



Avalik teenistus
Estonian Public Service

PUBLIC SERVICE

YEARBOOK 2010

MINISTRY OF FINANCE

PUBLIC
SERVICE
YEARBOOK 2010

TALLINN 2011

Publisher: The Ministry of Finance of the Republic of Estonia

Editor: Mal-Brit Pärnpuu

Board of Editors: Airi Alakivi, Karin Närep, Kaido Paabus, Anneli Sihver

Translators: Tiido & Partners Language Agency, Luisa Translating Bureau

Design: Dada AD Ltd

Print: Plc Aktaprint

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Dear officials,

Before you is the twelfth Public Service Yearbook, which gives you an overview of the key events of 2010.

For the Estonian public service, 2010 was neither ordinary nor mediocre, but full of important events. The year culminated in an invitation to join the Eurozone, and with it intense preparations. By any standards the outcome can be considered outstanding, and cooperation with the private sector impeccable. The support for the euro among the residents of Estonia rose to a high level.

The process of joining the OECD, which was completed in 2010, and the decision that Tallinn would become the headquarters of the EU's IT agency were also of great importance during the year.

2010 was a year of overcoming the financial crisis and one in which, having worked to do so for two years, we also achieved balance in public finances. Estonia's progress during the year was especially appreciable considering the risks endangering the European economy. We have emerged from the recession structurally stronger, and as such we can be fairly optimistic about the years ahead.

In the context of Estonia's public administration and the changed economic situation, emphasis must be placed on the importance of developing the public service. In the government's programme for 2011-2015, one of its priorities in administration is adopting the new Public Service Act. The main goal of the period is to achieve a better quality of public services on a limited budget by increasing the efficiency of the use of resources. One of the main prerequisites for this is reform of the public service.

Let me thank you all for your dedication, unity and cooperation – you have helped us achieve goals that are of great importance to Estonia and results of which we can be proud at the international level. Keep up the good work!

Jürgen Ligi
Minister of Finance

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CHAPTER 1

ESTONIA IN INTER- NATIONAL COOPERATION

CHANGEOVER TO THE EURO – THE RESULT OF CLOSE COOPERATION



Photo: Tiit Koha

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“It might sound odd me saying this, but to be honest we were prepared for much worse,” said Rait Roose, Head of the Cash and Security Department of Eesti Pank, during a press conference on 3 January 2011. “None of the risks eventuated. We were ready to use Plan B and even Plan C, but we never even came close to needing either of them.” With these words, the ups and downs of the changeover were neatly summarised by one of the main architects behind the technical preparations for adopting the single currency.

There was good reason to be satisfied: all of the technical systems worked perfectly during the changeover; all ATMs had been supplied with euros before the arrival of the New Year; and the currency exchange began (and continued) without any breakdowns. This was all made possible thanks to thorough preparations, which included acting out worst-case scenarios and negative developments. The two weeks of parallel circulation following €-day underscored the success of the changeover: there were no significant shortcomings in technical preparations or in the availability of information about the currency. Public opinion polls confirmed this. According to a survey conducted by Faktum & Ariko from 19–26 January 2011, 90% of Estonia’s residents felt that the changeover had gone smoothly, with only 3% experiencing problems.

There were no criminal incidents during the changeover, which is testament to the high level of security surrounding it. Such a changeover, without any major problems, is unprecedented in the history of the Eurozone.

ACHIEVING AIMS OF KEEPING PEOPLE INFORMED ABOUT THE CHANGEOVER

The public information strategy established by the communication team for the changeover was designed to ensure that everyone in Estonia was sufficiently informed of the effects and practical changes accompanying the introduction of the single currency. The aim was to achieve a situation by the end of the campaign where at least 90% of Estonia’s residents considered themselves informed. According to Faktum & Ariko, 94% of residents felt adequately informed by December 2010, rising to 97% by January 2011.

The strategic aim to increase overall support for the changeover to 65% was fulfilled in January thanks to the smooth transition. Support for the euro was considerably lower than the target level during the campaign, but this was mainly due to factors independent of preparations and beyond Estonia's control: primarily the financial crisis in the Eurozone and growing inflation in the second half of 2010 influenced by global market prices. These developments led to the Estonian communication team needing to explain the operating principles of the Eurozone and the reasons behind the price increases. The change in public opinion as a result of this work showed that the information had reached its target groups.

The European Commission rated the Estonian changeover highly in its report published on 22 March 2011, which confirmed that preparations had been good, the changeover had gone smoothly and that most Estonian residents felt it had been successful. Olli Rehn, the Commissioner responsible for economic and monetary affairs, congratulated Estonia on its success and called on future Eurozone Member States to take after the country. This is already happening: Latvian and Polish teams preparing for the adoption of the euro are busy learning from Estonia's experience, with Bulgaria awaiting its turn.

