

## Policy Transfer in Public Administration: How it Works in Practice

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*The aim of the paper is to discuss introduction of New Public Management (NPM) ideas in Latvian public administration after 1990 in the context of policy transfer. Since, policy transfer concept includes a wide scope of actors involved, the paper will concentrate upon politicians and elected officials. Politicians are the only actors in policy transfer who can decide to transfer entire policies. In this respect, the motivation of politicians imposed by external and internal constraints to use policy transfer is relevant. In order to explore scope of policy transfer utilised during administrative transformation in Latvia, the author will analyse governmental declarations and the activities performed as the main source describing governmental commitments.*

Raktažodžiai: *viešosios politikos raida, naujoji viešoji vadyba, administracinė transformacija Latvijoje.*

Keywords: *policy transfer, NPM, bureaucracy, administrative transformation in Latvia.*

### Introduction

New Public Management (NPM) inspired changes has reached Latvia in the mid 1990ties. Performance contracts, agencies and the new type management techniques became a part of administrative agenda. However, imported NPM ideas and techniques had not live up with Latvian administrative reality. Introduction of performance contracts and their confidentiality status had resulted in public scandals. Latvian public agencies, originally designed very close to its predecessors in the UK, had survived a period of legal instability while the respective law regulating operation of agencies was created and installed in the Latvian legal and administrative theory and praxis. The aim of the paper is to discuss introduction of NPM ideas in Latvian public administration after 1990 in context of policy transfer. Since, policy transfer concept includes a wide scope of actors involved, the paper will concentrate upon politicians and elected officials. In this respect, the motivation of politicians to use policy transfer is relevant. In order to ex-

plere scope of policy transfer utilised during administrative transformation, the author will analyse governmental declarations and the activities performed as the main source describing governmental commitments.

Nowadays, Latvian citizens require public administration to be accessible, loyal, transparent, and understandable. In turn, public administrators should be able to deal with the problems taking into account the unique nature of every single case. Since 1970ties the new terminology has come to the public administration agenda creating confusion for administrators and citizens. These terms are – *the client, service quality, performance, and efficiency, value for money*. Researchers [1 – 3] have labelled changes of last twenty years as the new public management era and the era of changes. The collapse of the communist regime paved the way for both: development of the new countries in Central and Eastern Europe and import of administrative ideas from the West. Central and Eastern European countries were involved in the wave of public management reform in the mid 1990ties when those ideas were popular in the West. Under pressure of changes in the public sector, lately one questions whether a modern country needs bureaucracy? This simple question had a completely another impact in the former communist space. Necessity to build the democratic country deter-

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mined scope and substance of governance mechanisms. In addition, the perception of bureaucracy has changed elsewhere. Bureaucracy described by Max Weber (1864-1920) is claimed to be too much impersonal, closed, and inefficient. The supporters of the new ideas are trying to form modern, effective, emotional and responsive public administration avoiding even using the term *bureaucracy*.

At the same time there were no practical solutions available for transit from the traditional bureaucratic model to NPM. In Western Europe every country has chosen a path on its own according to its institutional and administrative experience. Latvia has a completely different situation where no period of the traditional bureaucracy existed and therefore Latvia needed to find its own solutions for management of public administration. Latvian experience shows that the NPM model was found as appropriate and easy to use. However, impact assessment of NPM in Latvia has never been done entirely; therefore real scope of NPM inspired changes is hard to comprehend.

### Administrative transformation process in Latvia after 1990

After collapse of the communist regime, Latvia has started to build public administration based on the principles of Weberian bureaucracy. Under the pressure of international organisation and as a result of policy transfer, ideas of NPM were introduced in public administration (see Figure 1). However, public administration was not ready to accept those ideas neither morally nor practically. Since the NPM theory is a reaction to social needs and failure of the traditional bureaucratic model, thus one question whether NPM can be applied to the public sector in the countries where stable the traditional model is operating or maybe the traditional bureaucratic model is not precondition for NPM.

Administrative transformation process based on NPM has foreseen introduction of private sector management techniques to public sector. Communist regime had its basic feature – the lack of private sector and private property. Therefore Latvian society and bureaucracy had not experience of private sector. In such a situation, a precondition for the NPM theory - to evaluate methods to be transferred to public sector – cannot be fulfilled. In addition, we should remember that Latvian choice for NPM was de-

termined by its positive characterization from international donors and technical experts, not by effective use in the private sector. NPM ideas to Latvia have been sold as the best practice of administrative policy fitting to Latvian search for the new type of instrument for public administration problems.

