



PRIME MINISTER INFORMS PRESIDENT ON STATUS OF STRUCTURAL REFORM IN PUBLIC ADMINISTRATION

During a special closed Cabinet meeting requested by President Valdis Zatlers on April 24, 2009, Prime Minister Valdis Dombrovskis introduced the President with the government's plans for the structural reforms of the public administration. The main aim of the reforms is to create a small, professional, and client – oriented public administration that works for the good of society.

In accordance with Latvia's Economic Stabilisation and Growth Revival Programme Action Plan, a wide range of activities are underway across the entire government sector to optimise the work of the public administration system while decreasing state budget expenditures.

Optimisation of the Public Administration Institutional Structure

Line ministries have come forward with number of suggestions on the reorganisation of subordinated and supervised institutions. Substantial restructuring measures are taking place within the Ministries of Economics, Education and Science, Health etc. The reorganization process has been initiated in 52 state institutions, which represents 23% of all those which will be reviewed and reorganized.

In the beginning of March performance audits were begun with an aim to maximize the effectivity of public administration, prevent duplication of functions, and to optimise the institutional structure. A broad range of social and non-governmental partners are involved in the process. Audits include the state archival system, an analysis of possibilities to outsource IT functions, an evaluation of the control and supervision burden to small and medium businesses, farmers, and educational institutions etc.

An inventory of overall state functions is taking place in order to determine which activities can be minimised, liquidated or delegated to the private sector. At the moment the list includes 625 entities, and the line ministries are in the process of evaluating costs and human resources for each function.

The regulation of state limited liability companies has been improved in order to exclude the possibilities of creating complex, non-transparent structures of subsidiary companies that do not confirm to overall regulation.

Diminishing the Bureaucracy and Administrative Burden

The Ministry of Economics is following the Action Plan for the Improvement of the Business Environment which includes decreasing the administrative burden in construction and real estate, tax administration, report delivering, insolvency and enterprise liquidation processes etc.

Work will also continue to reduce the number and types of information state institutions must receive in order provide services to the public. Efforts will also be made to foster cooperation and information exchange between institutions in order to minimize paperwork and delays.

Annotations of new legislative proposals include the evaluation of the potential administrative burden and its cost, thus facilitating initiatives to reduce their complexity. Tax and fee collection, registration regulations and the licensing of economic activities were given as examples where change was needed.

In order to ensure greater participation of civil society, the Cabinet of Ministers and the Latvian Investment and Development Agency web-pages feature forums for proposals and suggestions on the improvement of the public administration system.

Decreasing the Number of State Employees and Reform of the Remuneration System

In 2009, the budget for state officials and municipality employees payments decreased by 15%. Overall reduction in comparison with 2008 reaches 219.8 million LVL (app. 312,7 million EUR) or 24,6%. In the framework of amending the state budget, line ministries are working on an additional 20% reduction.

In order to ensure uniform principles for the determination and planning of payments, as well as to simplify the existing system, amendments to regulation have been prepared which will be presented to the Parliament (Saeima) on June 1. After passage, the law would affect 223 institutions with 63.78 thousand civil service positions.

During 2008 and 2009, 8026 civil service positions were eliminated, leading to a total savings of 17.2 million LVL (app. 24.5 million EUR).

Further Optimisation Measures

There are number of other reorganisation measures being analysed and implemented which concern:

- Revision of the regional network of public administration institutions in accordance with territorial reform;
- Decrease of the number of heads and deputy heads in the public administration system ;
- Centralisation or out-sourcing of support functions;
- Implementation of administration efficiency and service quality monitoring system;
- Reassessment of civil service size and regulation in order to simplify personnel management;
- Improvement of quality management and internal audit systems;
- Reduction of different bonuses in the public administration system (paid mobile phones, representation expenses, business cars etc.).

THE LATVIAN INSTITUTE

The Latvian Institute (Latvijas institūts) was established by the Latvian state to provide a wide range of information about Latvia, its society, culture and history.

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