PREPARATIONS FOR THE EURO

These results were achieved thanks to years of persistent preparations, which involved virtually the entire public sector in Estonia and a large proportion of the private sector. International cooperation played an essential role in the preparations – information was exchanged daily with the European Commission and European Central Bank, and constant use was made of the experience of other Eurozone Member States.

Preparations for the transition began in January 2005, when the government formed an expert committee (hereinafter the EC) to coordinate the activities necessary to ensure a smooth changeover. Six taskforces were formed under the EC for the purpose of dealing with practical issues related to the changeover: a joint taskforce of Eesti Pank and credit institutions; a business environment taskforce; a taskforce for the technical readiness of constitutional institutions; a consumer protection taskforce; a legislative drafting taskforce; and a communications task force.

The first draft of the plan for Estonia's changeover to the euro was completed by the EC in autumn 2005, with many additions made to it during the year that followed. However, 2006 showed that the Maastricht inflation criterion could not be fulfilled due to rapid economic development, and the European Commission could not make an exception for Estonia in this matter. Active preparations for the changeover were therefore suspended, and the wait for a more favourable point in time to fulfil the criterion began.

More routine preparations commenced in 2009 when the EC convened five times. The taskforces also started working again, as well as a new taskforce to monitor and account for the fulfilment of changeover criteria. The priority at first was the problems associated with meeting the Maastricht criteria, with a focus on inflation and budget criteria. Estonia satisfied the inflation criterion in November 2009, with the budgetary position being brought to the required level due to decisive measures that were applied. The European Commission and the European Central Bank confirmed in their evaluation carried out in March and April 2010 that Estonia had now fulfilled all of the Maastricht criteria.

This positive assessment constituted the basis for the political decision-making process which reached its conclusion on 13 July 2010 with the Economic and Financial Affairs Council of the European Union giving Estonia the green light to join the Eurozone on 1 January 2011. During this process, Estonia confirmed that it would continue to pursue a responsible budget policy and other policies that supported the balanced development of its economy. The country has since had to keep that promise – joining the Eurozone does not give us an opportunity or an excuse to loosen our grip in terms of budget policy.

COOPERATION WITH THE PRIVATE SECTOR AND LOCAL GOVERNMENTS

Intensive technical preparations began in the first half of 2010 in parallel with the evaluation of Estonia's preparedness for the euro and the political decision-making process. The most important legislative milestone in the changeover to the single currency was the framework law adopted by the Riigikogu (the Estonian parliament) on 22 April 2010. This was followed in August and September by changes to regulations of the government and ministries due to the changeover.

In April and May 2010, awareness-raising activities began to guarantee the preparedness of the business sector with the main aim of informing all entrepreneurs of their obligation to display prices in both Estonian kroons and euros and the need to re-convert their IT systems by end of the year. One of the most notable activities during the campaign was the e-mailing of materials to all entrepreneurs registered in Estonia – a total of 93,543 addressees. The obligation to display prices in both currencies at points of sale was enacted with a regulation of the Minister of Economic Affairs and Communications dated 1 July 2010, which will remain valid until 1 July 2011. The obligation is designed to help people grow accustomed to the new currency and reduce the risk of artificial price changes. The Consumer Protection Board is performing routine checks to determine whether these obligations are being met, the results of which have shown a consistent decline in the number of violations (from 47% in July 2010 to just 11% by the end of the year).

As the experience of other countries who have adopted the euro has shown, the risk of artificial price increases due to conversion is one of the most serious problems related to the changeover, especially from the point of view of public opinion. The obligation to display dual prices does not in itself stop business operators from rounding the new prices up to the disadvantage of consumers, especially when competition is weak in some fields of activity. At the same time, it is clear that state regulation of prices in a free market economy would lead to negative economic consequences.

Considering this, the Estonian Chamber of Commerce and Industry, with the support of the EC, established a fair pricing agreement. Businesses who voluntarily joined the agreement took on the obligation not to use conversion to the euro as an excuse for artificially inflating prices. In other words, those who joined have agreed to follow the code of ethical business and explain their price formation during the changeover process in a way that is transparent to consumers. Most retail businesses, the entire banking sector and many local governments joined the agreement. The most important result is arguably the amount of public attention paid to the agreement, which helped convince business operators and consumers that there was a clear need to follow fair price formation principles. A completely new form of cooperation which could certainly be developed further was initiated between the state and private sectors when preparing and implementing the fair pricing agreement.

Close cooperation was also set up with local governments during preparations for the changeover. On the one hand, the aim was to guarantee the technical readiness of local governments for the euro; on the other, local governments became partners to the EC in keeping the public informed.

A range of regional seminars and information days were held in 2010 to advise local governments on information systems, legislation and accounting with regard to the changeover. There was a special euro contact person in virtually every local government to better coordinate information about the single currency. The biggest event was a national information day for these contact people held in Paide at the end of July. In addition, local governments also took part in an information stand project organised in shopping centres around the country in October, handing out brochures with information about the euro. They also organised other events to inform people themselves about the changeover. This smooth cooperation is a good example of how to join forces for a common cause.

