THE STUDY OF THE STRUCTURES AND MANAGEMENT OF THE MINITRIES OF THE REPUBLIC OF ESTONIA

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* INTRODUCTION.....2
I The aim and targets of
the research programme.....2
II Basic dimensions of the analysis.....3
* THEORETICAL GUIDELINES OF THE STUDY
IN THE CONTEXT OF OECD COUNTRIES
EXPERIENCE.....5
- Administration and management in
small states.....14
* REDESIGN OF THE CENTRAL GOVERNMENT
(1990-1997): BASIC CONCEPTS, TARGETS
AND STAGES.....18
* CENTRAL GOVERNMENT' STRUCTURE AND MANAGEMENT
I Input politics and its impact on policy-making and
implementation.....25
II Basic dimensions and variables of restructuring
the central government.....28
III Structure of the ministries.....29
IV Key issues revealed in the structure and management
of ministries.....…….....32
V Organizations managed by the Ministry..... 36
- Government agencies
and inspectorates..... …….....37
- Other organizations subordinated
directly to the ministries/agencies.....…….....41
VI Mechanisms of coordination.....42
VII Coordination inside ministries
and their work organisation.....48
VIII Delimitation of competence and
steering mechanisms between the
central and regional government.....51
ANNEXES.....55

INTRODUCTION

The research programme carried out in the Framework of NATO Research Fellowship grant by Georg Sootla, professor of political science at the Tallinn University of Educational sciences.

I The aim and targets of the research programme.

The aim of the research project was the study of structure, working regulations and decision making procedures in Estonian ministries, the competence of ministerial units and organisations, and the basic principles underlying the reform of the central government. To reach the goal an archive of written materials - figures, statistics and analytical reports was composed. The collected database enables to continue to monitor the reform activities in future in Estonia.

In the course of empirical research I revealed that the internal life of ministries is highly determined by the external variables of structure and practices of government system as a whole.

First of all, the running of a ministry is set by the real division of competence between the different levels and types of organisation of government. Therefore my study put emphasize on these interrelations. This shift could partly be explained by the fact, that the issue was in the center of the discussions which accompanied the reform of government in the republic. The analysis of the relations between the central and the county levels was added and fieldwork in two counties was also carried out. This circumstance was mentioned in the interim report approved by the office of information and press of NATO.

Secondly, the Estonian administration is strongly influenced by input politics and hence by the type of policy making developed in Estonia during the formation of liberal democratic

institutions since 1991.

Thirdly, the research programme was carried out in the period of most intensive reform of government structures. On December 13, 1995 the Government of the Republic Act (GRA) was adopted by the Estonian parliament - the Riigikogu and subsequently numerous amendment have been introduced. On May 24, 1995 the Public Service Act (PSA) was adopted and it was amended already before its enforcement. This act is currently under the substantial revision.

As seen, the last years are characterised by extremely rapid, almost endemic changes in government structures. The study of the management in ministries became quite difficult, because as a rule all the regulations concerned have been considerably revised several times. So I concentrated on the interviews at the ministries, on the analysis of main issues and basic principles of restructuring of the central government. Therefore my study enabled to monitor government structures in dynamic environment, to check the real outcomes of different solutions. This could be useful for the comparative studies of government reforms in CEE countries.

Thus the initial aim of the research has been sufficiently detailed and the data has become more concrete. As a result the boundaries of the research were widened and the scope of research activities has been redoubled. Therefore I have emphasized the more detailed analysis of cases (certain chains of command and structures) and have not tried to carry out total "revision" of central government in my study. I have concentrated on the ministries of Social Affairs, Economic Affairs, Environment and Justice in my analysis. The report stresses the theoretical issues of government administration.

II Basic dimensions of the analysis.

* The study of public administration reform in OECD countries and issues and controversies revealed during these reform.

* The theoretical study of administrative cultures, their specific characteristics that would

make comparative analysis of Estonian administration more reliable.

* The analysis of specific characteristics of public administration in small states in general. Issues deriving from smallness are considerably ignored in the course of administrative reforms. However, the issue has implicitly raised in the course of revision of local (self)-government (LG) reform in Estonia.

* The analysis of the basic principles and actions in the course of restructuring the central government of Estonia in the period 1990-1997.

* The analysis of political input mechanisms and their impact on the public administration in different tiers of government. The study of interest-groups' influence (case studies).

* The study of structures of the ministries (the general typology and the specific features), division of competence between the tiers and the government and inter-ministerial co-ordination devices. The study of relations between the central government and the subordinated organisations was also made. That included the analysis of different ways of influencing the structures and management systems.

* The study of rules of conduct and management styles, the general attitudes of civil servants concerning these dimension of administration, the impact of Public Service Act on the management and staff in the central government.

* Division of competence between the central and regional levels, the study of possible alternatives to the status and organisation of regional government and its impact on the structures and management of central agencies were examined.

THEORETICAL GUIDELINES OF THE STUDY IN THE CONTEXT OF OECD COUNTRIES EXPERIENCE

Introduction. The redesign of central administration has been paralleled by the very rapid and radical local government reform (1989, 1993) and by the introduction of the liberal market economy in the framework of monetarist policy. As the result of these processes the central government has missed large scope of its functions. The change of circumstances presumed sufficient redefinition of roles of government and its organisations, which were formerly overloaded with the Soviet bureaucratic functions and practices. One should take into account that the redesign was carried out in a quite conflicting environment: previous attitudes and prejudices have been deduced to the present time. This hostility was reinforce by the simplified and naive anti-state stereotypes of liberal ideology prevailing as among the political elite so amidst the population. In my opinion this environment did not advance a serious redefinition of the central government roles but resulted in automatic loading its functions to the decentralised organisations or abolishing them at all in situation, where there were developed any new effective devices of supervision and control, transparent financial management.

My study has revealed the fact, that restructuring of the central government has not been preceded by the analysis and formulation of consistent strategy and principles. Therefore in the first period the changes were mere reshuffling of rudiments of old institutions followed by an attempt to find some reasonable combination of them. The creation of the new structures or substantial enlargement of the others, that did not exist in the Soviet era, have been in my opinion more successful in spite of the extreme shortage of professional cadres.

Therefore I am trying to avoid the usage of the term of "reform" and instead of that I am offering words like "redesign", "restructuring" etc.

The goal to redesign the central administration was only circuitously concerned with the basic need in improvement of the structures and managerial devices. The redesign has been determined by the financial restraints, by the need to raise the staff salary level, by power recourse of ministries etc. and also by the presumption of automatic copy of the Western practices in the area. The re-organisation of a unit caused by the need to get rid of some director has not been unique example. When the shortages and vacuum in the management devices appeared, the ordinary response has been to return back to the centralisation i.e. bureaucratic style of administration. However, this could not be applied to several other cases, when the redesign was preceded by comprehensive analysis and discussions, and the number of such cases is rising especially in the last two years.

In sum, the spontaneous stage of the reform has been completely exhausted and most of them who are making decisions have became aware of this fact. Currently the stage of critical reassessment of previous practice and search for substantially new decisions has begun. However, this re-evaluation stage should rely on the empirical analysis and diagnosis of the state of affairs and that enables to put forward new hypothesis to test. *This was also one of the main aim of my research.*

In analysing Estonian experience I have extensively relied on the critical study of issues and problems which OECD countries have faced during their reform activities. This information is profoundly analysed in literature. (Annex I) The modernisation of the Estonian public administration system has relied on the following basic conceptions.

1. The introduction of new devices of public organisations' management, making them more result (consumer, client) oriented; the application of different type strategic and contract management mechanisms on various levels of government, including the central government.

2. The conversion of traditional rational bureaucracy machine through the introduction of various *balances* inside the government administration. The precondition of such a conversion is an exact analysis and redefinition (delimitation) of roles of different

organisations and tiers of government. Traditional analysis and design of structures is relying on the identification of *functions*, i.e. certain actions that various units should and have the right to do. The main aim of structuring is to delineate jurisdiction of organisations and its units. Statutes of organisations and units contain the lists of such functions.

Modern analysis and practical arrangements are outlined to assort the aims and means to achieve. It is departing from the *process* and identifying stages and intermediate ends (outcomes) that could be affiliated to organisation, unit or its tier. This approach emphasizes the management dimension, the definition, responsibilities and discretion related to the ends in designing of structures and not formal responsibility.

This shift in paradigm in the organisational analysis is in my opinion a key for restructuring according to the standards of modern administration.

3. The redefinition of roles of government and its units in quasi-markets and markets. The basic principle of this redefinition (and evaluation of government actions' efficiency) is the following: government should delegate the service delivery functions to the institutions of indirect PA or market as much as possible. It should stretch out to the extent that it is able to minimize the possibility to transfer costs caused by the inefficiency or lower quality to the consumer. In this case the mechanisms of financial management and information flows should be substantially re-designed.

In my analysis I have tried to establish to what extent the existing structures and management are comparable with these principles and to identify ways of changes in structure and management of the central government conducive to the implementation of these principles.

1. In the Estonian PA, the above-mentioned *mechanisms of modern management* have been applied rarely and there has not been intentional application of them during restructuring the government up to 1996. However, in the beginning of 1997 in the address of three ministers (Economic Affairs, Finances, Transport and Communications) several initiatives have been proposed.

However, I have identified some obvious obstacles that are creating the implementation of

new management devices.

1.1. The frequent changes in government structures that have been carried out without exact reasoning and therefore have remained not understandable for civil servants, have caused the atmosphere of instability and re-active attitudes of civil servants. The improvement of administration and management should be discussed intensively with the civil servants. Otherwise it is doubtful that the new devices could be implemented at all.

1.2. The role of ministries (with exceptions) and their organisational capacity in working out strategies have been too limited. One of the reason is comparatively weak devices of information arrangement, overoccupation with routine administration or unforeseen issues etc. The established structure is also not adequate to balance the pressure of interest groups and units. When the pressure of interest groups is very intensive, those who are responsible for the elaboration of strategy may be in fact "switched off" from this process. On the one hand, decision making is up to too political and not relying on the detailed strategies. On the other hand, the present structure of the central government is conducive to the policy termination and sometimes the new policy is opposing diametrically to the previous one.

The results of the survey carried out in cooperation with the Estonian Institute of Public Administration and Saar-poll confirmed the results of my analysis. 61,4 % of servants-respondents identified the frequent changes as the main obstacle for the efficient work (66,7% of higher civil service). The second important obstacle mentioned by 29,8% was frequent changes in policy (34,1 % of higher service). Third important impediment was described as the absence of general strategy (23,7% and 32,1% of higher civil service) of the new policy.

1.3. The staff in central government is too busy with the urgent and unforeseen tasks, often irrelevant to their direct responsibilities. Ministries that have missed their previous functions are trying to widen boundaries of their competence and functions at the expense of other areas of government, that also cause difficulties in the coordination of the whole policy. That is unstable internal and external work environment does not provide means for the formation of steady organisational culture to analyze and delineate roles of organisations.

1.4. Redesign of government structures are relying on the redivision of functions to achieve some consistent configuration of rational bureaucracy machine. However, (and it is characteristic to the small states) this is conducive to the proliferation of structural units. Therefore, internal structure of ministries is intensely splintered. On the one hand it reduces capacity of units in the formulation of strategy and on the other hand it ceases immense difficulties of coordination, partly because information flows inside organisation are blocked. Thus the splintered structure is conducive to the specific information asymmetry inside and between organisations. Hence the formulation of the mission, aims and means as the precondition of elaboration of the strategy, is especially difficult.

1.5. However, my interviews revealed that one part of the staff in central government is conscious and eager to develop these management devises, but variables mentioned above are reported as the main restraints to do this.

2. The *introduction of balances in government structures* is implicitly understood, however, there is no common comprehension on what are the methods to introduce them.

2.1. The central device should be the *clear delimitation of policy making (elaboration), policy implementation* (and corresponding roles on central and local level), *supervision and control and service delivery* (the "production") as institutional roles. This enables on the one hand to define clearly the responsibilities of organizations related to the ends or missions, and on the other hand to avoid the diffusion of conflicting roles in one organisation or tier of the government. Traditional definition of mission of the public administration and structuring relying on the delimitation of formal functions, do not enable such a delimitation. The other understanding of the mission is necessary (see below). My analysis of the cases (especially the Forests Administration and Human resource management HRM) allowed me to define the basic principles and structural solutions of delimitation of roles.

2.2. The analysis of OECD countries' experience revealed that *delimitation of roles between tiers* of government may prevent the tendency to reconcentrate (and diffuse) discretion by upper tier of central government. The simultaneous de- and reconcentration of competence has been quite common during the PA reforms and unfortunately it is seen as the main device to solve management problems in the course of these reforms.

2.3. More *flexible combination of staff and line units* could be also considered as the balancing mechanism and a way to soften coordination problems. It is especially acute in small states and could be done inside organizations as well as in the wider context in the area of government of the ministry or between ministries. However, this device is conducive to the conflicts and management failures. Therefore it could be carried out very carefully. This device could be especially useful in Estonian PA for two reasons.

Firstly, in this way there is possible to raise the competence of certain PA units, that in case of splintered units inside central government in Estonia have sufficiently reduced their efficiency (first of all in financial management, information administration, legal expertise etc.). There are some examples of the development large staff units (accounting committee). However, there are also reverse examples (and strategic initiatives) when staff functions are dispersed among line units (Ministry of Education). Obviously this device could be applied in case the strategies, described in part 2.1., have been also applied.

Secondly, in the course of practical application of PA an interesting controversy became acute: there are serious shortcomings in applying (and combining) closed and open systems of civil service. Neither former nor the latter can develop acceptable devices of integration of civil service in the traditional structural context. In my analysis I have put forward an hypothesis to develop civil service system that is relying more profoundly on the professional corporatism and to delegate some issues of management of civil service to corporatist networks. The bias to the development of staff unit could be considered as
one of devices.

2.4. The delegation of supervision roles on predominantly technical matters to the indirect public administration or even to the private sector (insurance, for instance), or if it is not reasonable, to separate supervision as the administrative role from its technical dimension and concentration the former to rise its organisational capacity. The definition and structuring of supervision will be analysed below in the context of actual cases.