Following development tendencies in the West during 20<sup>th</sup> century, it would be logic to establish public administration based on the traditional model. The next step would be public management and NPM. The question is: how long should be a period when the traditional model is operating? The author believes that such a period should last for at least twenty years because in Western democracies the traditional model was the only model after World War II to middle 1970-ties. The crises of welfare state and critics of public administration actively started in the 1970-ties. Public administration was blamed on insufficient representation of public interest. In addition, Latvia has already experienced a twenty years period (1918-1940). Even twenty years can be considered as a too short period for public administration development, Latvian history after 1918 proved that there is possible to achieve significant results. Finally, impact of globalisation should not be underestimating. Even if Latvia would decide to keep resistance, it would not be possible completely to avoid policy transfer. The World Bank, EU, IMF was and still are the key players for policy transfer suggesting to try and even enforcing particular administrative policy (see Figure 2).

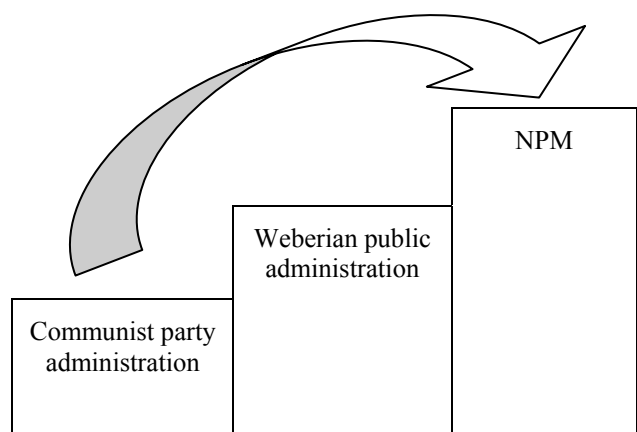


Figure 1: Conceptual development of Latvian public administration [29, p. 66]

The shift of administrative system in Latvia after 1990, according to the author's opinion, can be characterised as a reactive administrative po-

policy. This policy was defined spontaneous. The second feature of the shift, according to the author, was denial of all elements connected with the previous regime, thus Western best practice

and policy transfer were used. In addition, policies were transferred as from West, as from times of the first Republic of Latvia (1918 – 1940) between the both World Wars.

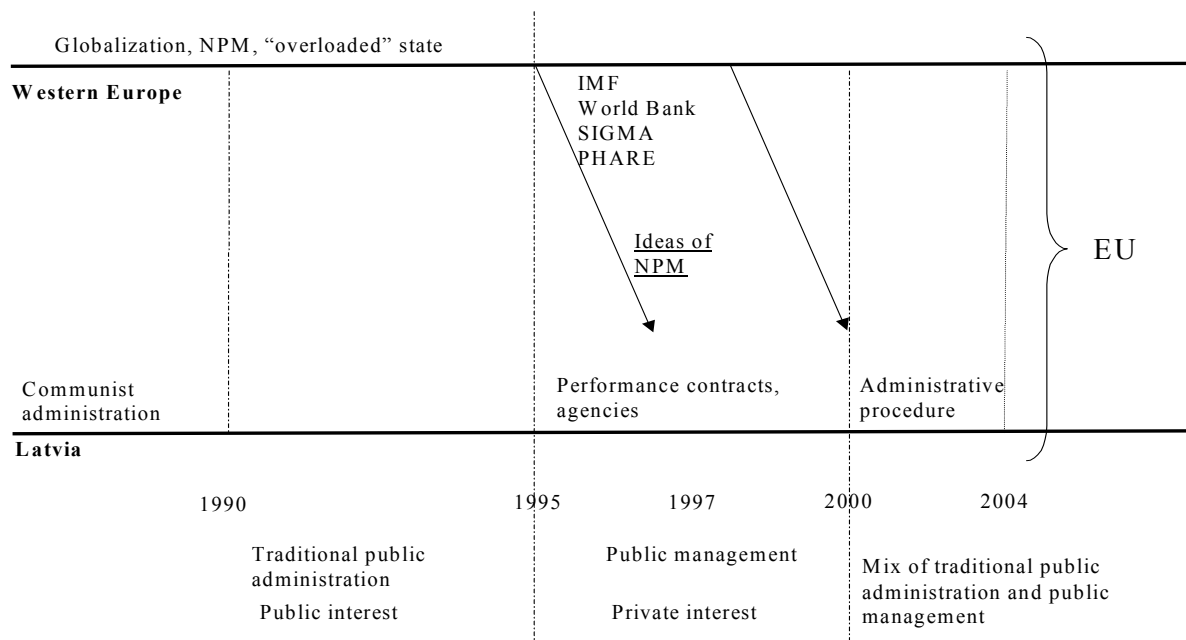


Figure 2: Dynamic of Latvian public administration development [29, p.73]