The most important factor in the success of the changeover was the commitment of all of the parties involved, which was based on the inviolable notion that what they were doing was of vital importance to the whole country and the future of its people. The transition to the euro represents an important step in economic policy – it confirmed that we are part of the European family and greatly boosted Estonia's international reliability and popularity. The political capital earned with the successful changeover must be turned to the advantage of the country. Although being a Member State of the Eurozone does not automatically bring with it economic prosperity, a very important step has been taken and new prospects have opened up for further successful development.

SMOOTH COOPERATION AND TIMELY PREPARATIONS GUARANTEED THE SUCCESS OF THE CHANGEOVER

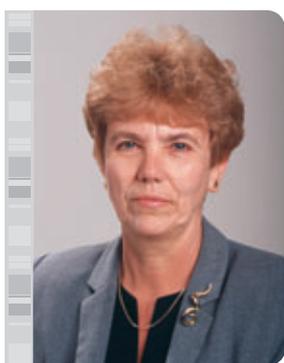
The adoption of the euro is arguably the most important event in Estonia's economic history in the last ten years. Every entrepreneur knows how important the stability and reliability of a state's business environment and finances is, and in terms of these last two aspects in particular, joining the Eurozone is extremely important to all of us. For the Estonian Chamber of Commerce and Industry, preparing for €-day meant a need to inform business operators and to be a partner to the state in making decisions and minimising risks. The Chamber of Commerce introduced the practical aspects of the changeover to hundreds of entrepreneurs at around twenty seminars that took place in spring and autumn. The most important topics were the requirements of displaying prices and changes in share capital. Ministries, the Estonian Traders Association and the chamber put together instructions to better implement the dual displaying of prices and

issued other recommendations on how to deal with the changeover. The large-scale information campaigns which were initiated early guaranteed that most businesses remained on schedule with preparations and had no major problems. The importance of smooth cooperation between entrepreneurs and business organisations is just as crucial as cooperation between the state and entrepreneurs. The round-table meetings that were held and the fact that all of the larger business organisations joined the fair pricing agreement initiated by the chamber – the biggest voluntary agreement of its kind considering the number of businesses who signed up – bear witness to this.

MAIT PALTS

Acting Director General
Estonian Chamber of Commerce
and Industry

PREPARATIONS AT THE SOCIAL INSURANCE BOARD FOR THE CHANGEOVER TO THE EURO



KÜLLI PEDAК

Director General, Social Insurance Board

'Euro' became a keyword in our work and activities many years ago – it was something we started to think about soon after Estonia's accession to the European Union. Practical preparations for the changeover began in 2006, when we first forecast how it would influence the state budget. We calculated the additional costs for the budget by rounding pension and benefit rates to an accuracy of 1, 10 and 50 cents and 1 euro.

A couple of years prior to the introduction of the single currency we made a series of calculations in cooperation with the Ministry of Social Affairs to forecast the pension and benefits budget for the coming years. We presented these amounts in kroons and euros, rounded to an accuracy of 1 and 10 euro cents.

In summer and autumn 2010 we made a great number of calculations in order to amend the main pension figures (the base amount, the value of a year of pensionable service and the national pension rate) in relation to the changeover. The working principle was that the sums should not decrease. In other words, rounding could not be to the disadvantage of the people.

The success of the changeover in Estonia depended largely on the preparedness of state registers and information systems. SKAIS, the information system of the Social Insurance Board, comprises 16 subsystems and is based on calculations of monetary resources. Around 800,000 people receive their state pensions and benefits every month via SKAIS, which constitutes almost a third of the state budget.

Intensive, systematic work in preparing the information system for the transition commenced in May 2010 and consisted of thorough research into and analysis of possible solutions as well as programming and multiple tests. The changeover of subsystems began in June, with those of pensions and family benefits the first to be transferred. We were able to begin testing the system in September, and ready to make January's payments in euros as early as 15 December.

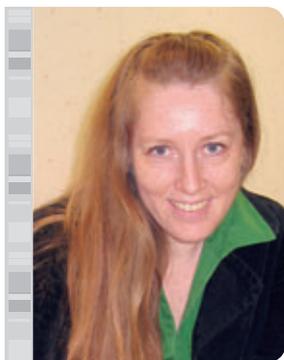
Fulfilling the agreement that no pension or benefit would decrease was most important. This proved to be complicated, since according to the State Pension Insurance Act, amounts of 50 Estonian cents and above would be rounded to the next full kroon and amounts of less than 50 cents would not be taken into account. However, pensions had to be rounded to an accuracy of 1 euro cent. Many pensions would therefore have decreased if the regular rounding rules were used when converting the main figures. As such, we had to find another solution.

