

## REFORMS OF THE STATE MANAGEMENT SYSTEM IN LITHUANIA

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Автор рассматривает реформы системы государственного управления в Литве и анализирует роль государства. “Sunset commission” была создана в декабре 1999 года. Официальное название комиссии – Комиссия по подготовке предложений для дальнейших структурных реформ системы государственного управления. Но с момента начала своей деятельности она получила условное название “Sunset commission”, выполняя миссию по улучшению системы государственного управления.

*Ключевые слова:* государственное управление; менеджмент; кризис; финансирование.

### **The situation of the rise of “Sunset commission” and its history**

The Commission for the preparing of suggestions for the further structural reform of the state management system, in Lithuania is generally known in the name of “Sunset commission”. Commission started its work in very negative conditions. Finance crisis in Russia in the spring and middle of the year 1999 strongly affected Lithuania’s economy. It started the downturn of economy. The deficit of budget was growing. The pickup of the taxes decreased almost twice. And all that was followed by the crisis of politics. The government of G. Vagnorius resigned. The next was the government of R.Paksas, which lasted also only for five months.

In such situation, new assigned government of A.Kubilius started with radical means to balance the budget and to rationalize the work of the public institutions.

We can distinguish three circumstances which caused the rise of the “Sunset commission”: 1) Economical stagnation, connected with the crisis in Russia; 2) active will of the government, pointed towards the reforms; 3) foreign experience.

1) Crisis in Russia.

With the beginning of crisis in Russia, two governments has changed, until the new appointed government of A.Kubilius understood, that the budget which was affected by that crisis can not any more carry on previous obligations. These obligations for

the national citizens must be reduced, but also they must be reduced reasonably. That's why it should be considered on the improvement of management and budget.

2) The efforts of the government to solve the crisis in the way of reforms.

Though in Lithuania at that time the ministry of management reforms and municipality affairs existed already for a couple of years, but the work of it didn't gave appreciable results: the work of public institutions was non effective, too little efforts were given for improving the skills of public officials.

So it was made at first sight a bit paradoxical decision: near the mentioned ministry it was also established commission, which in the fact didn't have any authorization regulated by laws or by resolutions.

The "Sunset commission" was made at the 3<sup>rd</sup> of December, 1999. The official name of the commission – Commission for the preparing of suggestions for the further structural reform of the state management system. But still it was started to call in the name of "Sunset commission", considering that the mission of this commission was to improve the management of the bureaucracy and inefficiency sunset.

Prime Minister was one of the biggest initiators in the establishment of this commission and also the political supporter of its work. As the chairman of the commission was appointed the secretary of the government A.Šemeta, as his assistant – the adviser of Prime minister, as the members – representatives from European committee and from the ministry of municipality affairs, and, what is very important, also from non-governmental organizations.

3) Foreign experience

"Sunset commission" wasn't discovered by the mentioned government of the conservatives in Lithuania. It was using similar earlier experience in Canada, New Zealand and Great Britain. For example, in Great Britain in the year 1982 it was started to implement "Financial management" program. Firstly it was seeking to reform the sponsorship of public institutions in such way, that it would stimulate work in these institutions. The principles of "Financial management" reminds of the principles of strategic planning system.

The analogical financial management system was also created in Canada and to transfer its experience, Canadian experts came to Lithuania; they also suggested for the "Sunset commission" the draft model of strategic planning.

### **Organization of commission work**

We can distinguish four stages of commission work: 1) Formulation of aim and size of the work; 2) Proposals for reforms; 3) factual breakdown of commission.

1) Formulation of aim and size of the work;

During the first two months commission was searching for its own methods of work. With the intention to work systematically, commission set the aims for its work and created methodic, according which it decided to value the necessity of financing some functions of public institutions. In accordance with this methodic adequate questionnaire was created for the institutions.

2) Proposals for reforms;

After the approval of that questionnaire by Lithuanian Government, commission questioned public institutions. When commission got answers from institutions, it started to analyze the work of institutions, and also started to give the proposals in order to increase the efficiency of public management.

Commission had to work in regard to very short terms, which were determined by a) particularly hard crisis, with the threat to grow into financial catastrophe and b) the thing, that to work for that Government was left only nine months.

Commission was working into *two directions*, suggesting for the Government:

a) To accept concrete decisions, which do not demand long preparation, in concern with liquidation of the double functions of institutions, refusal of the unnecessary institutions and functions, reduction or liquidation of financing.

b) To make juridical and methodical presumptions for continual and uninterrupted rationalization of functions and expenses of public institutions. That is to implement particular mechanism in public administration system, which would secure continual rise of the efficiency of the system. This attitude reflects in the main provisions made by commission for the structural reform of the public management system, also in methodic of strategic planning, and in the proposed interior audit system.

3) Factual breakdown of commission;

After the elections of Parliament (Seimas) in autumn 2000, social democrats got the power. Commission wasn't formally liquidated, but it became disabled in its functions. It started "Sunset of the sunset".

### **Spheres of commission work:**

#### **1. Structural reforms**

Commission sought mostly to reduce the separatism of ministries and of that coming double functions and unnecessary financing. Commission from

the collected documents first of all selected functions not typical for ministries. It was suggested to give those functions for other ministries or agencies.