The analysis of governmental declarations in combination with activities performed shows the periods where the traditional bureaucratic model and where the NPM model was dominating. The period when the traditional model was dominant is very short – from May 4, 1990 (approval of the Declaration on Restoration of Independence) to the end of 1995 when A.Šķēle became a prime minister. Ideas on performance contracts and agencies became obvious right after A.Šķēle entered a position. After 1995, politicians and bureaucrats were speaking with words of the NPM theory. In this context, the year 2004 was special when Law on administrative procedure came to force. The law by its nature is contradictory to the NPM bureaucrat with initiative and enterprise and put on agenda the question what kind of interest's public administration represents and implements. According to the theory, the ideal path of Latvian public administration development should as it is shown in the Figure 1. In this case, the evolutionary nature of conversion from the traditional model to public management would be followed both – theoretically and practically.

Policy transfer is the process where policies and practice of one political system are transferred to another political system [14, p.101]. Professor Dolowitz assures that policy transfer is cheap and easy to use because sometimes information and ideas are found at conferences, working trips and travels. The next popular stream of policy transfer is experts and consultants hired by international organisations. Therefore, if public administration has local or global pressure policy transfer will be the instrument used instead of adaptation of ideas and institutions. In addition, policy transfer is a result of globalisation and development of communication means and technologies. This result has been widely used by international organisations (e.g. World Bank, EU, and International Monetary Fund) offering similar policies to the developing countries [15, p.7]. The policy transfer concept includes both: explanation of the policy outputs and outcomes as well as explanation of reasons why policy transfer is accepted and utilised by actors. Thus, the author will analyse results of policy transfer in Latvia in the three stages and will try to explain politicians' motivation to engage in policy transfer.

### *The first stage of policy transfer*

The first stage last to 1996. Looking on origins of ideas used in Latvian public administration, one can see that the first ideas on civil service and public administration structure were borrowed from Germany. The experience and legislation of the first Republic of Latvia was also transferred. These ideas expressed themselves in Public Administration Reform Conception (approved at March 28, 1995) and the law "On state civil service" (approved at April 21, 1994). Both documents emphasise Weberian principles like hierarchy and legitimacy as well as separation of policy formulation from policy implementation. The reinstated legislation and Satversme<sup>1</sup> of the first Republic of Latvia played a major role as well. The public administration was regulated by the reinstated and the refined law of 1925 "Structure of the Cabinet of Ministers" approved on July 16, 1993. In addition, at the beginning of 1990ties there was legislation in force approved at the times of Soviet Republic and in force before August 21, 1991 when the constitutional law "On status of the Republic of Latvia" came into force [24, p. 23]. Therefore quite an interesting situation was formed. The legal norms of three different periods existed simultaneously – norms transferred from the first Republic of Latvia, norms from the Soviet period and newly approved laws. In the period to 1996, the legal framework of the first Republic of Latvia and German ideas were dominant expressing the traditional bureaucratic model and public interest.

Before the author will explain governmental behaviour and motivation during first stage, the government led by I.Godmanis should be mentioned since this government put the foundation for the current Latvian public administration. The two decisions should be mentioned both approved by I.Godmanis government. The law "On Council of Ministers of the Republic of Latvia" (approved at May 11, 1990) and the decision of the Council of Ministers "On public administration under conditions when independence of the Republic of Latvia is being restored" (approved at May 25, 1990) resolved the basic structural problems of public administration. In result, total number of ministries decreased from 19 at 1990 to 12 at 1993 as well as functional division among ministries changed [19, p.44].

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<sup>1</sup> The Constitution of the Republic of Latvia is called Satversme.

However, this government was more concerned with political and economical issues rather than public administration ones.

The coordinated administrative transformation started at the period of V.Birkavs government (August 3, 1993 – September 19, 1994). Public administration was seen as an instrument for implementation of economic policy, therefore having political attention. V.Birkavs government constructed the necessary ground for development of public administration - frameworks of civil service system and the institutional system. Besides legislation, the government also contributed to definition of politico-administrative relations and as well as defined a role of a state secretary as a highest official in public administration. Activities of both governments led by V.Birkavs and I.Godmanis were oriented towards building up a modern public administration. However, the stereotype of self-interest oriented bureaucrat was very alive in the political communication in general. At the same time, there was no definition available who are civil servants and no institutional system of civil service at place. In order to define the status of civil servants, this government contributed a lot for development of the Civil Service law. Latvia became one of the first countries in the Central and Eastern Europe having a law regulating status of public administration employees. Ideologically the law was based on German and Latvian experience between World Wars. Minister of state reform M.Gailis later recognised that *a fact having a law before World war<sup>2</sup> and the law itself was an argument* for approval of the law at 1994 [17, p.111]. The Civil Service law was a perfect place where to find features of the ideal model of bureaucracy created by Max Weber. The Latvian civil service was based on division into categories and strict hierarchy. Training of civil servants as a tool for formalisation of behaviour was foreseen. V.Birkavs government was in a dual situation. From the one side, political resistance and negative attitude towards bureaucracy was strong in general. Thus, the government was forced to take very critical position in respect to civil service. From the other side, the government knew and recognised that public administration is necessary in the modern country.