The problem was solved by implementing more detailed rounding rules. The rate of the base amount of pensions was rounded to an accuracy of four decimal places (€114.6575) and the value of a year of pensionable service to an accuracy of three decimal places (€4.343). The national pension is still presented to an accuracy of two decimal places (€128.45). These calculations guaranteed that the payments would not decrease.

Social insurance payments came under special focus among the general public and media on 5 January – the first pension day of 2011. The success of the changeover in Estonia greatly depended on the payments of pensions and benefits, so the sense of responsibility was great. However, the changeover went smoothly thanks to the efforts of everyone who worked on the project and excellent cooperation with partners.

CHANGEOVER TO THE EURO IN THE INFORMATION SYSTEMS OF THE ESTONIAN TAX AND CUSTOMS BOARD

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KARIN KRUUSA

Chief Specialist, Development Division,
General Administrative Department, Estonian Tax and Customs Board

Adapting the information systems to meet the requirements of the euro was the central task of the Tax and Customs Board in 2010. As many as 200 officials from different departments worked on the project in different periods. The preparations for the changeover began in early 2009, when we compiled the first drafts of our work. Thorough preparations were a key factor in the successful transition of our systems. Work on the changeover was completed in April 2011, with the total cost incurred by the Tax and

Customs Board – 1.4 million euros – being covered by the Structural Funds of the European Union.

As Slovakia had adopted the single currency on 1 January 2009 and was the most recent country to join the Eurozone, we sought to learn from their experience. In September 2009 a delegation from the Tax and Customs Board visited their colleagues in the respective authorities in Slovakia. Although the capacity and content of the two countries' information systems were different, we gained a lot of valuable information and advice that would help us avoid mistakes in the planning process and when making the information systems correspond to the euro.

We launched preparations for the changeover by mapping the information systems and the changes that were needed. 47 different systems and applications had to be amended. The extent of changes was different: in some, only the currency's code needed to be changed; in others, it was necessary to guarantee that prepayments were converted according to the rounding rules in other systems. Our work was based on the principle that the changeover had to be as smooth and cost-effective as possible for people and the board, since the introduction of the single currency in bank accounts, accounting and contractual relationships would be an immediate one.

In order to adjust the work of information systems to the euro and to convert the accounting data in databases, we had to suspend all access to e-services for some time. The initial plan was to shut down the information systems of the Tax and Customs Board from 19:00 on 31 December 2010 to 8:00 on 4 January 2011. The end of the year was most suitable because the number of users would be smaller than during holidays and on weekends (since 1 and 2 January fell on a weekend). The number of days was determined based on the substantial number of systems and applications and the extensive work required to convert the board's accounting data.

Customers could not access the e-tax or e-customs services during this downtime. The money in the prepayment accounts of the Tax and Customs Board could not be used during the first few days of the year, and neither could deposits submitted to extend the terms of paying taxes. Amounts payable during customs clearance could be paid in cash or by debit card.

It was possible to make payments to the board's bank accounts during the period of interruption, as the sums paid were shown in the person's prepayment account after relaunching the information systems.

The adjustment of the systems was completed earlier than planned and all of the systems were online again and accessible by customers on the evening of 3 January.

Up-to-date information was posted on the website of the Tax and Customs Board to keep customers informed, and changes and planned interruptions to the information system concerning the euro were regularly published on the site. We put together a video tutorial on the most popular topics – for example, how requirements, obligations and prepayment account data would be shown after the changeover and how tax declarations should be completed. A thread dedicated to the changeover was started in the Tax and Customs Board forum in which customers could (and still can) ask our specialists directly about aspects of the changes.

In the view of the Tax and Customs Board, the adaption of the information systems went altogether smoothly and according to plan. The board's officials and the employees of the development companies who worked on the project all contributed to its success with their professionalism and high quality of work, which significantly helped to ease the transition of the system to the euro. Strong support for the project from the management of the Tax and Customs Board was one of the most important factors in its accomplishment.

BRINGING THE IT AGENCY TO ESTONIA

ESTONIA'S CANDIDACY AS THE SEAT OF OPERATIONAL MANAGEMENT OF LARGE-SCALE IT SYSTEMS IN THE AREAS OF FREEDOM, SECURITY AND JUSTICE



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On 24 June 2009 the European Commission presented the draft regulation of the European Parliament and of the Council of the EU establishing the agency for the operational management of large-scale IT systems in the areas of freedom, security and justice (COM (2009) 293, 2009/0089). By this time, Estonia had been preparing its candidacy for the seat of the agency for almost two years. This official date meant that the active phase of candidacy had begun – and it culminated on 2 December 2010 with the approval of EU interior ministers to locate the agency's headquarters in Tallinn.