2.5. The development of *structural isomorphism* between various tiers of government to avoid the splintering of policy implementation and to achieve the result oriented

administration on the regional level. That is the institutional division of functions at the central level should not mirror the institutional structure at the other tier of government. I have presented the institutional structure of the central government field offices in one typical Estonian county in the Annex 5. One could see the extreme variety of local offices that usually are staffed by 2-5 servants. The scope of their activities is are coinciding or could be efficiently combined;or they are functionally very interdependent, especially in area of governance of the Ministry of Environment, Agriculture and Social Affairs. However, institutionally they are isolated and even competing for the survival during the excessive downscaling.

Such a structural configuration can restrain the perspectives to carry out consistent government policy in service delivery and in supervision, especially because the low organisational capacity of offices and poor coordination of activities. The lower the level of organisation and consequently the more concrete the targets of their activities, the smaller is probability that organisations structured according formal functional lines can achieve policy targets (outcomes), acting strictly in boundaries of their formal competence. During my fieldwork I got various empirical confirmation to this thesis.

The application of this principle is especially important in small societies. However, this issue was heavily contested by one part of servants questioned and strongly supported by the other part of it in the course of my interviews.

3. My analysis has revealed that government organisations have took re-active stance in neutralizing market failures in various fields of activity, in spite it is very acute issue in the state that has accepted very radical version of liberal market economy.

3.1. *Licensing and supervision*: whether licensed organisation is acting in accordance of obligations prescribed by the license, may be efficient to the extent the government organization has adequate information about actions of licensed organization. Hence, the evaluation of capacity of government office to receive and analyze necessary information was subject of my study. However, the capacity to receive regularly and appropriate information form organisations regulated by the government offices has been bottleneck of administration, the most frequently mentioned by servants.

This is also often valid in case of organisations administered by central government authorities and especially in case of state enterprises. Much favourable is the position of Competition Agency that has supplementary competence of investigation. Government agencies are obtaining the necessary information through informal channels.

As a rule, government agencies are able only to react to the most urgent events, that make transparent the obvious gaps in (market) regulation or to test selected organizations or fields of activities. An orientation to build up the mechanism of active regulation, i.e. to develop mechanisms and structures to prevent market failure is not yet priority in the activities of government institutions. However, I cannot state that this dimension of government role is underestimated by the managerial staff of offices.

3.2. *The regulation of natural monopolies* directly steered by the central government (ministries and agencies) as well as under supervision of local authorities has not got yet any satisfactory solution. Obviously this issue is quite significant also for the developed countries. Besides, these monopolies have worked out a quite efficient mechanism (via supervising boards) of "pacification" of servants who have obligation to carry out supervision. Compensation for the work in boards is enumerated quite highly, in spite it is prohibited by the law. Often income from board membership is higher than servant's regular salary.

The already mentioned difficulty to receive necessary information form organizations subordinated to the ministry could also be considered as one of the variable that is preventing efficient regulation of natural monopolies. The issue is even more critical on the local level concerning public utilities. However, other structural and managerial devices to counterbalance natural monopolies are used rarely. As the opposite example, the energy policy strategy adopted recently by the government, presumes demonopolization mechanisms - privatisation of local distribution networks, developing alternative sources of energy etc.

3.3. The improvement of the "market power" of consumer through organisational arrangements. In some dimensions this is connected with the issue of interest groups' position and/or their interactions with the government bodies. This issue has been discussed in various spheres of government and some structural decisions have been proposed, similar

to those applied in the Western countries: the introduction of general practitioners in health service, developing consumer cooperatives of consumers (as well as direct producers) etc.

Besides, evaluating the structure and management of central government I focused on other two dimensions which have important impact on the functioning of administration.

First, the mechanisms of input politics, i.e. to what extent the political markets and administration devices are balanced in policy-making process on the level of central government. My analysis revealed that in the ministries where interest group participation is institutionalized and widely accepted in decision making process, this balance could be achieved much better than in the ministries where the involvement of groups are absent or is based on ad hoc (and selective) consultations. Other variable that contributed to the balancing mechanism is: when consensus on the basic issues is achieved and formulated in detailed strategies, the administration of the ministry has more important role in policy elaboration process.

Second, the professionalism of civil service and its attitudes that have deep impact on the real running of central administration. I would describe my findings in this dimensions in the den-product of the project. However, I would like to point out an issue relevant, in my opinion, all the developing democracies. 75-80% of the civil servants at the ministerial level have university degree, so formally the level of professionalism shouldn't cause any problems. At the same time rapid changes in government structures as well as in the rest of society have caused extremely high rate of volatility among civil servants. Four quarters to half of the staff have been in office one year or less. So, one can speak not about insufficient professionalism *per se*, but about unstable organizational culture that is unfavourable environment for the utilisation of professional skills. (Also, some other structural and managerial variables are deepening this contradiction.) Therefore I would like to go back to the hypothesis about the development of professional corporatism.

Administration and management in small states

According to the traditional classifications of the United Nations Estonia belongs to the group of small states (population, territory, natural resources etc.). Social relations and administrative culture in the small states have specific features that should be taken into account.

1. At all levels of society one can face with group particularism and overemphasis on personalism in relations between people. Government structure are staffed by people who are vertically mobile through quitting a few channels, especially in case of persons with similar educational background. The problem is not in that everybody knows everybody, but in fact that persons at the top level of administration have quite often the previous common life experience - positive as well as negative - in groups. Frequently respondents questioned preferred to recruit to their units (organization) people they knew personally. Formal recruitment procedures are working hardly. But on the other hand it could be advantage in case, when the organisation is based on the teamwork.

Hence, informal relations in organizations are comparatively intensive and can suppress any kind of institutionalised relations. For the small states the purpose should not be the suppression of informal relations but to use them to strengthen management practices. Many respondents told, that without unofficial connections the formal structures can hardly enable any administration to function, especially concerning interministerial coordination and information exchange. At the same time the unusually important role of informal relations is more conducive to the conflicts inside organization.

2. Personalism of societal relations is one reason of amalgamation of state and civil society, i.e. government is more than usually captured by the interest and pressure groups. In the small states the personality is quite difficult to consider separately from his/her function inside of the administration. This could be named as peculiar continuous mechanism of social control from below, when actions of the servant are interpreted in the context of his/her personal duties and conduct. In his/her actions servant can much less than in larger societies hide behind the authority of the impersonal state. Obviously in this context he/she has substantial constraints to act impartially. However, this context is on the other hand conducive to the personal commitment to the policy aims and meaning of administrative actions.

3. A phenomenon that I would call as the "presumption of mistrust" to any from of alienated structures of authority, that is especially intensive in post-colonial states. In the small state with long experience of foreign rule and administration people have worked out very efficient mechanisms of adaptation, a specific protective stance to the probable intervention to their individual realm. So, rules imposed from above could be considered by individual not as legitimate authority.

My hypothesis is that decisions and actions to which person has no emotional or other type of commitment may be not legitimized fully by him/her in such a specific cultural context. Hence the need to develop specific mechanism of personal commitment in decision making and implementation: participation, consensual decision making, wide discretion in applying rules etc. I think that Nordic experience is also some kind of testimony of the importance of this issue.

4. The different scope of administrative roles of small states that makes it difficult to build up efficient rational mechanical bureaucracy in the Estonian administration. (See B. Benedict and E. Jones).

On the one hand, amalgamation of roles on the level of central administration (both, in the sense of the amalgamation of roles of certain administrative position as well as in the sense of close personal networks between servants) do not enable to introduce rational division of roles inside bureaucratic as well as formal subordination and coordination relations. The attempts to follow bureaucratic administrative structures are conducive to very splintered administration, composed by the very small units, that at certain point are eroding reasonable capacity of administrative units, not to speak about rising direct costs of administration. However, the amalgamation of roles, may also produce "universally incompetent" administration at certain point.

On the other hand, in small and territorially relatively extensive states a multiplication of roles is happening on the service delivery and local government's level. People are considering primary neighbourhood community as the only rational basis for formation of administrative units. Hence the establishing of large number of local government units is inevitable. Besides,

in small states with colonial past the issue of cultural identity is quite acute, and first of all the preservation of rural community (and farming) is often seen as a crucial variable in preserving cultural heritage.

Other important attitude of public in post-colonial states is that people are highly evaluating independence from the central government and hence the trend to develop extremely autonomous form of local government derives. In addition to the multiplication of roles, this is also a reason why the administration and public service costs of administration at regional and local level are relatively high. For instance, the costs per unit in small rural school may be several times higher than in the school with optimal number of pupils in towns.

And last, but not least, in the post-colonial states people have negative attitudes towards any kind of hierarchy. The idea and practice of bureaucracy as rationalized administrative structure has to the large extent originated from military or quasi-military (recruitment, taxation during wars) structures. New independent states, on the contrary have almost no military traditions, maybe except those which have got freedom in the civil war. Therefore also purely cultural variables are the ones that are prohibiting the development of the bureaucratic organizations. Besides, important role of informal individual attitudes are *per se* quite serious challenge to the functioning rational-bureaucratic structures. In case these trends have not been taken into account, bureaucratic model simply will not work and could produce more extensive bureaucratic deformations than in other states.

The tentative conclusions that have confirmed my empirical analysis are following.

1. There are substantial obstacles in developing of rational machine bureaucracy in the Estonian central administration. because of the subsequent splintering of organisational structures and the reduction of organizational capacity, also because the important role of informal relations. So the structuring of government organisation which relies on the functional approach is not an efficient way of developing effective management. The reform of PA in Estonia should take into account specific features of the small states described above.

2. The central government (ministries) should be more like the staff organisation to the

minister - with relatively small staff and with quite flat structure of subordination. Routine administration (implementation) should be delegated to the independent agencies and regional government. This enables to integrate and combine administrative functions in the way that as much as possible correspond to the real ends of the administration.

Central administration should more extensively use external expertise - as part-time employment, through project management and contract management. Instead of building up formal rigid hierarchies (that did not function appropriately anyway), there could be more extensively used teamwork and more flexible units (staff units, task forces, professional adhocracies) in the structuring of government. Once more I returned to the idea of professional corporatism as interaction mechanisms of administration.

3. In this context administration should be as open as possible. For the legitimisation of administration (especially central one) public relations could be efficient device of legitimisation of PA. Citizens should be well informed in what is happening in administration, what are the unavoidable discrepancies of administration to prevent the development of the presumption of mistrust.

4. Administrative actions must be oriented more on the results (ends) than on the process. (To explain the essence of issue I would like to refer to the article in Civil Service Systems in Comparative perspective.)

REDESIGN OF THE CENTRAL GOVERNMENT (1990-1997): BASIC CONCEPTS, TARGETS AND STAGES

Empirical data on the restructuring of the central government is presented in annex I. Therefore I am concentrating on principal issues, describing different stages of the change.

The central administration has been considerably changed at least seven times during last ten years. Obviously transition from post-totalitarian regime and the formation of independent state presumed quite radical reforms of central administration. However, I am careful in

using the term "reform" in describing these changes in spite that the organisational landscape has significantly another form than 7-10 years ago.

During this period there have not been worked out any explicit and comprehensive strategy of changes in central government. No substantial discussion of principles and aims of reform has taken place. In comparison, local government reform in Estonia was carried out after elaboration of quite detailed and comprehensive policy strategy. However, in single ministries various working groups have made really intensive work in searching the best solutions, but they have relied more on practical knowledge than on the clear strategical vision.

During the last ten years a substantial majority of servants have left. The study of two ministries (data from 1995) has revealed, that only 12% and 39% of the staff, employed correspondingly before 1985 and 1991, continued the service.

I. The first radical change was in 1987. All numerous ministries and committees (in status comparable with agency) have been merged into complex ministries (state committees). The official ideology of amalgamation was the reduction of ministerial staff - a campaign very appropriate to the period of "perestroika". But in Estonia the amalgamation had also another implicit aim: to reduce ministries' formal subordination to Moscow and to expel the “old” cadres that had carefully followed the directives of "the centre". The reduction of the staff was substantial, indeed. Already in 1986 the ministries related to agriculture had amalgamated into the Agricultural-Industrial Committee. In 1986, before the amalgamation, the number of its staff was 810, but in 1989 - 380. After the redesign in 1989 - the number of the staff reduced up to 230 employees. Note that during this period there had not been any actual changes in the scope and organisation of agricultural production.

II. As soon as the new Act of Government was adopted on December 6, 1989, all the recently established "committees" were abolished and reorganized as ministries. The number of them (17) had not been substantially reduced. Besides 20 agencies were established. However, principles of building up the internal structures of ministries were not changed: as previously it included the post of vice-minister that was a political appointee. However, a very complex and hierarchical structure of ministries was made more flat mainly at the expense of splitting out functions carried out by the agencies and inspectorates.

Departments has been amalgamated due to the further substantial reduction of their staff.

Government agencies* were established having the status of junior ministries. Formally they were located in the governing area of ministries but were subordinated to the government directly. Directors of agencies and inspections were appointed by the government and had competence to issue secondary legislation. Quite peculiar was the interpretation of competence of agencies and inspectorates: the had to manage, administer and control issues that did not directly belong to the competence of ministries. Such kind of negative definition will continue its existence up to present days.

Government decree, issued on January 22, 1990 defined very clearly basic roles of a ministry. The central role of ministry has to be the policy formulation, development of strategy, analysis of the implementation of laws etc. In later legislation on government one cannot find such a exact definition.

In addition, the State Chancellory as government office was established head by the Minister of State. On the one hand the State Minister had a status of the Minister and the State Chancellory was defined as a legal subject. But on the other hand State Chancellory had no right to issue secondary legislation.

According to the law the State Chancellery (SC) was a typical coordinating body in the central government, subordinated directly to the government. By definition the SC has to coordinate all the PA development activities; as well it has the duty to analyze the work of ministries in implementing the government decisions. In sum, SC was considered simultaneously as government office and as the central coordination body of government policy. Subsequent government acts have reduced the second dimension of the activities to the minimum.