When M.Gailis became a prime minister (September 19, 1994 – December 21, 1995), administrative reform was automatically considered

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<sup>2</sup> World War II.

as the governmental priority. At June 13, 1995 the regulation of the Cabinet of Ministers "On administrative procedure" was approved. From one side relations between public administration and society were regulated. From the other side administrative procedure was assumed as a tool for bureaucratic control. This approves one more time strong impact of the traditional bureaucratic model.

The first stage of policy transfer had two relevant features. First, there was denial of all elements connected with the previous Soviet type administration. Second, administrative transformation was perceived as a side effect of economical and political reforms, not as a precondition for economic development. The Soviet administrative system was actively destroyed during 1990 to 1993 when I. Godmanis government was at power. Soviet institutional system was completely reorganised. Public institutions were either eliminated or merged together. The creation of the new agencies and reinstatement of pre-1940ties organisations was main feature of institutional changes. At the beginning elimination of organisations expressed denial of the previous administrative system. A bit later practical arrangements were crucial for changes in the administrative system [17, p.219]. In general, administrative transformation was strongly influenced by changes of political regime at the beginning of 1990ties. This actually means that political regime having impact on functioning of the state had also impact on public administration.

A systemic approach to administrative transformation has started after 1993 when the Ministry of State Reforms was established. The Ministry actively has started to develop the completely new administrative structures and instruments. However, nor administrative structures, neither instruments were implemented in practice consequently. Later, former Prime Minister M. Gailis recognised that *a lot of things we had done were theoretically right, but we could not be able to implement them because of inertia in public opinion* [17, p.104]. The change of administrative system was based on will to introduce the new system based on the theoretical models. This actually also shows potential area of conflict existing between the old and the new system and politicians perceptions on them. According to the politicians' view everything connected and related to Soviet administrative system was wrong, but all new and the theoretical administrative models were good, modern, democratic and

therefore acceptable. Search for the new models was so strong that evaluation of requirements to public administration was not a priority.

There was a trial transformation after 1990, because changes had influenced political, economical and administrative systems. The trial transformation was a visible part of the iceberg because the invisible part was definition of the new role for the state and definition of national identity [33, p.2]. In addition, the new administrative identity for employees of public sector should be defined since the largest part of employees from previous regime were fired or left their positions, but the new ones were not professionally ready to take up positions [17, p.106].

The trial transformation determined behaviour of politicians in respect to policy transfer. Previous Soviet type administration was destroyed and denied for achievement of political goals. Changes in administrative system were necessary objectively. Command type administrative system could not fit together with market economy. However, subjective moments also could be found. Politicians during 1990 – 1993 could not afford to keep alive anything describing the previous regime because of own fear to lose popularity and of common fear to fall back to the past regime. Therefore reinstatement of legislation from the first Republic of Latvia was evidence that Latvia is able to continue democratic traditions.

### *The second stage of policy transfer*

The second stage (from 1996 to 2000) was significant with the fact that ideas came from the traditional liberal countries – UK, USA and Australia well known with the NPM ideas like – agencies, performance contracts, client orientation, performance evaluation, internal audit. The choice in favour of NPM was natural because a rapid development of social and economical processes as well as impact of banking crises in 1995. Latvia's will to join EU shows on lack of public administration capacity in fulfilment of functions entrusted. Actually this meant that public administration efficiency was on a very low level. Consequently, there was a need for the new impulse in development of public administration. Such an impulse was found in the NPM theory and its ideas.

The situation in public administration dramatically changed after A. Šķēle was approved at December 21, 1995 as the prime minister. A. Šķēle's attitude towards public administration

clearly explains that he formerly was a businessman. Thus governmental mission was defined precise and strict – *to eliminate bureaucratic barriers and to simplify bureaucratic procedure* [7]. The government expressed those old administratively commanding methods” failed and the state is like an enterprise under bankruptcy [6, p.168; 7].