Today, no one questions the importance of information systems in guaranteeing internal security. Considering the risks of illegal migration and cross-border crime and the lack of monitoring of internal borders in the Schengen zone, an information system is of great help in minimising risks. Utilising the possibilities presented by IT is one of the cornerstones of this, as it helps countries jointly reduce the danger to internal security alongside other compensatory

measures such as police cooperation and internal immigration control. There are only two systems of this type in the EU at the moment: the Schengen Information System (SIS, dating from the 1990s) and Eurodac, the information system of the fingerprints of applicants for asylum. It has been clear for many years that these systems are not sufficient to face future challenges. It is in the interests of us all to find a new, modern IT solution that will guarantee security in the European Union and the Schengen zone. The new generation SIS II and a Visa Information System are under development, but unfortunately the completion of both has been delayed for several years and it seems likely that it will take as many as 10 years to complete SIS II. The unsuccessful developments that have led to the delays

and caused great expense brought about the need for an agency that would act as a strong centre of excellence. Large-scale projects need clear lines of responsibility, a concrete management structure and professional employees who will guarantee that a multinational system covering 30 countries can be developed and managed sustainably.

Getting caught up in the failures surrounding current developments has dented people's courage to plan new solutions, but these are badly needed. However, there is no need to convince Estonians of the benefits of IT solutions, and the EU is consistently moving towards more active implementation of such technology: hence the need to establish the agency.

Estonia sees the agency first and foremost as offering and implementing new solutions. At first, many Member States thought that the agency would be charged with the task of simply keeping the existing systems working. Estonia's persistent explanations that there was no need to create a new agency just to keep the current systems running proved fruitful – more and more Member States came around to the idea that professional experience and the creation of new systems would be the true values of the agency. IT systems can be used much more effectively in internal security than they have been to date, and there is plenty of room for development. Stop for a moment and recall what Estonia thought about and how it used IT in 1995 compared to where are we now, just 16 years later.

Two Member States applied to host the new agency: Estonia and France. France managed the SIS system for Member States and thought it only natural that it would continue in the role. Estonia's candidacy was based on the decision of the Council of Europe of 2001 that new institutions would be located in new Member States, since it was not feasible for EU life to be concentrated in Brussels, Strasbourg and Luxembourg – the union needed be present in all Member States. It is noteworthy that Estonia's interest was not merely in being the location for an EU office, but primarily stemmed from the agency fitting the profile of the country. We have successfully built up our e-state over the years and our IT infrastructure is reliable and secure. Our e-services have caught people's attention and been recognised around the world, and we are sure that we can offer the right kind of environment for the agency as part of an innovative e-state. Estonia's candidacy was based upon years of work in building up our e-state's reputation.

The two candidates were unequal in terms of international experience. France's advantages were its considerable experience, investments in Strasbourg and the data centre located there. It was also one of the founders of the EU, and is a large country. Indeed, the fact that there were only two candidates speaks volumes – many Member States usually compete to host a new agency. It was important for Estonia that the European Council's principle would be respected and that new and smaller Member States would also be given opportunities.

The Ministry of the Interior, considering the long-term strategic interests of Estonia, launched preparations for candidacy as early as 2007 when the European Commission received a mandate from the Council of the EU to seek a solution for the management of the internal and legal information systems with the possibility of creating a new agency. Estonia's ministers discussed the matter and a working group with specialists from areas as diverse as information technology and IT security to real estate was formed within the Ministry of the Interior. The group compiled a thorough analysis of the conditions for the host country and the requirements it would have to take into consideration and

drafted the first proposal of Estonia's candidacy. Officials from the ministry, working with employees from the Government Office and the Ministry of Foreign Affairs, discussed the strategy and tactics of the country's candidacy. The plan was then introduced to the government, which supported the idea unanimously.

Estonia was prepared to build secure server rooms and find suitable premises. At the same time, it was clear that our ambitions might be mistakenly understood given the sensitive position of Strasbourg. We reached the conclusion, taking into account the infrastructure in France and the needs of the agency, that there was no need to move the existing systems from Strasbourg. Considering IT around the world, physical location and proximity mean less all the time. The data centres of large IT companies are not always situated in their headquarters, but scattered around the world. Systems are no longer designed and developed next to servers, and distributing critical infrastructure is also important from the point of view of security and operational reliability.

The most reasonable solution was to propose to the French that our candidacies be unified in a way that took the interests of both into account. Cooperation instead of competition is definitely the best European solution. The initial response was not favourable, but we overcame this prejudice in time and achieved our goal. In addition to the agency, we got to take part in a proper joint project with the French and also got to know each other.