Example Nr.1 One of the first topics of the discussion became the *management of agriculture schools*. It was proposed to give the management of those schools from Ministry of Agriculture to Ministry of Education and Science. Last-mentioned ministry had to prepare the plan for improvement of those schools network. In such way it was saved about 2 million litas and the existing accommodations were better used.

These proposals of commission got a very big institutional resistance. But the Government still managed to implement such decisions proposed by the commission.

Example Nr.2 According to the proposal of "Sunset commission" *the institutions controlling the market were joined*. Till the reformation model, proposed by commission, market was controlled even by few institutions, and there were a lot of lacks in the realization of market control. The "Sunset commission" proposed to merge the institutions and to leave only two institutions: a) Food and veterinary inspection; b) Inspection for safety of non food products.

This reform was later valued especially positively by the European Commission, and represented as a model, which could follow also other European States. Some resolutions of the Government were accepted on this issue.

Example Nr.3 Failures. Not all structural reforms, initiated by "Sunset commission" were successful. Interior system, which joins more than ten thousand employees and which needs large resources of the State attained special attention of commission. However, this ministry was particularly seeking to keep the privileges for police officers, so it was resisting any reform by delaying the process of decisions adoption and was waiting for the change of the Government.

On the reconstruction of interior system it was made a lot of preparatory operations, but only because of the change of the Governments the implementation of reform stopped. And the reform of health system was going much harder. Commission suggested arranging the public management of the health system.

The conceptual point of the reform – is to eliminate an existing dubbing of the functions between the institutions which depends on Health Ministry, also to save administrative expenses and to rationalize the work of health system. However the reforms of this system stuck still in conceptual level.

## **2. Reduction of the expenses**

- Since it was a big budget deficit, Commission revised the implemented programs of ministries and Government institutions and suggested for Finance Ministry not to finance any more some of them. In such way from the 2001 budget project it was deleted about 70 million litas of planned expenses.
- The other principled attitude of "Sunset commission", which the commission was keeping while it was implementing the task to reduce the expenses, was – the reach *to transfer for the agencies or to privatize all functions which were not specific for public management*.

Example Nr.1 Commission have analyzed the information, connected with the property administrated by public institutions and suggested to reject of unnecessary property, and first of the resorts and sanatoriums which were under the disposition of public institutions, hereby it was saved the finance for their keeping. In such way it was privatized 19 different objects.

## **3. Governance orientating to the people**

Commission was seeking to orientate the functions of management to the clients. For example it proposed:

- *New order of service for individuals*. In this order it was foreseen a necessity to organize the service for citizens of "one window" (*front office*).
- *The reduction of bureaucratic restraints*. Commission suggested the program for the reduction of bureaucratic restraints and for the optimizing the management system.
- *Regulation of permissions and licenses*. Commission have analyzed the material supplied by institutions about the given permissions and licenses, and made a list, when they should be removed and the list of those cases, when it could be applied the principle of "mute agreement" (when from the institution comes no answer it is equal to acceptance).

## **4. The increase of efficiency of public management system**

- *The accountability of the public management institutions practice and the opportunity to stop the sponsorship*. Commission suggested to accept the order, under which the public management institutions would have to account properly for their practice in every 5 years for the authorized by Government institution. The reform succeeded just in a part.
- *Expansion of the political responsibility lines in public management*. Commission suggested re-

organizing 13 institutions – Government offices – in that time directly subordinated to Government. The reform succeeded just in a part.

**5. Implementation of self-effectiveness “gene” in public management system**

- One of the most important suggestions made by commission is the implementation of strategic planning system in Governments work. By implementing this suggestion it was created separate commission, by the decree of Prime minister. The mentioned commission created the first in Lithuania methodic of Strategic planning. It was also made the draft of inner audit system.

**Conclusion**

“Sunset commission” which was functioning in the year 1999-2000 was the originator of the implementation of New public management principles in Lithuania. The work of the Commission showed that the reforms were blocked by:

- a) *difficult mechanism for implementing the reform.* To implement the reform is not enough only the efforts of the Government, it is also necessary the approbation of Parliament (Seimas) and general political support. The presence of crisis makes more advantageous conditions, but by improving of economical situation the determination for reforms is disappearing.
- b). *Large resistance for reforms.*
- c) Reforms were blocked also by the Public office law, which granted many guarantees to public officials.

“Sunset commission” managed to find the ways, how to implement the intended reforms till the end:

- a) It suited very well the method used by the commission – to form the mixed groups of specialists for solving the problems of various spheres. The necessary condition – that in such working groups it would be included independent specialists from that field, and best of all, from non-governmental organizations.
- b) For the implementation of each project it must be appointed the responsible project management group.
- c) Since the projects included various fields and lasted for a couple of months, Commission periodically heard the reports about the made works.
- d) It fitted very well also the schema for projects presentation for Government, when the projects of reforms were discussed firstly in Commission, later – in the meeting of ministers and only in a condition of principled acceptance of ministers it goes to the sitting of Government. If some uncertainty rises, such projects are extra discussed with concerned ministers.
- e) Only because of personal reliance of Prime Minister and Government on the Commission and because of the support for Commissions initiatives it was succeeded “to move” some of the problems, which were known already for a couple of years, but because of the sophisticated coordination mechanism and various lobby activities it didn’t succeed to solve them till now.