The situation really was dramatic, since number of civil servants was steadily decreasing for 11 818 at 1995 to 8 160 at 1998 [20, p.129]. Public administration organisation chose to be regulated by the Labour law instead of the Civil service law, thus having more flexibility and discretion on remuneration issues. Low level of salaries was an issues included and actively discussed by foreign experts as well. Need to find quick and administratively acceptable solutions determinate scope of alternatives. There was no time for long term and time-consuming remuneration reforms therefore search for easy applicable best practice was a solution. At January 21, 1997, the regulation “On performance contracts” was approved constructing a legitimate base for increase of salary. Performance contracts originally were designed based on New Zealand’s experience with an idea to provide financial incentive for those civil servants who have performed their tasks on very high level and achieved considerable results. In reality, performance contracts having confidentiality status became a part of salary. Governmental dissatisfaction with bureaucracy was increasing. A.Šķēle tried to explain his opinion: *There is a lot developed countries do not having civil servants. These countries cancelled civil service and transferred to special contracts without special guarantees [<.>]. Latvia had once civil service. It was in other European countries as well. But it is hard to say whether we should copy it. [<...>]. I have already said that the government want to take a list of accountable positions out of hierarchy of civil service and to hire them on individual contracts*<sup>3</sup> [6, p.271].

A.Šķēle’s opinion actually explained motives of governmental behaviour towards policy transfer. First of all, A.Šķēle was disappointed and showed on policy failure of the traditional bureaucratic model. By highlighting shortcoming of the traditional bureaucratic model, A.Šķēle clearly expressed his opinion that administrative policy before 1995 had not achieved considerable results and even was not appropriate for Latvia.

During the second stage of policy transfer, two specific issues should be emphasised – performance contracts and quality management system. If performance contracts were imported from New Zealand, but quality management system was founded at the private sector. Both issues were incorporated in the legislation during term of A.Šķēles government. In fact, until 1995 development of public administration was developed on the traditional bureaucratic model. A.Šķēle government brought in liberal ideas expressing relevant strategic changes in the administrative transformation process. Bureaucratic procedures and administrative barriers were the main topic on the agenda of public discussion. These topics should be interpreted in the context of NPM.

The second government of A.Šķēle (February 13, 1997 – August 7, 1997) was mainly concerned on “contracting out” ideas borrowed from UK. Contracting out and performance contracts characterised governmental opinion that a state should perform as less functions as possible leaving many functions at the private sector. Liberal “minimal” state approach should result in savings in the state budget. In addition, under flexible and competitive remuneration conditions civil servants would perform better as competition works in the private sector.

The government of G.Krasts (August 7, 1997 – November 26, 1998) was the first one recognised impact of EU integration on administrative transformation. Administrative transformation before being internal issue became one of the success factors internationally in respect to integration into EU. The goal was defined and it was very clear – *Latvia have to use all privileges and resources being EU associate member* [9]. It was clear that approximation of EU law could be performed only increasing administrative capacity. Undoubtedly, the government reacted to administrative problems pointed in Agenda 2000, at least including them as priorities in the governmental declaration. Agenda 2000 expressed that low salaries are the main reason why civil servants are leaving public sector [5; 14, p.89]. This might became the main reason why Latvia will not be able to adopt *acquis*.

The period of G.Krasts government was significant with increasing activity and interest in administrative transformation from both – EU and World Bank. EU was concerned on Latvia’s capacity to adopt *acquis* and lack of capacity in future might become an obstacle for successful membership. In turn, World Bank requested to

<sup>3</sup> Translation provided by the author.

improve administrative capacity in order to receive structural adjustment loan. Under World Bank pressure, the government approved "Public administration development strategy till year 2000" (December 23, 1997). The future of structural adjustment loan - 60 million US dollars depended on approval of the strategy. From the transformation point of view, such a strategy was necessary since speed of transformation increased and politicians were more concerned. However, by substance the strategy was purely document expressing World Bank's vision on administrative priorities, not the national vision [23].

There are traditional bureaucracy principles along to public management ideas included in the strategy. The traditional bureaucratic model was followed in civil service, but delegation of functions, contracting out and management audit were the issues expressing public management. Strategic and tactic elements of the strategy were mixed together creating chaos and lack of clear vision which – Latvian or World Bank – priorities were relevant. Partly, chaotic approach can be explained by lack of experience for Bureau of Public Administration Reform<sup>4</sup> and a short time (one week approximately) available for elaboration of the strategy. The government led by G.Krasts tried to ensure continuity of the activities started by the previous governments. Therefore, issues like delegation of functions to private and nongovernmental sector as well as duplication of functions were priorities of the G.Krasts government.