Officials from the Ministry of the Interior and its IT department, the Ministry of Foreign Affairs and the Government Office formed a special working group which operated 24/7 around Europe. Meetings were held every day that influenced the next steps we took. The management of the Ministry of the Interior – first and foremost ministers Jüri Pihl and Marko Pomerants – were great supporters of the project. Professionals from the Government Office, the EU Secretariat led by Juhan Lepassaare and a team of diplomats and officials from the Ministry of Foreign Affairs led by Deputy Secretary General Kaja Tael cooperated with the group. The commitment of politicians including the President, Prime Minister and Ministers of the Interior and Foreign Affairs to our candidacy was important to the success of the project. Many members of the Riigikogu and the European Parliament also supported the project, and the private sector was involved, offering its support wherever possible. Thorough preparations and a good proposal are important in deciding the location, but we would probably have been unsuccessful without the countries and members of the European Parliament whom we convinced to support our ideas.

Our candidacy was a baptism of fire for us as officials, but we were surprised by the huge number of supporters we had amassed by the end of the process. Up to that point we had seen how other Member States had run as candidates to host institutions, and we were able to learn from their approaches, whether they be passive or aggressive. Throughout the process we realised all too clearly how important previous cooperation is in relationships between states, how important it is to have connections with colleagues with whom you have worked before, and most important of all, how necessary it is to know how to take the interests of others into account. We also experienced cultural differences, and that everyone tends to have their own interests in mind, but strong cooperation is based on finding common interests.

We had to be pragmatic during certain stages of the project and to act constructively in order to find allies and bolster our position. It was important to us to ensure that we had done everything within our power to balance out the interests of different parties before the European Ministers of the Interior had to make their uncomfortable decision. We recognised that you always have to concede something in order to compromise. It made more sense to find a solution for the two candidates that would see both winning and a result that would also convince the European Ministers of the Interior. The negotiations – which were difficult for both sides and lasted over a year – produced equilibrium: the headquarters, including its functions and IT development, would be based in Tallinn, while the systems and the technical solutions would remain in Strasbourg. This leaves room for interpretation, but fulfils the main aim of bringing the ‘brains’ of the agency to Estonia.

Usually only a few of an EU agency’s employees will be hired from the host country, which has no more say in decisions than any other Member State. Most personnel come from abroad. Even if the employees spend most of their income in Estonia and services are ordered from here, the greater advantage to the country is indirect: we are sure that the agency in Tallinn will lead to more openness and greater international attention. We will be taking on enormous obligations when we enters into our contract as host, but at the same time we are sure that the agency will positively influence the prospects of our own IT sector: we will become more attractive to global IT companies. Our success with the agency has already been noted, and we are sure that having its headquarters in Tallinn will significantly support our ambitions to be at the forefront of the world’s innovative e-states.

In such a positive environment it is possible to fulfil your dreams. The government of Estonia is determined to be a reliable partner to the agency and to contribute to making its working conditions the best they can possibly be. Estonia has promised to establish a European school, and the Ministry of Education and Research is currently working towards this. To date this has been a major problem – it has not been possible to provide international education for children, which is why local companies have lost many qualified foreign specialists.

Information technology develops rapidly. We hope that the agency in Tallinn will be a contemporary centre of excellence which can take the use of IT to a modern level for Europe’s internal security. The agency’s headquarters will secure Estonia’s position in the world as a dynamic centre in the vanguard of IT development.

Establishing and getting the agency up and running will not be easy, but we are convinced that a new level of quality in the areas of justice, freedom and security will be created within a few years thanks to the information systems it develops. Creating the agency will also demand a lot of effort from Estonia. In other words, how the agency will benefit the country depends on whether and how we keep our promises, how dedicated we are to starting the agency up and the work we do over the next few years. There has been intense debate between Member States and also with the European Parliament about the draft regulation for establishing the agency, but we are hoping that it will be adopted in summer 2011 – after all, there is no alternative to the creation of such an agency for the EU.

It is safe to say that the kind of understanding and support we have experienced for our work is not something you see every day. It is worth noting that Estonia faced another challenge requiring serious work simultaneously: proving that it was ready to join the Eurozone. This was something else for

which we received approval from the European Union. Who knows – maybe the complexity of these processes helped showcase our strengths and demonstrated what we are capable of. One thing is for sure: faith in your ultimate goal is very important in such processes.

Running to host the headquarters of the IT agency has been a unparalleled experience in the Estonia's recent history. Although the European Commission had carried out intensive preparations to describe the initial tasks of the agency, we had to convince our partners in the European Union of our vision of a future-oriented agency.

Great cooperation between ministries also played an important role in the process turning out as well as it has for Estonia. The smallness of our public administration was a significant advantage here. We were able to react to any situation quickly, although it often meant a greater workload.

Perhaps even the fact that changes in the staff of ministries failed to hinder cooperation – with different people managing to blend into the team, depending a lot on the earlier work of their colleagues – shows how developed our public administration is.

Discussions about the lessons we have learned from our candidacy are ongoing, but it is safe to say that we have gained invaluable experience.