III. The Estonian parliament (Riigikogu) elected in September 20, 1992 adopted the new Government of the Republic Act on October 20, 1992. This was not purely formal piece of legislation, but it put forward new basic principles of the organisation and management of the central government.

Firstly, the institution of chancellor was introduced, that ought to be non-political appointee at the apex of the ministerial apparatus. From the very beginning this innovation was quite disputable and quite rare in the whole European administration experience. I will discuss later the controversies of the institution. Obviously, this innovation derived from Finland, that is in my opinion the country with rather different administrative traditions and culture.

The second innovation was the formal subordination of the agencies and the inspectorates to the minister who acquired a right to appoint their chiefs and steering their activities.

In the managerial terms however, this legal definition has not altered the agency role, because the steering mechanism as well as the vertical structure has not *de facto redesigned.* During following years this controversy has caused a lot of confusion in the management of central (and also regional) administration. The formation of the new agencies began after the adoption of the Act. See Annex II) The new act did not give any definition to the agency and its status and competence. Therefore statutes of new agencies and Government decrees, establishing the agencies did not contain reference to the legal basis for their creation. The period of continuous reorganisations of agencies begun. I would analyze main reasons and outcomes of this process below.

IV. The Local Government Arrangement Act (LGAA) was adopted in June 1993. For the life of Central government it has quite far-reaching consequences. This act abolished second tier of local government - county government (CG), and hence regional administration became by definition as the "proxy" of central government (this is unofficially used definition of CG role). I.e. county governor got status comparable to the prefectorate. Its competency was restricted to the legal and financial supervision of local self-government units and coordination of field services of central government. However, county governor has no administrative power over local government as well as over local field services of the central government. All appeals (concerning violation of laws and financial rules) may be solved by administrative court. (In the draft bill the supervision mechanisms were reverse. County governor had the right to veto decisions of local authorities and appeal could be presented by the local authorities to the government.) According to the LGAA adopted in 1989, the county governor had the right to participate at the cabinet meetings as associated member of cabinet. The new law did not permit such a right.

The concept of one-tier local self-government was already 1992 included into the Constitution of the Republic of Estonia adopted on June 28, 1992. During the discussions at the Parliament the Minister of Justice introducing the bill on LGAA called the one-tier local government as childhood disease. However, such radical solutions in delimitation of power, in my opinion, were partly caused by the intentions of governing coalition to weaken very strong power basis of county governors before local election, that were held on October 20, 1993.

The adoption of autonomous model of local self-government clearly delineated spheres of activities (functions) between the central and local government. This theoretically correct solution has been quite difficult to implement in practice. (I will discuss this issue below.)

V. The new Government of the Republic Act was adopted on December 13, 1995. In essence this Act was a consolidation act that contained no substantial changes in the ideology of administrative system. However some specific features could be outlined.

Firstly, this Act restrained much clearly the competence of the county government and defined it as the office of governor.

Secondly, the Act defined government institution as the organization financed from state budget and carrying out *executive power*. In the Law on Civil Service the concept of "public authority" was used instead. Hence the narrow (traditional) concept of public administration mission lied on the basis of Estonian administrative system. In my opinion that is one of the ideological restraint to the development of modern management devices.

Thirdly, the roles of the ministry have not been defined at all. The definition of the role of agency was somewhat confusing: its is "an executive agency.. that has a direction function, exercises state supervision and applies enforcement powers of the state". In the text of the law the concept of "policy making" or "elaboration of policy proposals" was not used at all. I.e. any attempt to delineate roles of the government organizations has not been happened in this Act.

VI. The next lap of restructuring started already in August 1996. (Some examples of the plan is presented in Annex 4) On May 18, 1996 the cabinet made the decision to reorganise the agencies and the inspectorates. Up to this time the dominating point of view of government was: that as much as possible the agencies should be reorganised as ministerial departments. This was practically consistent (or at least practically argumented) view, because the roles and flexible management mechanisms between the ministry and the agencies had not been defined and developed. Ministers were worried about too wide discretion of agencies in practice and insufficient devices of steering their activities according to accepted the policy guidelines. Minister of Interior intended even to reorganize the Police Agency as ministerial department.

However, the original reason for this initiative derives from the Ministry of Finances, which was concerned mainly with the implementation of the Law on Public Service. The new law prescribed different benefits for servants that were not provided by the government budget. Besides, during the spring government prepared the new memorandum with IMF, where the latter suggested to freeze government expenditures to reduce its deficit. So, the real aim of the Ministry was to cut the number of staff, employed according to the Law on Public Service and to change the status of several government organizations, reorganizing them as the state agencies administered by government agencies. As a matter of fact, this was the very formal innovation: the reduction of direct government expenditures in state budget was accompanied by the mounting budget expenditures of these agencies, that were indirectly regulated by the state budget. The public administration expenditures became even less transparent. Once more we have an evidence that restructuring of the central government was not relied on some management concept, but was determined by other kind of reasons.

In sum, changes in the structures of the central government as well as in the government system as a whole have been very intensive. However, there has not been a clear vision of the management devices that should be installed to make administration more effective and cheaper. In the next part I would like to discuss the basic issues of the structure and the management, and to formulate my understanding of the possible solutions. I am relying on the empirical data and information collected during my fieldwork in ministries, agencies and county-level institutions.

THE CENTRAL GOVERNMENT' STRUCTURE AND MANAGEMENT

In this part of the report I shall concentrate on the following dimensions, which determine the functioning of the central government organizations:

* the input politics and its impact on the policy-making and the implementation processes;

* main stages in restructuring of the central government;

* the types of ministries and the basic principles of their management;

* the interrelations of the ministries and the organizations administered (steered) by the ministry;

* inter- and intraministerial coordination devices;

* problems of delimitation of competence and functions between the central and regional offices;

* civil service in the ministries: the structure and attitudes of the servants.

Obviously, this paper cannot give an overly detailed and too specified analysis of the empirical materials and findings because of the formal limitations of the final report. For that reason I am concentrating on the most important issues and discoveries of my work.

I The input politics and its impact on policy-making and implementation.

Alongside with the quite liberal version of the macroeconomic model applied in Estonia the institutional structure of politics is also departing from a very broad vision. This has obvious advantages but, however, causes some quite serious controversies concerning the policy process.

* The input politics are too heavily concentrated in the party spectrum and are strongly inclined to the right end of the spectrum. As a result, the political competition is openly adversarial and reduced to the conflict between persons in some periods. For this reason, in my opinion, only some parties have found clearly identified electorate and have a predictable and consistent political line. Inside Estonian parties the factionalism is quite high. For that reason the first independent Estonian government resigned in 1994. Most of the parties are small and have poor organizational resource; some of the parliamentary parties have also complications with the registration because they are unable to raise their membership up to 1000 persons which is one of the basic requirement according to the new Law on Parties. Therefore coalitions have difficulties to find well qualified and outstanding politicians in forming a cabinet.

* One of the explanation of these trends is that powerful interest and corporatist groups are too heavily influencing parties. Most of the parties could be considered as the constellations of interest/ corporatist groups. This is especially relevant to the present government coalition which consists of the Coalition Party, four rural parties, the Union of Families and Retired People (UFRP).

However, the impact of the interest groups is unbalanced and has extremely different effect on the policy process. In spite of the fact that the rural parties and UFRP are in the coalition their influence has been insignificant. At the same time, business groups that are exerting indirect influence, are very powerful, and the trade unions that are represented in the parliament have comparatively weak impact on the policy-making.

* In reality the party affiliation or sympathy is very important variable in the appointment of the top level civil servants and hence their politization is high although the fact has

been resolutely denied.

Government cabinet in Estonia could be classified as the segmented one which members have different weight and strength in decision making and consequently in agenda setting. Therefore, the ability of ministers to raise the issues into the agenda varies sufficiently as well as their role in determining the key solutions. At the same time ministers have high discretion in determining the internal life of the ministry and area of governance causing thus serious coordination problems in the policy implementation phase. I.e. the "departmental egoism" is quite transparent in the execution of the reforms.

For this reason the cabinet is, as a rule, overloaded with piecemeal decisions and has not many in-depth discussions on important policy matters. However, the chancellor's committee (that is informal body) is playing an important role in the policy coordination in the last years.

The roles of the central administration are determined by the other two important variables. First, because of the relatively poor reserve of the considerable politicians, the parties have to appoint their ministers outside the party membership. Currently at least 6 (out of 14) ministers belong to this category. Most of them have extremely strong pressure groups' support and hence they are partly representing private interests in the administration. On the contrary, the others, the so called substitutes, haven't solid power basis and their voice in government is weak. As a result the ministerial top managers are taking over the initiative in determining policy implementation in the ministries.

Secondly, the Estonian parliament is substantially behaving as assembly parliament and government has insufficient legal devices to counterweight this trend in the policy process. Commissions and especially the floor may considerably change bills presented by the government up to the acceptance of the reverse concept of some parts of the bill. Majority of the changes are "technical" and are introduced by the members not so competent in subject area. Thus the likelihood of the law to be adopted with

controversies is quite high. The poor quality of the government bills is, however, the reason as well. As the expert service of the parliament commissions is deficient, partly because of the overloaded work, such an activism is often reducing the quality of the legislation in the end.

In the last session majority of the bills have been introduced by the parliament commissions. Only 3 out of 13 bills, examined by the Commission of Finances have been introduced by the commission to the parliament.

In sum, the policy making in the Estonian government system is highly politicized and therefore inconsistent in some crucial areas. At the same time some issues either cannot find their way to the agenda or are blocked by the heavy political competition. By the way, to a great degree for the same reason, the Bill On the Legislation Process is still "in the preparation stage" within the last five years. It is peculiar mixture of activist and adaptive policies where there have been not much room for the consensus decision making.

These traits of input politics are substantially determining the roles and management of the central administration that will be considered next.

Here I would like to point out some key issues.
* Politization of the top administration, that cannot be interpreted as completely inadvisable phenomenon. It has to be analyzed also in terms of incompatibility of formal structural arrangements and real management mechanisms.

* The possibilities to "switch off" the ministerial units from the policy elaboration and the issue raising processes that are paralleled by the possibility to highly influence the policy in the implementation stage.

* Too frequent policy termination has also been revealed in some ministries in the course of fieldwork.

* Extremely complex problems of coordination that cause difficulties in following the consistent macro-policy. However, there have been some interesting solutions relied on *ad hoc* arrangements.

In my opinion these discrepancies in the management of the central administration are quite typical also to the countries in transition. Therefore my main emphasize will be put not so much on the criticism but on the presentation of the ways and mechanisms to overcome these controversies.

II Basic dimensions and variables of restructuring the central government.

The brief history of redesign of the central government revealed that it has been caused by the need to adapt the profound changes and challenges of the external environment and, to a lesser extent, guided by the consistent strategy.

1. It has been the adaptation to the challenges created by the rapid transition to the liberal market economy and, as a result, to the reduction of the scope of functions that government should fulfil in economics. However, the real redefinition of the roles and consequently the development of the new efficient mechanisms of regulation have not been taken place yet. However, government has quite impressive achievements in privatization and monetary policy that have been the priority areas during last years.

2. It has been the adaptation to the radically new model of the local self-government (LG) that resulted in the intensive devolution of competence and functions previously carried out by the central and county governments. However, the redesign of vertical management chain, especially redefinition of roles of the various tiers of government has not happened as well as development of efficient supervision (financial, legal) mechanisms and information management.

3. The devolution of functions previously carried out by ministries to the institutions of

indirect public administration that has caused the same problems as mentioned in Ch.2. This has been especially intensive in social affairs.

4. The emergence of new areas of administration where Estonia has no previous experience or for understandable reasons was forced to develop new staff (the customs, frontier and coast guard, foreign affairs, defense, etc.) in the course of development of independence. The improvement of the capacity of administration in these areas of government has been impressive, partly because these organizations could by build up as bureaucracies more than others.

5. During the reforms the foreign experience has been intensively applied, however, it has been mostly a mechanical imitation than flexible adaptation.

6. Extremely rigid budget restraints which have not been so intensive during the period of high inflation than in the last two years. The purely fiscal reasons (and solutions) became as decisive arguments in the redesign of central government in this period. So the quite valid was a question put forward by the former Minister of Labour (currently servant at the World Bank) Dr. A. Kuddo, who commented such a one sidedness of the last reform period: "Should the government be cheaper or more efficient."

III The structure and the management of the ministries

There are 12 Ministries and 2 Ministers without portfolio - Ethnic Affairs and Regional Affairs in Estonia at the present moment. Details of the formal structure of the government and the administration are presented in the annex II.

As the restructuring has been to a large extent the *ad hoc* adaptation, the structures of various ministries are extremely different. I would like to present my classification of the Estonian ministries.

1. *The coordinating ministries.* Their structure consists *de facto* of central management units, i.e. units that are responsible for the coordination and supervision of activities

over other ministries. (The functions of this type of ministries are described in another part of the report). The Ministry of Finances, the Ministry of Justice and State Chancellory are real coordinating organizations. These ministries have developed and have been widened around the core that has not been substantially modified during redesign and amalgamation. Ministry of Finances has, in my opinion, efficient structural solution for the integration of the new units and new agencies in the area of government. The Ministry of Justice, however, has substantial difficulties in finding the best solution in managing court system and prisons. In the former case the present role of the Ministry is contested by the State Court. In the last period the Ministry is faced by the dilemma whether to abolish the Prisons' Agency or not.

2. *The compact line ministries.* They have developed integrated structure and management. Their activities are deeply interconnected, their structure has consistent intrinsic logic. However, when in one of them structural units are covering clearly delineated areas of activities (Ministry of Culture, Ministry of Foreign Affairs), the structure of the other (Ministry of Education) is reflecting interconnected stages of education that have caused difficulties in policy coordination. From the purely managerial point of view this is however,probably the best solution.