At the summer of 1998, the government decided to draft the new law on civil service. Despite the fact that the draft law should be ready by the half a year, the government wanted to see the latest public management ideas included in it. The governmental decision was to have civil service consisting of corpus – general management civil service and specialised civil service. These ideas were very close to ideas expressed by Sir Robin Mountfield who recommended create senior civil service corpus. The third government led by Prime Minister A.Šķēle (July 7, 1999 – May 5, 2000) followed a path started by previous two governments led by the same prime minister. Thus, fight against administrative barriers was ongoing.

At the beginning of the year 2000, the former UK civil service secretary Sir Robin Mountfield

was invited by A.Šķēle to assess administrative transformation and give recommendations. In his report to Prime Minister, R.Mountfield emphasised on need to reach political agreement on direction of administrative transformation. At the same time R.Mountfield also pointed that Latvia need to fulfil obligations dealing with EU integration and World Bank's structural adjustment loan [26]. In addition, R.Mountfield recommended to eliminate *vacuum in the governmental system* originated out of strong vertical coordination within the ministries and poor interministerial horizontal coordination [26].

In his evaluation of administrative transformation, R.Mountfield was very critical pointing out that there is no clear employment status at public administration, remuneration is too low and civil servants are more rooted to own ministry than civil service as entire body. Critical characteristic of civil service and reference to vacuum in the centre of government created doubt on sense of administrative transformation in Latvia. In addition, Mountfield's critical opinion paid regards to fact that neither politicians nor civil servants have ever negotiate on public administration model in Latvia and the ways how to reach it. R.Mountfield was the first and only foreign expert critically assessed administrative transformation, but the part of his recommendations was implemented.

World Bank expert D.Ives arrived to Latvia in August 2000, half a year after R.Mountfield's visit. D.Ives also very critically evaluated achievements of administrative transformation. He emphasised that there are achievement in respect to development of the new laws, not always consequently implemented [18].

Huge and breath-taking transformation lasting to 1995 went in the next stage when they lose its initial speed and attractiveness. The priority of the second stage was banking crisis of 1995, economic problems and routine work on elaboration of the new normative acts. Such kind of decline lasted to 1998 when Bureau of Public Administration Reform actively started to work on documents and researches pointing out shortcomings and not implemented ideas of administrative transformation. Professor of Oxford University J.J. Hesse argued that politicians recognised need to continue structural transformation and there is necessary segmented approach to administrative transformation [17, p.221].

Year 1998 can be described, as a break point because politicians and civil servants recognised

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<sup>4</sup> Bureau of Public Administration Reform was established at July 1997. At year 2000 it was included in the Secretariat to Minister of Special Assignments on Public Administration and Local Self-government Reform.

that Civil Service law of 1994 was not implemented in practice. Public Administration Reform Conception of 1995 was in the similar situation since it was not implemented in any of its five priority (reform in relations between society and public administration, reform of public administration functions, reform of institutional system; reform of basic principles for public administration, reform of public administration instruments) [32]. The situation became more and more dramatic. Scandals on performance contracts, uncontrolled proliferation of public agencies put the question on substance of public administration reform. In order to improve the situation in the civil service, the Bureau of Public Administration and Deputy Prime minister J.Kaksītis decided to invite experts from SIGMA programme.

During the second stage of policy transfer, public administration became external issue and precondition for integration into EU. Facing internal problems and failure of the traditional bureaucratic model included in the Civil Service law of 1994, the politicians were under pressure to search for quick and easy applicable ideas. Therefore, policy transfer became a crucial aspect for political success. Politicians could choose to try to adopt a foreign model with a prior evaluation or to take ready model to apply. They chose the last alternative. In addition, international organisations were important players during this stage.

Recommendations by external actors to use NPM for public administration development can partly be explained as their worries of *overloaded state* in Latvia already experienced in Western Europe. External actors did not have any experience on public administration development after a complete change of political regime, and experi-

ence of actors from Africa and Latin America cannot be applied to Latvia by substance.

At the beginning of 1990ties, international donors reviewed their support and aid policy in the developing countries, requesting beneficiaries to liberalize policies and improve public administration based on the principles of NPM like accountability, client satisfaction [21, p.9]. Such policy by international donors was promoted by collapse of the USSR, crises of *welfare state*, development of *Asian tigers* and of course, increases of humanitarian aid to the third world countries [34, p.1].

World Bank its vision on public administration included in the term *governance*. EU utilised two instruments – the principles of European administrative space and PHARE programme for distribution of public administration model. International Monetary Fund and International Finance Corporation used monetary instruments to foster developing countries to liberalise policies. Such behaviour of international organisations allows assuming that partly they should be responsible for ideas and management methods used in the developing countries during administrative transformation. However, local politicians should also be responsible for transferred policies. They made the final decision on policy transfer in the respective field.

Summary of requirements and recommendations of international organisations on development of Latvian public administration see on Table 1.