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ESTONIA AS A MEMBER OF THE OECD



MARTEN KOKK

Ambassador, Permanent Representative of Estonia to the OECD

ESTONIA'S ROAD TO THE OECD

Established on 30 September 1961, the OECD (Organisation for Economic Cooperation and Development) is a forum for like-minded democratic countries which is located in Paris. Its predecessor was established after World War II to coordinate the Marshal Plan provided by the US and Canada to help rebuild Europe. The OECD today is first and foremost an economic organisation, currently with 34 members.

At the OECD Ministerial Council Meeting in May 2007 it was decided to invite Estonia (along with Chile, Israel, Russia and Slovenia) to begin accession negotiations. It has since become a full member, as have Chile, Israel and Slovenia; Russia's accession will take more time.

After losing some of its importance in recent decades, the OECD has clearly started to prove its significance once again as a guide in the global economy under Secretary-General Angel Gurría. It plays a part in preparing G20 meetings and actively works with major powers who are important to the world economy but not members of the organisation (such as Brazil, China, India, Indonesia and South Africa).

At the time the OECD was established, the GDP of its members represented around 80% of the world's economy; this has since fallen to around 60%. Given the current trends, the vitality of new economies will reduce this percentage further. It is therefore important to cooperate with the major powers mentioned when it comes to having a say in the processes shaping the global economy. Estonia's membership also gives us a unique opportunity in this area.

WHAT DOES THE OECD DO TODAY?

There are over 200 committees and working groups in the OECD. They cover a wide range of areas: economic analysis; regional development; agriculture; trade; business; education; healthcare; employment; development cooperation; financial markets; pensions; investments; tax policy; corruption; corporate governance; public governance; biotechnology; communications technology; fisheries; energy; the environment; and sustainable development. As a Member State, Estonia is now able to contribute to all of them.

After exchanging information in working groups and committees, specialists from the OECD regularly compile analyses and overviews of different areas. These might focus on a specific sector

of a Member State or compare the situation in one sector in different countries (e.g. the student assessment survey PISA, in which Estonia stood out for its excellent results). OECD analyses also include recommendations on policies in a particular area.

Estonia was admitted to the OECD on 9 December 2010. Despite having only recently become a member, our cooperation has already yielded noteworthy results: a review of Estonian governance compiled by experts in the field was published on 18 March 2011 and an overview of the economic situation in Estonia was published on 18 April 2011. Both have attracted the attention of the general public and will be of great help in developing a variety of policies.

The OECD governance report is not only the most thorough analysis of Estonian governance of recent years, assessing the functioning of Estonian governance as a whole, but arguably the most comprehensive analysis by outside experts of our governance to date. The report contains analyses of the effectiveness of the central government as well as organisational arrangements, possible changes and the actions needed to improve the quality of public services at the local government level.

Based on the OECD's recommendations, more attention should be turned to horizontal cooperation incorporating all levels of government. This would be useful, for example, in creating more stimuli that encourage better cooperation between local governments in such areas as public transport, waste management and education-related problems. An interesting observation in the analysis is that the effectiveness of Estonia's state apparatus would benefit from the more active rotation of officials in the country's public sector. These recommendations are not new or unprecedented, but implementing them probably requires an external impetus – which is exactly what the OECD and its world-class experts provide.

WHY IS IT SO IMPORTANT TO BE A MEMBER OF THE OECD?

The OECD is an internationally renowned centre of economic analysis employing leading experts from around the world in the field of the economy and state governance.

This is confirmed by the report published on 18 March, which goes a long way in stimulating the debate impeded in the last ten years on the development of the public service.

However, it is important to note that the recommendations made by the OECD do not constitute obligations: its experts merely point out the methods that have been successful and those that have not. It is interesting to read in the report, for example, about the kinds of ideas that have come under discussion from new public governance that could be successfully implemented in Estonia today.

WHAT IMAGE SHOULD ESTONIA BE PORTRAYING IN THIS 'RICH COUNTRIES CLUB'?

Despite its economic orientation, the OECD is a political alliance of like-minded countries. Therefore, Estonia's thoughts on Russia's possible accession are welcomed. But this does not mean that Estonia has a 'one-track mind'. There are simply certain things that we are more familiar with, for which there is no reason to be ashamed. Besides, the accession criteria are the same for everyone, and have to be met in the same way.

Estonia has a lot to offer the OECD, including its experience in establishing and developing the e-state and e-service sector. One of the first things I was asked by the US ambassador, who was preparing for a high-level ICT conference with the OECD Secretariat, was to give him the names of a few Estonians who could talk at the conference. Our country is clearly known as an ICT state around the world.

It is also important to recognise that the OECD is known for its flexibility and response time: it tries to identify problems as they emerge so as to come up with solutions in good time that help policy makers with their decisions. Only a week after the uprisings began in the Middle East and South Africa, the ambassadors of the OECD Member States met to discuss the kind of help the new governments could use and what the OECD itself could do to stabilise the situation. On 30 March, a practical seminar was held, assembled by the EU representative, at which Estonia presented an overview of cooperation with SIGMA (an organisation which is part of the OECD but mainly financed by the EU), who assisted us in building up our public service and national auditing after the restoration of our independence. These may well be areas where in which even Estonia with its humble resources can contribute to the development of the Middle East once new, legitimate governments have been elected.

