



SIGMA

**Support for Improvement in Governance and Management
in Central and Eastern European Countries**

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ESTONIA
PUBLIC SERVICE AND THE ADMINISTRATIVE FRAMEWORK
ASSESSMENT 2002
SUMMARY

Until 1998, the Estonian Government concentrated its Public Administration reform effort mostly on decentralisation and deconcentration. In January 1999, the Government developed a new approach to PAR and set-up a Public Administration Office at the State Chancellery to develop and integrate the different elements of the reforms and provide State Institutions with guidance and support to the legal, administrative and managerial aspects of the Public Administration Reform (PAR).

The need for, and importance of, administrative reform are well understood and supported by the State Chancellery and the Ministry of Finance. The current initiatives are based on the Programme for Public Administration Reform (PPAR) adopted by the Government in April 2001. The PPAR sets out a number of goals: clarity in political and administrative accountability; improved quality of policy-making; budget reform and strengthening of financial management; high-quality, citizen-oriented services; and the creation of a professional, politically impartial civil service. The PPAR recognises the need to enhance the capacity of the centre to co-ordinate better the overall management of the civil service.

Public Service

The Estonian legislation on the public service is in the main aligned with standards and principles prevailing in EU Member States. The existing arrangements and mechanisms for the horizontal management of the public service are still inadequate. The continued absence of adequate controls and co-ordination, has produced diversity in personnel management practices and standards. The new Public Service Act should significantly improve the legal framework and provide for a more co-ordinated approach to its central management. In addition, it will bring greater clarity to the legal definition and scope of the civil service and to the separation of political and administrative posts. The proposed Civil Service Council should strengthen central management. The Government's public administration reform efforts should be supported with adequate training measures in a timely manner; consideration should be given to providing basic funding for the Estonian Institute of Public Administration from the state budget

The salary system is not transparent and is too fragmented, the differences in salaries among institutions are not justified.

Administrative Legal Framework

Accountability arrangements and mechanisms exist but need further strengthening. They reinforce the legal underpinnings and promote a culture of openness and transparency in public administration. Recent and planned developments in e-government will continue to enhance, accountability mechanisms and practices. Overall, the body of legislation and complementary mechanisms are generally on a par with, and in some instances (e.g. e-government) ahead of, those in EU Member States. A new Administrative Organisation Act is under consideration and is expected to be passed later this year. The new Act consolidates and simplifies existing laws on administrative structures and procedures, and is seen as completing the legal aspects of reform of Estonia's public administration.

Legal Quality

Overall legal quality is improving. Impact assessment is still in its initial phase, but awareness for its need is growing within the Government and the Administration, as well as among Parliamentarians. Explanatory notes

have to accompany all drafts submitted to Parliament, and they usually contain some impact assessment. The role of these notes is to inform Parliament and the general public in a clear way about political goals and legal, budgetary, social, and organisational changes accompanying the implementation of a legal act. All draft legal acts are published on the internet and may be commented on by the general public.

Recommendations

The recommendations proposed are as follows:

1. With regard to the public administration reform programme, the central capacity should be strengthened and mandated by the Government to direct and monitor the implementation of the various initiatives and to take corrective measures when necessary. It should report regularly to Government on the progress being achieved and the issues arising, and advise on necessary new measures.
2. The strategic planning process should be introduced as soon as possible. This is timely given the proposed performance contracts between ministers and secretary generals/heads of agencies. There are also closer linkages to be established between organisational objectives, and HR and pay policies, including performance related pay.
3. The Civil Service Council should be empowered to propose and monitor the implementation of policies.
4. Common standards should be guaranteed for the management of the civil service and for monitoring the effective application of civil service regulations. This is an urgent requirement. A workable arrangement, capable of accommodating common standards with decentralisation in human resource management, is needed to avoid a further increase in diversity in personnel management practices and standards.
5. Open competition procedures should be the norm and used for entry and promotion to any branch or position in public administration, with the view to enhancing the professionalism of the Estonian civil service.
6. The salary system should be revised, based on objectivity and transparency in the awarding of allowances and bonuses. The ratio of allowances and bonuses to overall salary should be urgently reduced.
7. Control of costs relating to staff and personnel should be improved. The HRM system and the pay roll costs should be subject to a systematic internal audit.
8. Adequate financial and other resources should be committed to implementing reform and the e-government programme.