### *The third stage of policy transfer*

The third stage for Latvia public administration has started in 2000 when elements of system approach to administrative transformation can be identified. A lot of laws and the conceptions were approved. They were: the Concept paper on corruption

*Table 1: Summary of requirements and recommendations of international organisations on development of Latvian public administration*

<i>EU (including principles of EAS) [26]</i>	<i>International Monetary Fund [12:5]</i>	<i>OECD (including SIGMA) [18]</i>	<i>World Bank [19]</i>
Efficiency Accountability Internal audit Civil service Planning of expenditures	Efficiency Medium term planning of expenditures Strategic planning	Remuneration system in civil service Civil service monitoring Capacity of central coordinating bodies	Efficiency Trust Decrease of public expenditures Personnel management Civil service Corruption prevention

prevention (August 8, 2000), Law on state civil service (September 9, 2000), Law on public agencies (March 22, 2001), Law on administrative procedure (October 25, 2001), Law on public administration structure (June 6, 2002). Approval of these laws was merit of the government of A.Bērziņš (May 5, 2000 – November 7, 2002).

During this stage both models – the traditional bureaucratic and NPM exists and it is hard to identify the dominant one. Approval of the fundamental laws for public administration especially Law on public administration structure and Law on administrative procedure testifies that the balance could fall in favour of the traditional bureaucratic model. Furthermore, behaviour of Latvian politicians A.Šķēle and E.Repše shows that politicians would like to have more control over public administration which during the previous period (1996-2000) has ensured more private interests than public ones. A.Šķēle has invited well-known foreign expert for development of public administration model, but E.Repše has proposed changes in the normative documents having more power for Prime Ministers to dismiss a civil servant during review of his/her disciplinary case. It can be concluded that there is a hybrid model in Latvian public administration since administrative culture in Latvian public administration is different than one in the countries of origin of NPM.

A.Bērziņš government approved also “Public administration reform strategy from 2001 to 2001” (July 10, 2001) and implementation plan for the strategy (December 11, 2001). The Strategy defined midterm goals for public administration reform. The strategy speaks in the language of the NPM – *definition of public administration vision, development of strategic planning, development of results-oriented working culture, improvement of service delivery culture, improvement of public service quality, dictate of clients* [31].

In addition, the five goals of strategy assure impact of NPM. These goals are:

- 1) To ensure future-oriented unified public administration;
- 2) To ensure efficient financial and budget management;
- 3) To achieve public participation in decision-making and societal trust;
- 4) To ensure qualitative public services;
- 5) To ensure qualified, motivated public administrators [31].

The strong manifestation of NPM is based on the assumptions that the future-oriented public administration is leaded by dictate of client, not bureaucrat [31]. Therefore, the strategy accepts client as the most relevant person in service delivery process, and public administration should serve to private interest of a person. The implementation plan of the strategy looks on the goal on financial management through efficiency perspective. In turn, increase of trust to public administration was expected to achieve by instruments traditionally used in NPM countries like citizens’ charters and service standards [32, p.19]. Ideologically opposite view was included in the Law on public administration structure and Law on Administrative procedure. Both laws are based on the traditional bureaucratic model. Lawyer E.Levits, who elaborated a draft version of the Law on Public Administration Structure, see public administration capacity through such elements as civil service, hierarchy of public administration and right decision-making procedures [25].

The next two governments leaded by E.Repše (November 7, 2002 – March 9, 2004) and I.Emsis (March 9, 2002 – December 2, 2004) was more concerned with preparation being EU member state. Repše was the prime minister having critical and even negative view on the public administration. The Repše’s government declared that public administration is financially irrational and inefficient [13]. Thus, functional audits were perceived as a solution for all structural problems of public administration. The current government leaded by A.Kalvītis do not perceive public administration as an issue to discuss on.

During the third stage policy transfer still works as an instrument for administrative improvements. In comparison with the previous two stages, the third stage has several specific features. First of all, policy transfer worked under the camouflage of approximation of *acquis* before Latvia became a full member of EU. Secondly, now Latvia as the member of EU is involved in the europeanisation process. Thus, the purpose of policy transfer has changed. During first two stages, administrative policy was transferred because of need to resolve administrative problems. During the third stage, policy transfer is concentrated upon effective membership in EU.

Finally, comparing governmental commitments and ideas on transformation of public administration, the author can draw out a tendency.

First of all, issues of public administration are included in the agenda under the pressure of external factors. Relevance of public administration issues has decreased since 1991. Secondly, governments had used short-term tools for solution of long-term problems in public administration. Thirdly, short-term tools resulted in quickly achievable results within term of the one government, but did not resolve the global administrative problems in the country.

