL OF TRANSNATIONAL GOVERNANCE

AGENTS OF CHANGE - THE ECONOMICS AND POLITICS OF REFORMS

Course Coordinator: George Papaconstantinou, School of Transnational Governance, EUI

Sala Europa

Villa Schifanoia, Via Boccaccio 121 - Florence

16 - 17 SEPTEMBER 2019

COURSE DESCRIPTION

We are living in times of continuous, multi-faceted economic, political and social change. Around the world, governments and public entities are struggling to adapt to a complex and fast-changing international environment which puts a premium on competitiveness and adaptation. Public budgets are under strain as they strive to continue delivering services to citizens, while demands for fairness and equity put the spotlight on how tax revenues are raised, and on how pension and social security systems continue to be both adequate for a population growing older and economically sustainable.

In this environment, policymakers and the public administration in both European and non-European countries are called upon to design and implement comprehensive structural and fiscal reform programmes, and to do so within a rapidly changing environment of transnational governance where international trends and shifts influence their policy options and choices. These reform programmes are aimed at overhauling the functioning of the public sector and radically changing the framework conditions for the economy, while responding to the demand from citizens for greater accountability and transparency in governance.

As a result, the practice of public governance as we know it is no longer “business as usual”. It has become more than ever complex. Public servants are effectively being transformed from guardians of long-established rules and processes aimed at safeguarding the public interest into active agents of change, capable of designing and implementing effective, sustainable economic reforms for the greater good. In this role they are assisted by private sector and civil society actors who influence the process, also as change agents. Effective governance in this context depends on a combination of mastering the broader policy environment and the available policy tools as well as learning from the experience of reform efforts in different countries.



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Being an “Agent of Change” requires:

- Understanding the broader global macroeconomic environment and the forces - as well as the constraints - shaping economics and geopolitics in Europe and beyond;
- An appreciation of the complexities and challenges in designing a comprehensive structural reform programme covering multiple policy areas;
- Specific knowledge in the key policy reform areas of public finance management and the social protection system: the transformation of national budgetary and tax systems and the reform of pensions and social support measures;
- Gaining insight into the political economy of effective reforms, including the implementation and organisational challenges as well as issues relating to the relationship between government, the political system and society-at-large.

This executive training seminar will apply a rigorous, evidence-based approach to economic reform efforts drawn from the hands-on experience of senior policy practitioners. Participants will gain an understanding of the methods and tools required to become “Agents of change” within both national and international administrations while also gaining invaluable insights through interactive exercises with a network of peers who share the common understanding of the challenges of reform.

- **Areas of focus:** Topics will cover an understanding of the constraints posed and opportunities offered by the broader economic and geopolitical environment; the political economy aspects of designing and successfully implementing reform programmes; and the specific foundational issues in structural fiscal reforms (e.g. budget and tax) as well as the reform of social protection systems.
- **What you will learn:** The training intends to build and enhance analytical skills and substantive knowledge in key areas of programme design, as well as the capacity to approach the issue of effective implementation of public structural reform policies. This involves a critical understanding of the opportunities and constraints intrinsic to such reform efforts, as well as the needs for administrative and political preparation and prioritization, to include communication of goals and measuring progress and results.
- **How you will learn:** Interactive knowledge sharing across core areas of structural reform as well as political and administrative issues involved in designing a comprehensive economic reform programme. Case study presentation and discussion of successful reform efforts presented by experienced policy makers and policy analysts. Simulated negotiations in the preparation of comprehensive reform packages with internal political constituencies and external funding institutions.

PROGRAMME

16 SEPTEMBER

- 09.00 - 09.15 **Institutional greetings**
- 09.15 - 09.30 **Aim and organisation of the Executive Training Seminar**
- 09.30 - 11.00 **Session I - Understanding the broader global macroeconomic environment and forces**
- This first session addresses the issues which help situate a reform effort in the broader macroeconomic environment. Topics covered include the different determinants of a country's growth and the associated policies, the position of a country in the economic cycle relative to the broader region and its main trading partners; the key political trends and sustainability of growth patterns in partner countries/region; debt stress and financing constraints.
- 11.00 - 11.30 *Coffee break*
- 11.30 - 13.00 **Session II - Complexities and challenges of designing reform programs**
- A comprehensive reform programme involves both economics and politics. It needs to address a country's economic/social stresses, external and internal competitiveness, labor and product market reforms, all in the context of a specific institutional and political setup. The nature of the political system, social partners, societal openness to change and the power of vested interests all play a role. This session will discuss issues in programme design and implementation, including coordination, transparency and communication.
- 13.00 - 14.00 *Lunch*
- 14.00 - 16.00 **Session III - A case study: Crisis management in the Euro area**
- During the last decade, the Eurozone has undergone a economic and financial crisis which tested its member states, its institutional architecture and its available policy tools. This session will examine crisis management in the Euro area, with particular reference to the role of the European Stability Mechanism and the case study of managing the Greek crisis.
- 16.00 - 16.30 *Coffee break*
- 16.30 - 18.30 **Session IV - Fiscal structural reforms: the budget system**
- Budget reform represents the starting point of any concerted reform effort. This session explores the main elements involved: diagnostic tools for spending reviews; dealing with cash flows, arrears and below-the-line operations; methods for prioritising and assessing the efficiency of expenditures; introducing spending caps and budget monitoring processes; transparency and publication of general government budget data.

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09.00 - 10.30

Session V - Fiscal structural reforms: the revenue system

Creating a fair and effective tax system involves tax policy reforms and changes to the revenue collection mechanism. This session analyses the main issues involved: the efficiency of the tax structure as well as the system of revenue administration; its broadness, coverage and exemptions; its public image and acceptance; as well as particular topics such as tax arrears, collection methods and combating tax avoidance and evasion.

10.30 - 11.00

Coffee break

11.00 - 13.00

Session VI - Reforms in the social protection system

Modernising the social protection system while safeguarding its sustainability is one of the great challenges in any economic reform effort. This session will enable participants to better understand the purpose, structure and reform of social security systems. The dialogue will also address main parameters and constraints: demographic developments and outlook, the role of actuarial analyses, targeting and means-testing.

13.00 - 14.00

Lunch

14.00 - 16.00

Session VII - Simulation: Negotiating a reform programme

Whether internally with other political, economic and social actors, or externally, with international financial institutions, governments typically need to negotiate a reform programme. This session will be organised around a simulation exercise, drawing from real-life experiences surrounding the negotiation and approval of country-specific reform programmes.

16.00

Coffee served in the room

16.00 - 17.30

Session VIII - The political economy of effective reforms

This last session brings together the main elements required for the successful implementation of reform programmes: time-consistency and balance in the reform effort, addressing implementation risks, actively engaging with other political actors, social partners and the public, building trust, ensuring transparency and effective communication, along with capacity-building and efficient administration of the reform effort.

17.30 - 18.00

Wrap-up and award of certificates

TRAINERS

Nicola Giammarioli	Secretary-General, European Stability Mechanism, Luxembourg
Megan Greene	Senior Fellow, John F. Kennedy School of Government, Harvard University, United States
George Papaconstantinou	Part-time Professor, School of Transnational Governance, EUI, Italy and former Finance Minister of Greece
Bob Traa	President, Central Bank of Curaçao and Sint Maarten, Curaçao

CONTACTS

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