3.The conglomerate ministries. They are developed from numerous independent ministries, committees through mechanical amalgamation, but have not succeeded in achieving minimal integration between them. The Ministry of Economics as an example consists of "sectors" that have completely different types of tasks. One sector could be considered as policy analysis one, other is in fact holding organisation supervising state enterprises. The third is called as the energy sector, involved in both types of activity. The communications between the sectors are almost non-existent. Obviously this is the least suitable structure for the implementation of consistent and coordinated policy. In this ministry the departments are quite passive in elaborating policy proposals, but it could be better to say that they are just more or less disengaged. The structure of the Ministry is extremely splintered: 183 members of the staff are dispersed between 16 departments and 45 offices. On December 29, 1992 Government issued decree to amalgamate the Ministry of Finances and the Ministry of Economics. In reality this

decree was never implemented nor even cancelled.

The Ministry of Social Affairs could be related to this class but the recent changes are transforming it into the next category of ministries.

4. *The complex ministries*. They have had the similar evolution as previous ministries, however, they have passed substantial reorganization that enabled to develop quite integrated structure. The Ministry of Environment is an example here. At the beginning of this year the Ministry started to consolidate departments. Nevertheless, during redesign the Ministry overestimated, in my opinion, the purely structural (formal) solutions and did not concentrate on the redesign of management practices.

The Ministry has created quite developed and efficient coordination devices. The division of competence between the Ministry and agencies are not well regulated. Namely the agencies of this Ministry were planned to abolish and to be reorganized as ministerial departments. In my opinion, the Ministry has made quite questionable decision to separate Inspectorate for the Nature Protection into single unit with independent local offices, in spite of the fact that all the other units are carrying out the same function of supervision.

5. *The umbrella-ministries*. The Ministry of Internal Affairs could be drawn as an example. It consists greatly of support service staff departments. The only line departments are the Department of Local Governments and Regional Development and the Office of Religious Affairs. The size of the Ministry is unproportionally small in comparison of agencies subordinated to the Ministry and there is no policy unit related to the area of government of agencies.

IV The key issues revealed in the structure and management of the ministries.

1. In the case of the small states the formation of organizational units relying on the

exact functional division appeared to be inefficient solution, because there are numerous functions (often hardly interrelated) that should be carried out by very limited number of the staff. Hence the tendency towards the splintering of the structure takes place.

I have presented the most striking examples of the splintering of the structure in the annex. The splintering is not caused only because of the attempts to follow strictly functional approach. There are other, more specific reasons.

* As these units have been formerly independent parts of the ministries or separate organisations with established organizational culture, the staff which is working in these units currently is not willing to disrupt the old teams. Some of these teams had quite substantial power in distribution of financial and natural resources. The group conservatism may also explain why the ministries are not willing to delineate policy making process and the administration roles, willing to concentrate all the power in ones hands.

* The amalgamation of units is reducing the status and compensation of the servants in spite of the fact that they continue to do the same work. There could be the introduced the rank system which is paralleled by the position hierarchy.

2. The amalgamation of units has been as a rule a formal procedure and resulted in the emergence of units-conglomerates. I.e. the redesign of the management did not happened. Recently the Ministry of Environment (ME) modified the structure and merged some departments. The Ministry of Justice is currently searching the best solutions (See annex III). The main conclusion is that ministries are looking at the reform from a very narrow angle and they may be searching for the easiest solution to report on the reform activities that in reality do not change a lot. They are focusing on the combining of the units instead of searching solutions in the reorganization of managerial devices.

Some supplementary remarks should be pointed out here.

* The restructuring of the government administration should not be relied on functional approach but it should redefine *the roles* in carrying out functions. This enables also to introduce more widely structural isomorphism. The Ministries should be designed as the small and flat staff organisation affiliated to the Minister and which is concentrating only on the policy formulation, on the design of policy-implementation and support mechanisms, information management system, for instance. All the direct and routine implementation activities should be delegated to the agency level or to other organizations. Currently these roles are merged in the ministries, that is conducive to the domination of routine administration/ implementation, while the role of the policy formulation and analysis is substantially reduced. As I was told by the head of a Department: "All day long I have been busy with soma errands but at the end of the working day I do not see any actual results. Only after the official working hours I can do what I really should do: I arrange activities, analyze the situation etc." About such a working routine I was told frequently during my interviews. However, decision-makers are also rarely concerned with the perspective, more systematic and comprehensive analysis. At the same time quite often they are urgently requiring policy proposals that presume comparatively long and comprehensive analysis. Therefore the quality of these proposals, made in hurry-up style, could be sometimes quite low. Nevertheless, there have been opposite examples that could be used as benchmark for the organizational development. I was personally involved in the reorganization of the Forests Administration that was preceded by a very significant analysis and elaboration of strategic plan.

* At the level of ministries and also agencies, the units organized according to the staff principle (as different from line principle) should be used more intensively to concentrate the expertise. This is probably another device of clear definition of roles, however, conducive to the emergence of coordination problems. At the same time in relatively small organizations these problems are not so pronounced.

* Ministries should more intensively apply on the internal and external contracts in their area of governance and also on the agreements with organizations of the other

ministries. Some ministries have large number of institutes and information centres. However, the link with them are quite weak. At the same time ministerial staff is mostly occupied with the collection of the routine information piece by piece and composing reports on entirely technical matters. Many papers prepared by the ministerial staff are in no way useful for decision making but they are routine just responses, accounts etc. In the ministries where subordinated organizations are better integrated as support services, the contract management is rarely used. Hence derived difficulties in introducing result-oriented management. Servants interviewed were rarely able to identify the concrete outcome of their activities.

* Ministerial units have currently almost any resources to involve expertise from outside which according to the vision of many respondents (especially in case of legal services) is of higher quality.

3. The structural configuration that enables the most efficient (and also balanced) relations between the minister (as political figure) and the administration. This structure should provide a solution, that, on the one hand, should avoid excessive politization of the administration but on the other hand, should provide the minister (frequently successive in the office) with adequate support in preparing competent political decisions and in carrying out a political course. Besides, this structural solution should prevent frequent policy termination by altering ministers and should enable some consistency in policy in general.

The Estonian PA is relying on implicit presumption that minister is the only political figure in the government administration and chancellor as the second person in hierarchy is a neutral career servant. Theoretically this solution could be fine. But in reality this presumption is hardly applicable.

First of all, the RGA in defining their competence too vaguely. According to the Act, the Minister is responsible for the *direction* of the ministry and he is *managing issues* within the area of government, *monitoring the performance* of the functions of the structural units of the ministry and of the state agencies. The Chancellor is responsible for the

direction of the work of the structural units, *must coordinate activities* of state agencies and is responsible for the organization the operations of the ministry. The Minister decides on the *use of the budget funds* and monitors the accurate and purposeful implementation of budget. The Chancellor (translated also as the Secretary of State) has the right to control (in Estonian original of the Act *"to order about") budget funds* of the ministry on the basis of the budget approved by the minister. (RGA, Ch. 49, 53) This formal definition is explicitly containing internal conflict in case both - the Minister and the Chancellor would follow strictly their rights and obligations.

However, in the real life the delimitation of competence is often carried out *ad hoc*, depending on personalities, their power potential. All together the Chancellor and Vice-chancellors are more or less political figures. In one of the ministries the chancellor's role is limited and he is *de facto* top administrator dealing with the management ministerial units (e.g. the Ministry of Economics). Vice-chancellors are real assistants of the Minister in working out decisions. I.e. they are in fact the vice-ministers but formally subordinated to the minister.

In another cases the Chancellor could become as a filter between the Minister and the administration and could control the input and agenda setting. His influence is depending on whether he has the strong political affiliation or/and how strong is his positions in the ministerial administration. Currently the ministries of Environment, Justice and Transportation and Communications are staffed by chancellors who are inclining towards such a type.

In the structure of some ministries there have no vice-chancellors and as a result the heads of departments are playing roles similar to the vice-chancellor. Here the formal subordination and real interrelations have become even more confused. My analysis did not establish reasons why in some cases the alteration of chancellor is frequent and in other cases - rare. There has been a tendency to replace the chancellor by the new minister in these ministries, that have not vice-chancellor post or in ministries where vice-chancellors are not playing any important role.

Third version of the chancellor's role is even more proven evidence to my hypothesis. In the third example, the vice-chancellor is responsible for the management of the staff departments and he is carrying out ministerial functions in foreign affairs in the ministry (e.g. the Ministry of Agriculture).

In sum, the Estonian ministries should have the structure where the minister could rely on the staff clearly separated from the administration and having either the vice-ministers or advisors. Some ministries have established an informal institution similar to the ministerial cabinet (Ministry of Education) but this institution is just an advisory body without steering functions.

The current structure is too conducive to the politization of the top level civil servants (especially the heads of department), that is inadvisable to the environment where interest group pressure is high and the temptation to policy termination quite widespread.

V The organizations managed by the Ministry

In the area of governance there are several types of organizations in different way related to the Ministry:

The government agencies and inspectorates
The organizations managed by state administration
The organizations with their own proceeds (in the process of development.)
Non-budgetary foundations
The public corporations
State enterprises and stock companies

Besides, the agencies and the inspectorates (as the central government bodies) I have studied also some of these organizations. I would point out mainly issues directly related to the management in the ministries and/or to key issues of the policy process

The government agencies and inspectorates.

The government agencies have been established in 1990 as minor ministries nominated and responsible to the government. In 1992 these agencies lost formally this status and became directly responsible to the Minister. However, Director General is up to present time nominated by the State Secretary because formally he/she is civil servant. GRA has defined the roles of these institutions as having "a directing function, exercising state supervision and applying enforcement powers of the state". At the same time the Director General of the Agency has only "the right to issue directives concerning service-related issues".

However, the real roles and competence of the agencies have been rather different. It is obvious already after analysing statutes of the agencies. According to the Agency of Citizenship and Migration the main task of the agency is "to work out and implement the government policy" and the agency is an (independent) legal subject.

Hence, in strictly legal sense this organization is not *subordinated* to ministry but is having *relations of coordination* with a superior organization. Naturally this definition could be (at least partly) explained by the ignorance but not completely.

The statute of the agency is trying to formulate the real scope of competence it has in the chain of the management of the area of government. The widening of the real competence and discretion of the agency has been inevitable in case the corresponding ministry has no unit or staff in the area managed by the agency.

What are the real management mechanisms?

* Because of the weak links between the ministry and the agency the latter has enough extensive discretion to formulate and carry out its own line. However, agency can also justify its maladministration referring to the formal limited competence. Yet there has not been open conflicts between the Minister and Director general of the agency. But

the ministers have from tome to time expressed their dissatisfaction on their inability to exert enough power and having inefficient management mechanisms to steer the agencies.

* Because of the relatively extensive size of the agencies in comparison with the ministries (even in the case of the small agencies) they have also much higher organizational capacity. Therefore it is somewhat questionable whether the ministry is actually able to direct and coordinate them. Besides, the Minister is too occupied with the issues which are directly related to the ministry.

* The structure of agencies is rather different on size (from 5 to 5000 of staff) and their location in the structure of management of ministries varies. In annex VI I have presented two typical alternatives of structures of the agencies.

* The discrepancy between the real and formal competence does not mean that the agencies are active in promoting policy. Their role is not only dependent on the size and organizational capacity, but very often it is dependent also on the weight and activity of the Director General and on the personal relations between him and the Minister. The preferences of the Minister (and chancellor) to deal with some issues more that with others is also relevant variable.

The position of the weak (and inactive) agencies may not been strong enough to influence the formation of policy agenda. Therefore many urgent issues in the area of governance of the agency could remain at the periphery of ministerial policy. At the same time some very small agencies that are relying on a strong support of an interest group, are sufficiently able to contribute to the formation of policy agenda and influence the decisions. (e.g. the agencies of Medicine, Tourism, Fishery etc.) Therefore I have tried to find the formal structural configuration which is not dependent on the personalities, which assure the input of the issues important for the agency into the ministerial agenda and appropriate and in-time treatment of these issues.

* During several years the discussion on agencies' role has promoted several plans of

their reorganization that usually have not resulted in concrete actions. In unstable environment psychological stress has developed among the staff. The uncertainty has developed inward looking style of activity of the agencies. One could speak even about the stagnation. Partly this has been also caused by the staff that came from former ministries and that has retained quite strong positions in the structures of the agency. They have not been able to take over the new roles.

The most widespread reactions to these developments expressed by ministers and top servants, was the proposal to reorganize agencies according to the following lines. The central management functions were planned to be delegated to the ministerial departments (and creating corresponding units). At the central level only the supervision function had to be attached to the former agency or it was planned to abolish at all with the consequent devolution of the remaining functions to the regional offices.

The reorganizations' plan consists of the substantial controversy. The main reason of reorganization was too extensive discretion of the agencies that had high organizational capacities. However, the reorganization according to the plan presented could not been related to these agencies because as one of the chancellor expressed - this was like " sewing a suit on the button".

Therefore in the reorganization were involved agencies that have been organizationally weaker and have not had sufficient external support to avoid the reorganization. Others that had strong interests group guardians were saved their status as agencies. Thus the central controversy of the agencies' status and management did not find solution.

However, in my opinion there are at least some solutions to problems pointed out above.

* The size of the government agency may not cause any problems from the management point of view in case the policy formulation is completely put on the ministerial department competence and completely separated from the implementation and routine administration. The clear definition of the responsibilities and the rights may of course

develop into more coordinative (and balanced) inter-relations at the expense of the strict subordination lines, that could challenge even more the ministerial power. But such a redefinition of the roles is corresponding more to the management mechanisms developed in the real life and to the practice of PA reforms in developed countries. For, the autonomy of the agency can be in that case strongly balanced by the exact responsibilities and accountability. This device has been applied, intentionally or not, in certain areas of government by the Ministry of Finances, Transport and Communications and is currently introduced in the Ministry of Environment and Social Affairs.