Latvia does not keep a secret that some public administration reform documents were prepared because international donors requested. Therefore sensitive questions touching upon public administration has been accepted without prior internal political discussions. The lack of internal political discussions in society, between politicians and bureaucrats is very important factors determining policy failure of public management model transferred. We cannot deny impact of the international donors on NPM transfer to Latvia, but still it would be better if Latvia could choose policy, programme transfer and theory transfer on conditions locally known.

### **Main conclusions**

Latvian public administration was developed in three basic phases. First phase was until 1996 when Weberian ideas dominated, and the second phase - where NPM ideas came in. If the implementation of public interest overruled the first phase, then after 1995 issues of private interests become more obvious. After 1995 performance agreements, performance appraisal and responsibility of single bureaucrats proves existence of public management ideas in Latvia. After 1995, both politicians and bureaucrats are speaking with NPM words. In this context, year 2004 was special, when Law on administrative procedure came to force. The law by its nature is contradictory to NPM bureaucrat with initiative and enterprise and puts on agenda the question what kind on interest public administration represents and implements. Finally, the third stage after 2000 is the mix of both models.

We cannot deny role of personalities in the administrative transformation process. The two influential persons were Prime ministers - Māris Gailis and Andris Šķēle. Gailis can be considered as supporter of the traditional bureaucratic model, but A.Šķēle - a supporter of public management. A.Šķēle has invited to Latvia sir Robin Mountfield who was the only foreign expert glo-

bally assessed efficiency and effectiveness of public administration. R.Mountfield by giving its evaluation on Latvian public administration indirectly evaluated initiatives of public management in Latvia. R.Mountfield's recommendations pointing on strong management centre and decentralisation of functions was similar to A. Šķēle's liberal view on public administration. There are similarities in a way of thinking on public administration for both: A. Šķēle and R.Mountfield. Therefore R.Mountfield's recommendations has impact not only on institutional structure of public administration, but also on politico-administrative relations.

In case of external pressure, we should discuss the role of two influential actors – EU and World Bank. Recommendations and requirements of EU, World Bank, R.Mountfield, D.Ives and A.Schick were considered. For a new country it is easier to follow foreign and recognised recommendations rather than to defend own position. By considering experts' opinions there was a possibility to ensure conformity of behaviour to opinion. In Latvian case, the conformity was an essential factor. Conformity to EU opinion was essential due to the goal to be part of the organisation. The recommendations of World Bank were relevant because of the Latvian internal need to receive structural adjustment loan. Of course, membership of EU was strategically more relevant therefore recommendations were accepted. For example, "Public administration development strategy till year 2000" was elaborated based on World Bank recommendations, but the State civil service law (accepted September 7, 2000) was elaborated under EU pressure.

Evaluating administrative transformation in Latvia after 1990, we can see search for equilibrium for two models - the traditional bureaucratic model and NPM. Elements of both are introduced in the public administration without any prior assessment. Also, administrative transformation keeps reacting style despite some few initiatives in last five years. Therefore the basic question is: "Does administrative transformation happened at all?" The question is relevant due to the two factors. First, the government of M.Gailis actively destroyed a previous administrative system with a slogan to develop modern public administration. Second, after 1995 administrative transformation happened under the pressure of external actors and the aim of transformation was to create public administration capable to cope with EU member state functions. At the

moment, since Latvia is the member state of EU, we can assume that public administration is as it should be in a modern state. Such an argument approves that administrative transformation was performed. But negative attitude of society towards public administration and fulfilled requirements of EU and World Bank shows completely different picture when administrative transformation is just declarative by its nature and scope. This means, that formally transformations have happened, but the results obtained does not fits to expectations within society.

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### **Viešosios politikos raida viešajame administravime: praktinio įgyvendinimo aspektai**

#### **Reziūmė**

Viešosios politikos raidos kontekste straipsnyje analizuojamos naujosios viešosios vadybos įgyvendinimo Latvijos viešajame administravime ypatybės. Akcentuojant, kad viešosios politikos transformacijos lemia daugelis veikėjų, straipsnyje daugiausia dėmesio skiriama Latvijos aukščiausiųjų valdžios institucijų politikų ir išrinktų valstybės tarnautojų veiklai tirti. Politikai yra vieninteliai veikėjai politinių transformacijų metu lemiantys politikos kryptis. Politikų motyvacija apspręsta vidinių ir išorinių spaudimų yra svarbi politikos transformacijos laikotarpiu. Siekiant išanalizuoti politikos transformacijos Latvijos administravimo transformacijų kontekste autorė analizuoja valdžios deklaracijas ir veiklą kaip pagrindinį šaltinį, atspindintį valdžios veiklos kryptį.

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