I can present here only some cases, as in general this ideology of management is not accepted and especially "due to " the protagonists of the cutbacks of administration costs. At the same time others are referring to the negative experience in the Ministry of Education and Culture where the conflict between the department of the Education Policy and the Agency of Secondary Schools was one of the reasons for the abolishing of the agency. My observations revealed that the conflict was caused by an indefinite separation and unclear delimitation of the roles between them. This case is enlightening anyway. Pure changes in formal structures did not produce expected solutions when the roles of units were not distinctly defined and organically related to each other, up to the development of relations based on the internal contracts.

* The reorganisation of agencies into inspections was justified by the argument that administration and supervision functions are essentially in conflict and shouldn't be carried out by the same organisation. I have studied this issue in depth on the level of central government and regional administration (i.e. at the service delivery level). As a result, I have profound doubts concerning the validity of this argument and following actions in both levels of government. The general conclusions I made.

1. Supervision function is interpreted purely as applying sanctions. The main mission of agencies that have supervision function is to create the infrastructrural precondition, that enables to control and to deal with causes not with consequences. The sanction in well managed system could be applied to the exceptions. Besides, efficient supervision could be carried out thanks to the good expertize and knowledge about the subject (client) to

be supervised. Therefore the separation of administration and development activities from supervision is in my opinion a wrong move, reducing substantially the capacity of supervising institutions, especially at the local level.

2. Most of supervision and surveillance of technical nature could be contracted out or privatized. This conception is planned to carry out in the Inspectorate of Technical Supervision at the Ministry of Economics and in the local inspectorates.

The other organizations subordinated directly to the ministries/ agencies.
The organizations administered by the state administration (OAA) OAAs could be managed directly by the ministries but as well by the agencies, inspectorates and the county governments. One part of them are support services to the government organizations, the second part - organizations delivering public services that are in the responsibility of the government. Third type of OAAs are service delivery organizations that should be managed and financed by the local governments, but because of insufficient organizational capacity of local governments are up to now managed and financed by the government.

This main issues in managing OAAs is approximately the same as in the case of the government agencies. However, there are the supplementary issues of steering their activities. OAAs with service delivery or production functions (local forests and hunting areas, for instance) that are acting in free markets, are producing income which are not included into government budget. The organizations have very high discretion in spending that money. In some cases (forest management) the rules of spending were absent up to the recent time. For this reason the government is coming to establish other forms of organization - *the organizations with own proceeds.*

Non-budgetary foundations (NBF). These funds have been established for the more targeted financing of certain activities and policies, to avoid probability that politicians in the periods of hard budget restrains can finance other activities. Various government programs, the local governments and also some organizations administered by the government are financed from NBF's.

There are several types of foundations. First, the foundations that are financed from the state tax revenues (Social security fund, Health Insurance fund). Second, foundations that are financed from the revenues which come from the service delivery and production (Forest Capital). Third, the foundations that are financed from revenues that came from fees, charges, fines and also form different project grants (Environment fund, Fishery Fund). Fourth, foundations that are delivering government grants through competition (Estonian Research Council).

However, the financial planning as well as spending accounts are not transparent to evaluate the efficiency of financing activities from these foundations in spite foundations are steered by boards staffed by top servants as well as politicians. Besides there have been cases when the ministry has used the foundations' budget to finance ones direct administrative costs.

VI Mechanisms of coordination

The type of government cabinet and quite high autonomy of ministries in the policy-making has deep impact on the coordination of activities between ministries. I would likes to differ three principal dimensions of coordination and corresponding problems.

Firstly, there are issues that in responsibility of single ministry and only in some aspects it is related to the competence of other ministries. Here the quite routine mechanism of harmonizing decisions is relevant.

Secondly, the harmonization of legislation that is on competence of the Ministry of Justice.

Thirdly, the policy making in areas that are essentially interministerial and presumes some central steering and management device. I would concentrate on the third

dimension.

Coordinating ministries. In Estonia two ministries could be related to this category: Ministry of Finances and Justice. These ministries have also largest number of staff, however big proportion of vacancies in these ministries are not filled.

Ministry of Justice has been heavily involved into the reform of Court system and Prison services. Therefore its role in coordinating and systematizing legislation has not been sufficient in preventing low quality of bills presented to the government by other Ministries and in avoiding deep controversies of legislation in different areas of government. However, the task is also immense for, almost all the legislation should be done over again.
The ministry has not confined itself to the coordination of legislation but has itself prepared of bills that should be done by the other ministries. The staff of Ministry is also directly ad hoc involved (as consultants) in the drafting of bills in other ministries that has substantially diminished the later discussions around the draft bill between the Ministry and other ministries.

The Ministry of Finances. Ministry of Finances (MF) is traditional coordinating ministry in all countries. However, in Estonia the importance of the ministry is raised because the macroeconomic policy is heavily relied on the monetarist ideology. Partly for this reason the structure of Ministry has in ones structure the same departments as the Ministry of Economics.

In 1992 the decree of government was issued to amalgamate Ministry of Economics with the MF. However, the decision was not implemented. Obviously the MF have much easier access to the information for economic planning and policy making in time, when heads of units of the ME have reported that they have tremendous difficulties to receive necessary information from state enterprises formally subordinated to them. Dep. of Energy Economy for instance applied to the Competition Agency to get necessary financial information about the activities of the state enterprise Estonian Energy.

MF (Dep. of Public Organizations) have played the central role in preparing structural reorganization of government administration in 1996-97. Hence it has taken over coordination function initially belonging to the State Chancellery.

The State Chancellery. According to the 1990 Act the State Chancellery was vested with large discretion for the coordination of the whole scope of public administration issues. In spite its formal competence was defined as government office, the head of chancellery was named as the State Minister. However, quite soon the autonomy and relative power positions of other ministries started to diminish is coordination role. In my opinion one of reason was the resignation of Prime Minister (E. Savisaar) that was accompanied with the change in cabinet type.

Agency of Statistics was transferred to the area of governance of the Ministry of Finances. This reorganization transformed the Agency of Statistics into organization, that started to follow the need of the Ministry, but ceased to satisfy need of other ministries in specific information.

In 1994 the Department of Local Government and Regional Development as coordinating unit at the State Chancellery was reorganized as the agency at the Ministry of Interior and later as its department.

In 1995, in the course of preparation of Government of the Republic Act the ministerial commission of Public Administration Development (PAD) was established with the State Secretary in charge. Simultaneously the corresponding department was established at the State Chancellery. However, this department lasts only five month and was abolished first of all because its inability to staff it. After that the Department of the Development of Government Organizations (Ministry of Finance) started to play the key role in the preparation of commission' decisions.

The Government of the Republic Act defined the following coordination functions of SC: state archives, government information system and civil service training.

On April 1997 the other commission on the Public Administration reform was created, headed by the Minister of regional Affairs at the Ministry of Interior.

The coordination of public administration reform has not got any satisfactory solution, and currently at the discussions various proposals have been made. But this proposals are mainly focused on the finding of the ministry that could have a capacity to manage the problem, instead of finding more original solutions.

Architects of PA restructuring are during last years attempted to develop the Ministry of Interior as the coordinating body of PA development, but without substantial success. Reorganization of agency of local government as the department of the ministry has in my opinion even reduced the efficiency of coordination of local government activities. Currently the institution of Minister of Regional Affairs was introduced, appointed as the minister without portfolio at the Ministry of Interior, i.e. de facto the institute of junior minister has been established that is formally not presumed by the law.

Other importance mechanisms of coordination. In Estonian public administration there are some crucial areas that should be efficiently steered to carry out consistent government policy, but that have been out of direct competence of coordinating ministries. Besides the public administration reform the following are crucial:

1. European integration.
2. Regional policy.
3. Foreign economic relations.
4. Various registers and data bases, that have been established in different government organizations but that tended to be incompatible.

One can find separate units dealing with foreign economic affairs in six ministries, regional development departments at least in four ministries, almost all of them has the unit managing European Integration issues. However there has not been found efficient structural decisions or management mechanisms to integrate these activities and define

exact responsibility for the outcomes of policy. Following solutions have been used.

1. Coordination by the Minister without portfolio who are in charge of interministerial commission. For the coordination of EU integration the European office at the State chancellery was established and supplementary the Commission of Higher Civil Service headed by the Minister. However this device appeared to be inefficient. The post of the Minister was recently abolished and the coordination was headed by the Prime Minister. It has been done a month before Amsterdam meeting of EU in May 1997.

2. Appointment of de facto junior minister. In case the junior minister have clearly defined area of governance, as in case of Minister of Energetics at the Ministry of Economics (1992-95), the post of junior minister has been a good solution. However, obviously junior minister cannot be efficient in coordinating interministerial issues as in case of appointment of the Minister of Regional Affairs.

3. The Creation State Ministry or the Ministry of Reforms. Latvia has done it, however soon abolished the Ministry of Reforms. In my opinion this ministry may be efficient in case of collegial cabinet or powerful Prime Minister (as it was during E.Savisaar cabinet). In Estonian case the coordination of specific policies could be done only when the Ministry has the supplementary devises of influence on other ministries (finances, for instance).

4. Flexible division of roles together with exact definition of responsibilities. In that case, the coordination presumes the responsibility of coordination body to work out strategy and supervise over its implementation; at the same time other ministries are responsible for the implementation and reporting directly to the cabinet. This version of coordination will be applied in the management of civil service training system and coordinated by the State Chancellery.

5. *Permanent commission of chancellors* that in fact is working out all the cabinet decisions draft. They are meetings at least once per week and scrutinize all the decisions before cabinet meeting. This unofficial institution is de facto composing government

agenda, but at the same time is backed by the serious administrative and analytical resources at their ministries.

6. Concentration all the policy making and administrative responsibility to the single ministry.

In my opinion the coordination problems arouse not only because the conflict of institutions' interests but also because inadequate information and because misunderstanding others' interests.

Hence the other more solutions could be put forward.

Firstly, to establish a separate permanent *task forces* unit composed by the servants employed also in ones home ministries, but formally managed by Prime Minister office, and therefore responsible to the government directly.

Secondly, to employ at the departments, responsible in ministries for functions subject to the coordination, the servant of certain ministry. For instance, to employ in the departments dealing with the European integration servants that are directly responsible to the European Integration office. Or (as in France) to employ in financial departments of line ministries servants who are subordinated to the Minister of Finances.

These mechanism of coordination have not yet discussed in Estonia.

VII Coordination inside ministries and their work organisation.

From the outset I would like to differ formal regulations and the real management mechanisms, because they appeared to be substantially different.

The central body of coordination at the ministries is weekly meetings of leadership , informally called as planning meeting. This body is not the legally institutionalized.

There are two types of meetings that have different aims and membership.

The first is meeting of heads of departments and headed by the chancellor. This meeting is discussing purely administrative matters: duties of units have defined for the week and accounts held. The aim of this meeting is also to exchange information and to keep units informed about activities of other units.

The other kind of meeting is headed by the minister and policy issues are discussed by the heads of ministerial departments, director general of agencies and inspections and by most important organisations administered by the ministry.

As a rule these meetings are closed. However, the Ministry of Environment is publishing minutes of these meetings.

These meetings are not held in all ministries. In the Ministry of Economics only chancellors and vice-chancellors are meet on regular basis. Heads of units are involved case by case, when under consideration is concrete issue concerning the department. Then the minister, vice-chancellor and head of unit are held meeting to plan concrete actions and establishing deadlines.

Besides, "information hour" are held at ministries. It may be directed by top manager of ministry, introducing new acts and introducing perspectives , or these may be meetings with the representative of other institutions, including with foreign colleagues or experts. These meeting are as a rule irregular, but taking place quit often.

Two-three day meetings to discuss crucial policy issues in depth, as a rule prior to the preparation of the important draft decision. Participation is voluntary but very active. These meeting are held outside the city and have also a function to create more favourable team-climate in ministry. These meetings are valued highly by the staff.

Interviews in the ministries has revealed that most of managers are preferring teamwork, especially among higher civil service. I.e. the result-oriented attitudes are manifest.

In my opinion there are substantial managerial and psychological preconditions to restructure ministries as the Ministers' staff office (Similar to the Swedish ministry.)

Estonian administration has unified rules of conduct (management of internal affairs) that are usually followed in spite their formal bureaucratic character. All the official correspondence is visaed usually by chancellor or vice-chancellor; however this appeared to be quite formal procedure of registering and not the coordination device. In the most ministries studied, the tasks assigned to the subordinate is carried out within close consultation of official, issued the task. The obligation of immediate supervisor is to check timing and formal aspects of implementation. I.e. in spite strict bureaucratic rules of conduct, the real work is done in quite cooperative manner.

I have studied also the role of formal regulatives of individual work. Often I was refused to acquaintance with quarter and year plans of actions of unit with reference that they are nonexsistent. However, as a rule these plans of action are written down by the most of units. Plans of action is quite far from the requirement of strategic plan. Its is simply a formal list of activities, a more concrete version of statutes of the unit. The same is valid for the job descriptions. Most of respondents have reported that job description (74, 5%) is determining the content of their activities. (In comparison only 31,3% reported that the plan of actions is determining the content of activities). However, during interviews I revealed an opposite interpretation of the role of job descriptions (JD). In ordinary situation JD is the formal piece of paper. JD may be useful in case of justifying the need for the supplementary staff or in case of conflicts around the definition of obligations between subordinate and superior. I.e. JD is the guiding document in very exceptional cases. The real division of tasks is made in substantially ad hoc basis, dependent on the skills of staff. Hence the different workload of staff: as a rule the servant who is more reliable and precise is overloaded with work.

The poll carried out in June 1997 revealed that 25,3 of servants are working often after working hours and supplementary 37,6% are doing so sometimes. However, higher civil service is continuing its work after official hours much frequently: 44,9 % are doing it

frequently and 38,5% - sometimes. Reason why staff are staying in office after official hours are: (1) During official hours various things of secondary importance should be done (49,4% all respondents, 52,0% -- higher civil service); (2) there is necessity to implement urgent tasks (40,8% and 57,3%).

The more detailed analysis of working styles in the government as well as the structure of ministerial staff (case study) I would like to present as the end product.

Other more dimensions studied:

* the role of performance measurement (PM) at ministries. In the situation of high instability of organisations is was unrealistic to find the cases of application of PM. Besides the important role of informal mechanisms of management and control as well as lack of deep specialisation could prevent the introduction of PM. In sum: the issue has not yet raised at current stage of development. The main criteria used in evaluation is deadlines. The quality of job has not been measured according to the objective criteria.

* Strategic management SM in modern sense of word was also not found at ministries. However, most of managerial staff is aware of the need and advantages of SM, especially among the younger staff. The element of SM are persist first of all in the Ministry of Environment and more generally speaking in organisations with more professional staff.

* Evaluation and recruitment of the staff. The very complex mechanism of evaluation of CS has worked out in Estonia. I would present the analysis of this dimension and other human recourse management (HRM) issues in the end product.

* In my opinion in Estonian ministries there are not enough organisational capacity of HRM. Personnel department are very small and de facto are units of personnel records that can manage with formal aspects of personnel management with difficulties, because

the overload of work. Much pro-active are training development units. The development of HRM structures may be one of the central direction of improvement of the management of ministries.

VIII Delimitation of competence and steering mechanisms between the central and regional government

For the better understanding of the efficiency of running the central government I studied intensively issues, that are acute in the relations between these levels. As a result a somewhat different and clearer picture of real state of affairs emerged. Issues and shortcomings of central government structure and organisations' management revealed in more pronounced form in the administration of agencies and departments on the regional level.

* The Local Government Act (1993) defined very clearly the competence of local self government units. This reform changed substantially the division of competence between the tiers of government and also functions of central and regional government organisations. However reassesment of these changes has bot been done at all.

According to the Law on Government Arrangement at the Counties (June 29, 1993) County government is defined as government organisation at the county level headed by the county governor. However, RGA is defining county government as office of county governor. I.e. an attempt to develop prefectorial system at the county level is obvious. This conception is in my opinion causing substantial controversies in implementing government policy.

RGA is prescribing very large responsibilities to the county government (ch. 84), for instance to "care for the comprehensive and balanced development of the county", to "coordinate the cooperation of regional offices of ministries and other agencies of

executive power". However legal and managerial means for carrying out these functions are very poor, presuming mostly only legal supervision. In sum, regional government is yielded up large scope of responsibilities without appropriate legal and management devices.

County governors that have been ready to takes these responsibilities are discussing in depth the new mechanism in the division of competence, first of all the devolution of real discretion to the level of regional government, giving them the real authority in steering field offices of central government, establishing the representative body as a balancing (and responsible) institution of the county government. Besides the re-subordination of Local Government and Regional Development unit to the State Chancellery is discussed. In these counties quite specific ad hoc management devices have been created to solve urgent problems in relations between the central and regional government. Other part of governors are not eager to take more discretion and real responsibilities. This variety of interests is one variable why the redivision of competence has not yet happened.

* After the reorganisation of Local Government and Regional Development agency at the State Chancellery as the Department at the Ministry of Interior, a spontaneous process of delegation of responsibilities (without discretion) by central ministries to the county governor begun. (In similar way local government started to delegate their function upwards in ad hoc basis, because their organisational capacity is not sufficient to deal with numerous issues and substantial economy of scale could be achieved in certain areas. At the same time the law on LG do not permit to do this. However, this is appropriate mainly to the small rural municipalities.) This is in itself a testimony of the existence of the gap in vertical management chain.

Another tendency revealed: decrees adopted by the central government (and also laws) are not scrutinized to the extent that enables to implement them by the local government. Supplementary guidelines, instructions and even interpretations should be worked out. However, county government has no discretion to do this.

To solve these two most obvious controversies in management, a specific organisational device has been developed: Consultative commissions (CC) of county governors and heads of departments at the county government (Education, Social Affairs, Land agencies, Environment departments). CC-s of county government units are directly involving ministerial top officials into their activities up to the chancellor level. Currently some of them are trying to work out agreements between CC and ministry as well as between CC and local government association to institutionalize this coordination device. CC of governors is de facto the pressure group and involving ministers into coordination and consultation process. They are held meetings (with participation of ministers) weekly, and decision made at these meeting have substantial impact in the government policy making.

* One part of areas of government are managed by the county government departments and agencies. Formally they are subordinated to the Ministry of Interior, that presumes very weak link between areas of government of central and regional level. In some areas county government units are enjoin this autonomy, in others this cause substantial difficulties in managing area at the regional level. (The structure of government at the regional level is presented in Annex.)

Other areas are managed by the government field offices. The conception behind the differentiation of the formal status and subordination mechanism presumes that these offices are not concerned with management that has the regional dimension.

They are very small and as a rule able only to re-active administration. (This statement is not valid for the Police prefectorate, Tax agency, courts etc.) Their functions are highly duplicating each other, but coordination mechanism between them are absent or are relied on informal contacts and consensus. Besides, in some areas of governance (first of all Social Affairs, Environment protection) field services have obviously function of regional development. A good example is the Office of Labour Market, that as a field service has the capacity to register unemployed and to arrange their new employment. However, real development of labour market could be done in close cooperation with county government departments (Education, Social Affairs and Social Care, Economic

and Agriculture departments) that does not take place, because these units have different status and subordination. Besides, government field offices have too weak mechanisms to influence the implementation of policy at the municipal level.

During my fieldwork I did not revealed that direct formal subordination has caused more close and balanced relationships between central and local offices. In sum, the implementation of government policy is substantially restrained at the regional level, to the large extent because the structure and management mechanism are not efficient and balanced.

ANNEXES

ANNEX I

A. Research activities

1. Fieldwork at the government organisations. Interviews at the ministries and other type of organisations I started in winter 1996. At the beginning I tried to adapt interview structures used in NAPA to the Estonian context. However the issues of administration appeared to be quite different. A more open style of interviews enabled to get more information.

Interviews, follow-up and targeted discussions (recorded):

* Ministry of Economics - 23

* Ministry of Environment - 12

* Ministry of Finances - 7

* Ministry of Social Affairs - 14

* Ministry of Interior - 3

* Ministry of Education - 11

* Ministry of Culture - 4

* Agency of Migration and Citizenship - 4

* County governments & central government field services - 27

* State Chancellery - 8

2. Composition of archive of legislation and other regulations concerning the structure and management of central and local government.

3. Studying research reports.

(a) reports of NAPA (5) that contributed substantially to the formation of research paradigms.

(b) reports of research projects carried out at Estonian ministries/boards (6).

- At the Ministry of Economics;

- At the Ministry of Environment;
- At the Competition Board

This has been useful background information for in depth interviews. However, most of reports have been in my opinion to descriptive.

4. Studying books and articles (see section E).

5. Participating in consulting the planning and research. This has been voluntary (not remunerated) activity at the Forests board, at the Ministry of Economics (member of ministerial steering committee of PHARE project) and at the State Chancellery working group. The unofficial evaluation report was presented to the Forests board working group and the evaluation of PHARE final report.

6. Carrying out survey poll. The grant for survey of civil service attitudes was delivered by the State Chancellery. However my voluntary contribution was the conception of the study. (My contribution in composing questionnaire has been remunerated.) The polling was finished in June and there haven't been made the in depth analysis yet. Some results are presented in the report. 400 government servants was polled. The polling was carried out by Saar-poll ltd.

7. Directing the preparation of course works of students on Structure and Management of Government Organisations.
Supplementary of the following institutions has been done:

- Ministry of Social Affairs (3)
- Ministry of Transport and communications;
- Agency of Citizenship and Migration
- Regional Tax Agencies
- Ministry of Agriculture (2)

- Ministry of Education (3)
- Foreign Economic Affairs management.

B. Articles and Reports Published

* Local Government Reform in Estonia: Contradictions of the Autonomous Model. - In: J.Jabes & M.Vintar (ed.) Public Administration in Transition. NISPAcee, Bratislava, 1995.

* Problems of Consolidation of Democracy in Estonia: Causes and Consequences of Splintering of the Party Spectrum. - In: Grappling with Democracy: Deliberations on Post-Communist Societies. Graduate Faculty of Political and Social Science, New York-Prague, 1996

* Civil Service in estonian Ministries: Structure and mobility - In: Developing Organisations and Changing Attitudes: Public Administration in Central and Eastern Europe J. Jabes (Ed.), Paris - Prague, 1996.

* Public Administration Reform in Estonia: Perspective for the Development of Civil Service Training System. - Estonian Institute of Public Administration Gazette, 1997, N 1.

* The Role of Local Autonomy in Democratic and Democratizing Societies. The New Local Government Acts in the Czech Republic, Estonian and Norway. - In: Nation. State. Power. Eds. A.Jasinska Kania & J. Raciborski. - Wydawnictwo Naukowe SHOLAR, Warszawa, 1966, lk. 386-409 (Coauthors F.Kjellberg and J.Reshova).

* Administrative Cultures and Public Service - Article, presented to the forthcoming book: Proffesionalisation of Public Servants in Central and Eastern Europe. (J.Jabes (Ed.)

* Causes of Corruption in Post-Communist Countries: Estonian Case. - Public Management Forum, Paris, 1996, v.2, N 5

C. Reports

* Structural Characterisation of the Public Administration of Estonia. Report, presented to the PHARE seminar "Public Administration Reform Project in Estonia", Tallinn, May 15, 1996. (62 pp. + Annex)

* Promoting Performance and Professionalism in the Estonian Public Administration Report, presented to the OECD/SIGMA seminar. November 8-9, Paris, 1996. (72 pp. + Annex)

* Reorganisation of the Forests Administration and its role in the Structure of the Ministry of Environment. Report presented and discussed in the Forests Agency Reform working group. (22 pp.)

D.Other activities during 1997

* Administrative Reforms and Governance in Eastern Europe, Oslo, 29-30 November, 1996. The report "The Reform of Central Administration Estonia: Redivision of Roles and Competence".

* Preparing the course and teaching materials on "Government institutions and organisations" for B.A. and M.A. degree studies.

*Organizing NISPAcee Fifth Annual Conference "Proffesionalisation of Public Servants in Central and Eastern Europe" , Tallinn, April 23-26, 1997.

Workshop coordinator and paper presented: Administrative Cultures and Public Service

* Basics of Civil Service Training and Evaluation System in Estonia. Report, presented to the State Chancellery by the working group at the Estonian Institute of Public Administration.
As the member of working group.

* Survey poll: "Attitudes of Estonian Civil Service", elaboration of conception and questionnaire. Poll has been carried out in May-June, 1997 by Saar-poll ltd.

* Supervision on master degree research activities (Structure and Management of the Ministry of Social Affairs), carrying out interviews.

E. Basic academic sources the conceptual basis of research relied

* A.Auer. Ch. Demmke and Robert Polet *Civil Services in Europe of Fifteen: Current Situation and Prospects.* EIPA, Maastricht, 1995,

* Civil Service Systems in Comparative Perspective.(Eds.) H. A.G.M. Bekke et. al. Indiana University Press, 1996

* Cabinets in Western Europe. (Eds.) J.Blondel & F. Müller-Rommel. Macmillan, 1988.

* Ch. O. Jones An Introduction to the Study of Public Policy. Wadsworth Publishing Company, California, 1984

* B.W. Hogwood and L. Gunn Policy Analysis for the Real World. Oxford UP, 1984.

* B. W. Hogwood From Crisis to Complacency. Shaping Public Policy in Britain. Oxford UP, 1991.

* H. Minzberg Structure of Fives. Designing Effective Organisations. Prentice Hall, 1993.

* W. R. Scott Organisations. Rational, Natural and Open Systems. Prentice Hall, 1992

* Public Administration in Small and Island States. R. Baker (Ed.). Kumarian Press, 1992

* Human Services as Complex Organisations. Y. Hazenfeld (Ed.). SAGE., 1992.

* G. Smith Politics in Western Europe. Dartmouth, 1993.

* O.E. Huges Public Management and Administration. Macmillan, 1994.

* J.-E. Lane Public Sector. Concepts, Models, Approaches. SAGE, 1993.

* G. Dessler Organization Theory. Integrating Structure and Behaviour. Prentice Hall, 1986.

* F. Heffron Organisation theory and Public Organisations. The Political connection. Prentice Hall, 1989.

* Public Sector Management in Europe. N. Flynn and F. Strehl (Ed.) Prentice Hall, 1996.

* Public Management: OECD Country Profiles. OECD, Paris, 1992.

* Governance in Transition: Public Management Reforms in OECD Countries. OECD/

PUMA, 1995.

* Managing with Market - type Mechanisms. OECD, 1993.

* Public Administration in Finland. Administrative Development Agency, Ministry of Finance. Helsinki, 1994.

* Performance Management in Government: Performance Measurement and Result Oriented Management. OECD Occasional Papers, N3 1994

* Performance Measurement in Government: Issues and Illustrations. OECD Occasional Papers, N 5, 1994

* Managing Public Organisations. Lessons from Contemporary European Experience. K.A. Eliassen & J. Kooiman (Ed.), SAGE, 1993.

* Managing the New Public Services. D. Farnham and S. Horton (Ed.) Macmillan, 1996.

* Reengineering for Results. Keys to the Success from Government Experience. NAPA report.

* State Departments of Transportation: Strategies for Change. National Academy Press, 1995.

* The Roles, Mission and Operation of the U.S. General Accounting Office. NAPA, 1994 (October).

* Renewing HUD: a Long Term Agenda for Effective Performance. NAPA, 1994 (July).

ANNEX II
REORGANISATIONS OF MINISTRIES AND AGENCIES 1990-1990

1990		1992		1997	
Ministries	**Agencies, Inspections**	**Ministries**	**Agencies, Inspections**	**Ministries**	**Agencies, Inspections**
Ministry of Justice	Personal Register Agency (06.90)	**Ministry of Justice**	Prison Agency (transfered from M. of Internal Affairs 08.93)	**Ministry of Justice**	Prisoners Agency
Ministry of Forreign Affairs		**Ministry of Foreign Affairs**		**Ministry of Foreign Affairs**	
State Chancellery	Agency of Statistic (07.90) Arhive Agency (09.90) State Property Agency (10.90) Language Agency (established 11.92, transferred to M. of Education 04.92)	**State Chancellery**	Agency of Language (transfered to M. of Culture and Education 04.92) Archives Agency	**State Chancellery**	Archives Agency
Ministry of Internal Affairs	Agency of Rescue and Fire Service Agency of Religion Affairs (03.90) Police Agency (11.90) Citizenship Agency (09.91) Prisoners Agency (established 08.91)	**Ministry of Internal Affairs**	Rescue Agency (09. 91) Citizenship Agency Passport Agency (02.92) Agency of Border Guard Agency of Local Government and Regional	**Ministry of Internal Affairs**	Policy Agency Agency of Border Guard Rescue Agency Citizenship and Immigration Agency Agency of Inteligence

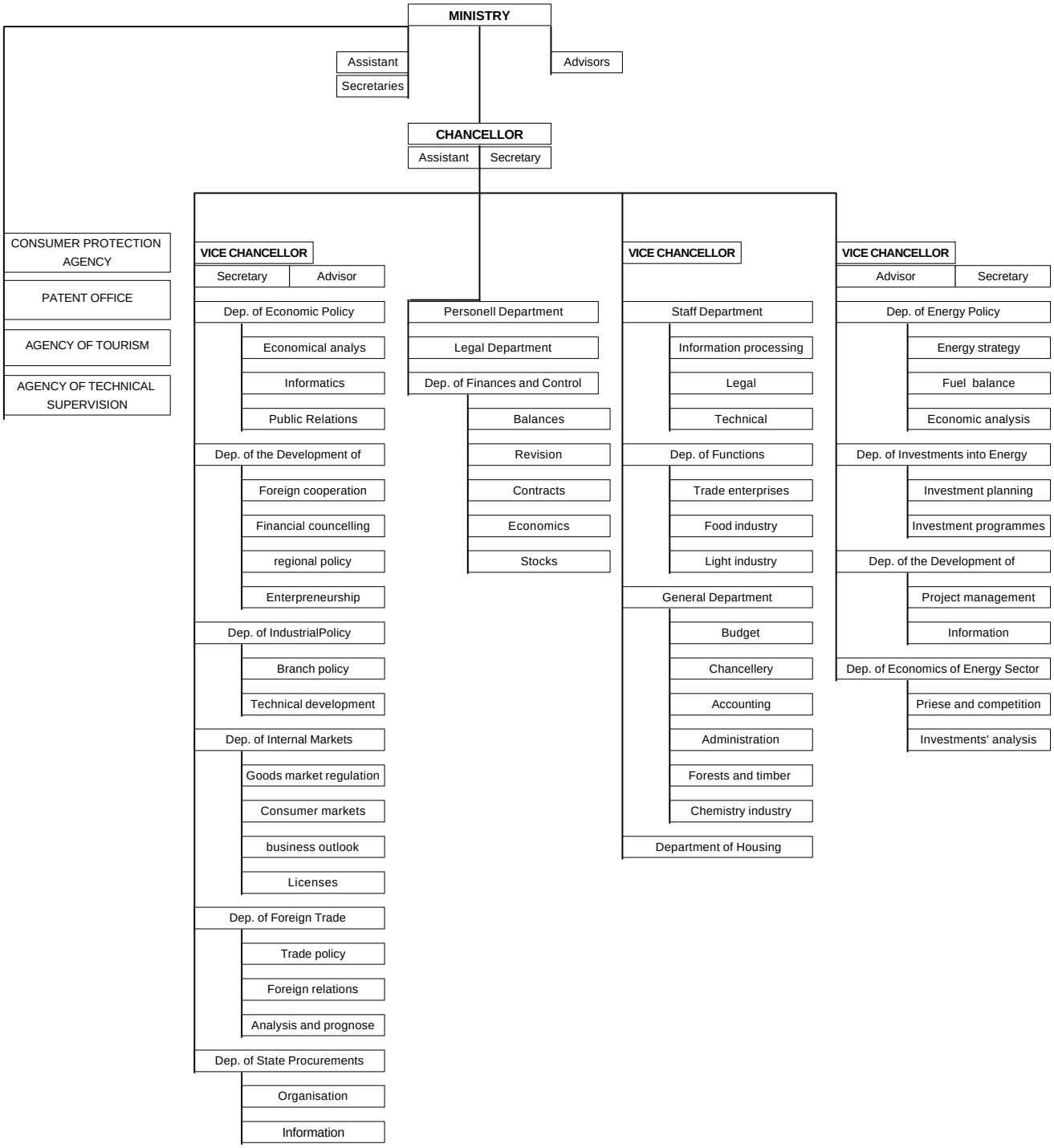
			Development (10.93, before Dep.of State Cancellery) Immigration Agency (transfered from M. of Social Affairs 10.93) Prisoners Agency Agency of Inteligence (06.93)		
Ministry of Education	Agency of Schools	**Ministry of Education** (amalgamated with M.of Culture 01.93)	Language Agency (transfered from State Chancellery 04.92) Agency of Schools (amalgamated with Ministry 10.95)	**Ministry of Education**	Language Agency
Ministry of Culture	Sport Agency	**Ministry of Culture** (amalgamated with M.of Education 01.93)	Sport Agency (amalgamated with Ministry 10.95) Agency of Antiquities (07.93)	**Ministry of Culture**	Agency of Antiquities
Ministry of Finance	Customs Agency (09.90) Tax Agency	**Ministry of Finance** (M.of Finance And M. of Economic Affairs were Amalgamated 12.92)	Tax Agency Statistical Agency Customs Agency Inspectorate of Insuarance (establ. 12.92) Securities Inspectorate (10.93)	**Ministry of Finance**	Competition Agency Tax Agency Statistical Agency Customs Agency Securities Inspectorate

Ministry of Economic Affairs (joined with M. of Finance 12.92) **Ministry of Trade** **Ministry of Material Ressources** **Ministry of Construction** **Ministry of Industry and Energetics**	Agency of Prices (08.90) Agency of Licences Standards Agency Grain Agency (05.90) Agency of Tourism (05.90) Patent Agency (established 12.91) Inspectorate of Trade (04.91) Agency of Communal Economy Inspectorate of Technical Supervision (05.90) Agency of Energetics (09.91)	**Ministry of Economic Affairs** (amalgamating of M. of Industry and Energetics, M. of Trade and M. of Construction 02.93)	Patent Agency Standards Agency Inspectorate of Technical Supervision Agency of Competion (10.93) Agency of Licences (abolished 11.93) Agency of State Procurements (11.95)	**Ministry of Economic Affairs**	Patent Agency Standards Agency Consumer Protection Agency Inspectorate of Technical Supervision Agency of Tourism Agency of State Procurements
Ministry of Communications **Ministry of Transport**	Inspectorate of Telecommunications (06.91) Civil Aviation Agency	**Ministry of Transport and Communications** (amalgamated in 1992)	Civil Aviation Agency Road Administration Maritime Agency Inspectorate of Telecommunications	**Ministry of Transport and Communications**	Civil Aviation Agency Road Administration Maritime Agency Inspectorate of Telecommunications

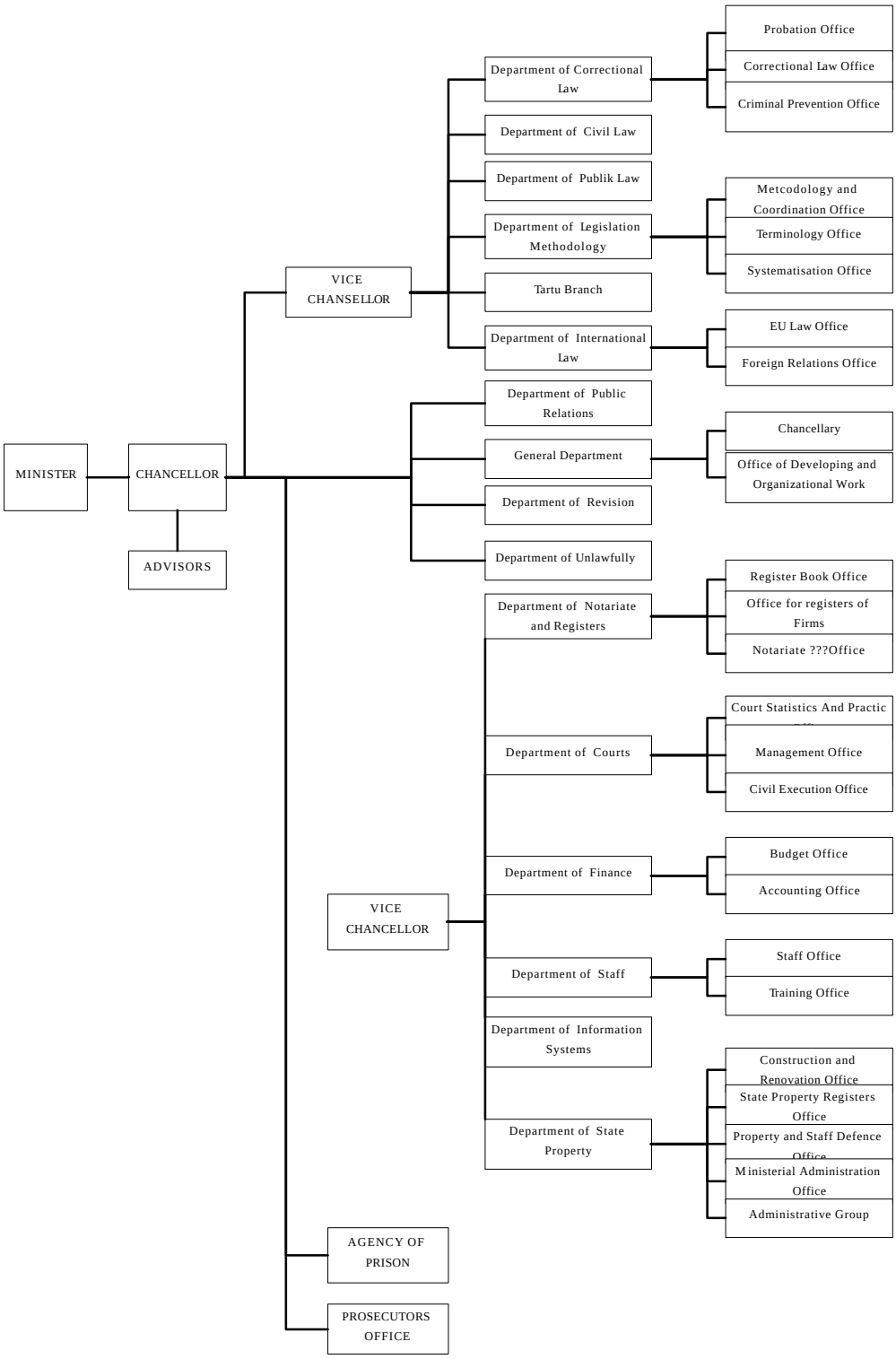
	Road Administration Maritime Agency				
Ministry of Agriculture	Land Agency Inspectorate of Agricultural Machinery (02.90) Inspectorate of Animal Breeding (10.91) Inspectorate of Veterinary Control in Borders (11.91)	**Ministry of Agriculture**	Land Agency Plant Quarantine Inspectorate (established 12.91) Agency of Veterinary (02.93) Seed and Variety Testing Inspectorate Plant Protection Agency (02.94) Inspectorate of Veterinary Inspectorate of Plant Production	**Ministry of Agriculture**	Agency of Veterinary Plant Protection Inspectorate Animal Breeding Inspectorate Plant Quarantine Inspectorate Seed and Variety Testing Inspectorate Inspectorate of Veterinary and Food Inspectorate of Plant Production
Ministry of Environment	Agency of Forestries Agency of Water Resources (06.90) Agency of Fishery (10.91)	**Ministry of Environment**	Sea Inspection Office Inspectorial Office for the Nature Protection Agency of Ficheries	**Ministry of Environment**	Sea Inspection Office Inspectorial Office for the Nature Protection Agency of Ficheries Agency of Forestries Land Agency
Ministry of Social Affairs (Ministry of Labour from 12.91 until 01.93)	Immigration Agrency (09.90) Agency of Labour Market (05.90)	**Ministry of Social Affairs**	Immigration Agrency (transfered to M. of Internal Affairs 10.93) Agency of Labour	**Ministry of Social Affairs**	Social Security Agency Agency of Medicines Health Protection

	Labour Inspectorate (07.90)		Market Labour Envronment Inspectorate Agency of Food		Inspectorate Agency of Labour Market Labour Environment Inspectorate Food Inspectorate
Ministry of Social Care **Ministry of Health Care**	Social Fund (later Social Insuarance Agency)	**Ministry of Social Care (amalgamated with M. of Social Affairs 01.93)** **Ministry of Health Care** (amalgamated with M. of Social Affairs 01.93)	Social Security Agency Agency of Medicines (established 02.92) Health Protection Inspectorate		
		Ministry of Defence (established 12.92)		**Ministry of Defence**	

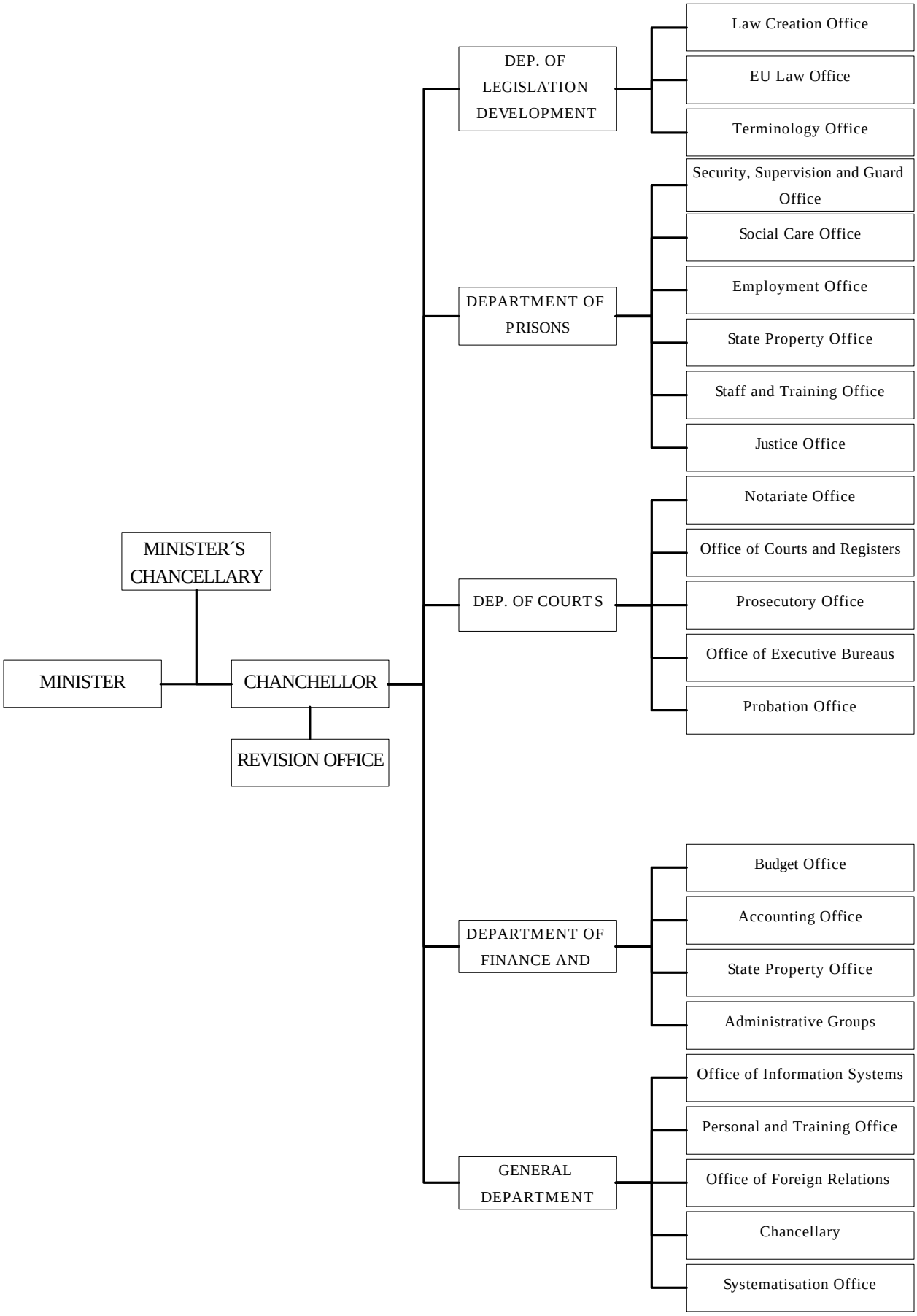
MINISTRY OF ECONOMIC AFFAIRS



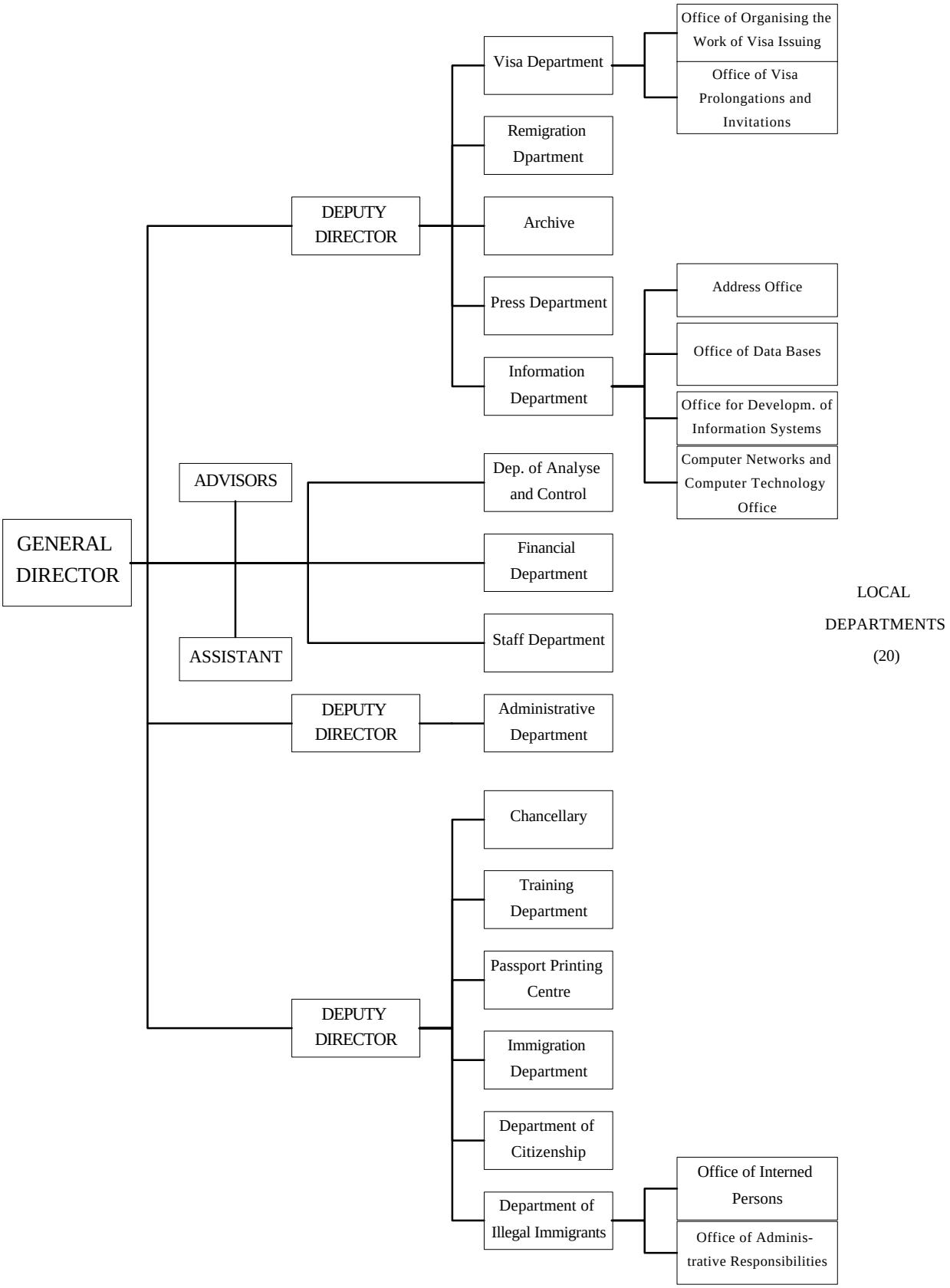
MINISTRY OF JUSTICE MARCH 1997



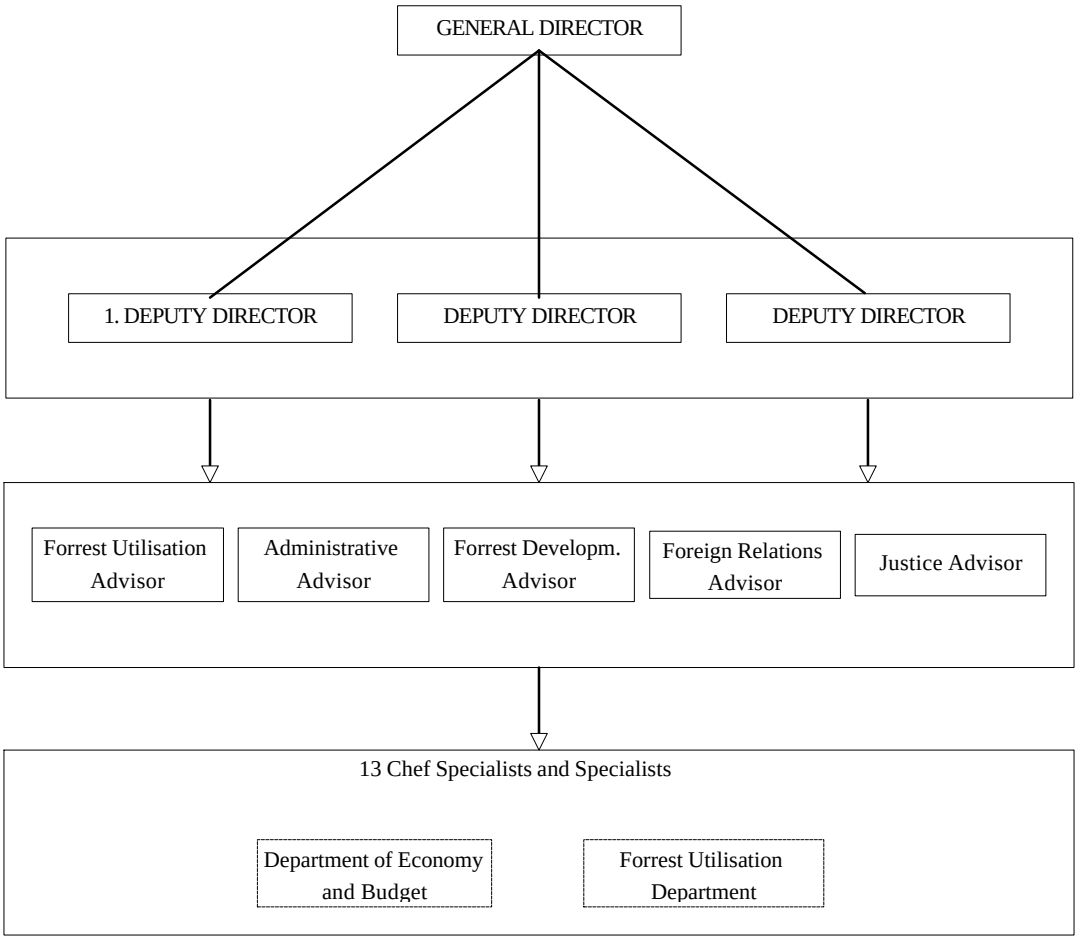
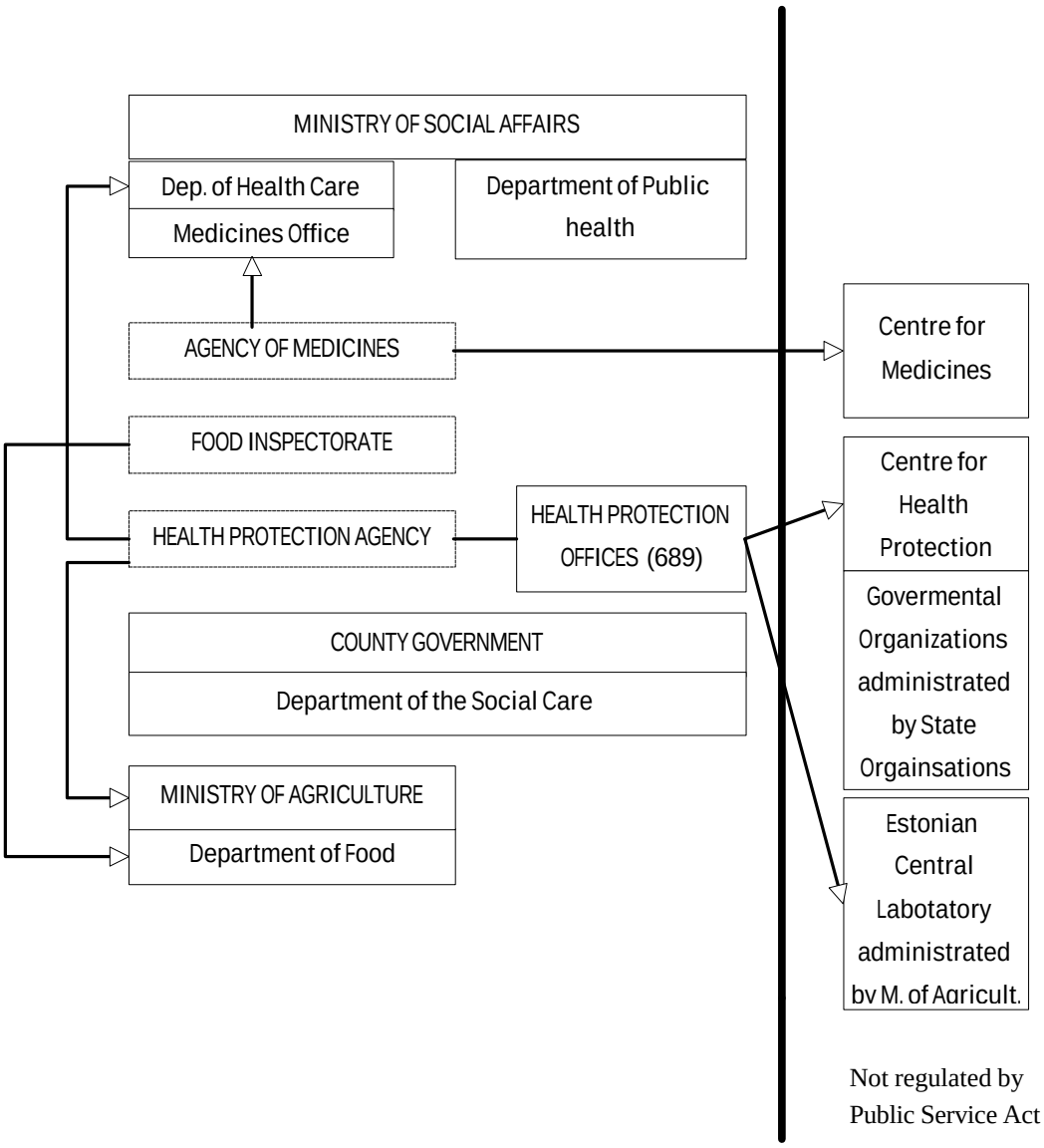
MINISTRY OF JUSTICE (proposed)



STATE CITIZENSHIP AND IMMIGRATION BOARD



ESTONIAN NATIONAL FORESTRY BOARD



SOCIAL CARE 1997