Membership of the OECD is certainly an important step in the development of Estonia's statehood, as well as an acknowledgement that we have made the right choices at difficult times. Although some may regard this as another step towards us becoming yet another boring Nordic country, the OECD to me seems to reignite debates which for one reason or another have lost their spark. The experts working at the OECD like to compare their organisation to a gym: somewhere you can work out, but where of course you do not have to...

CHAPTER 2

PUBLIC ADMINISTRATION IN ESTONIA AND ITS TRANSPARENCY

AN X-RAY OF ESTONIA'S PUBLIC ADMINISTRATION: AIMING FOR SINGLE GOVERNANCE



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In early 2010, the Government Office began working with the Ministry of Finance and the Ministry of the Interior to compile a comprehensive analysis of public administration. A team of experts from the OECD Directorate for Public Governance and Territorial Development drafted the report, which analyses the effectiveness of the central and local governments. The paper is one of the most thorough and extensive analyses of Estonian governance ever prepared. The OECD underlines in the report that the Estonian government was very successful both before and during the financial crisis, reacting quickly

and flexibly to problems and avoiding many of the long-term problems that are currently threatening many European countries.

At the same time, pressing ahead with this success in future means that a number of trends and the effects of the changed external environment must be taken into account. The main conclusion of the report is that in order to improve the quality of public services with an aging and decreasing population and financial resources that remain restricted, a single governance approach must be adopted. Estonia is too small to have a fragmented state apparatus, duplicated tasks and inefficient cooperation and to act without clear goals or priorities.

The OECD analysis and recommendations primarily focus on three challenges:

- 1) a central government that acts as a whole;
- 2) the drafting of a single action plan; and
- 3) more efficient provision of public services through cooperation between the central and local governments.

The report examines the organisation of both the central and local governments and how they offer their services. In analysing recommendations I focus on what could be done differently and better within the central government and how the work of Estonia's state apparatus could be better organised. The broad topic of providing public services more effectively is not covered herein as it deserves a separate article.

CENTRAL GOVERNMENT ACTING AS A WHOLE

The report emphasises that the Estonian central government could act more purposefully and effectively in choosing priorities and guaranteeing the employees and money needed to implement them. The tasks our government faces are becoming more complicated and often presuppose solutions that involve the areas of government of several ministries. This is why we should pay more attention to dealing with horizontal topics and resolving issues in which the tasks and those responsible for them are not clear. In order to find successful and effective solutions, the government as a whole often has to react quickly. Therefore the innovativeness and ability to respond of the administration should be boosted.

The recommendations in the OECD report are about implementing the changes necessary to overcome these hindrances to the administration of the central government.

The most important recommendations in the report are the following.

- 1) Changing horizontal coordination to make it more effective. This can be done by appointing clearer responsibility for initiatives which cover multiple sectors. Responsibility can be determined, for example, when compiling the government action programme and the state budget strategy. We have tried to base the new government action programme on these principles by agreeing on specific authority and authorities responsible for every goal and confirming, in cooperation with ministries, the action that needs to be taken to achieve these goals. But these are just the first steps towards achieving better coordination. Further work with horizontal policies should lead to agreement on measurable aims/results and their additional financing.
- 2) Making cooperation stronger and more stable. Cooperation at lower levels cannot be fully effective without excellent cooperation at the management level. Secretaries General and Deputy Secretaries General should consistently be initiators of joint priority projects and initiatives. A formal basis for the cooperation network of Secretaries General has been established and their initiative role is very important in implementing the recommendations of the OECD. One of the solutions in the report is to make the cooperation networks of the Deputy Secretaries General permanent. This is already happening in the area of enhancing competitiveness, but planning a permanent cooperation network for other areas is one of the tasks still waiting to be taken on. Hopefully the implementation of the government action programme will be the basis for developing cooperation networks, with regular sector meetings of Deputy Secretaries General on coordinating the implementation of the programme as important parts thereof.
- 3) Introducing the principles of the government as a whole in everyday work. The example set by management and their greater commitment to cooperation are key to implementing this recommendation. To put it simply, there cannot be a single government until all staff feel and believe that they work for the government as a whole and not just for the aims and interests of a specific ministry. This can be improved with more active internal and external communication, which is recommended in the OECD report. The government's objectives, how they are fulfilled and what the reasons are behind important decisions should be clear to officials and the public alike.

- 4) Removing obstacles that hinder the government's response time. The flexibility of the government in changing the division of tasks between ministries and reorganising the central government is important in facing new challenges. The OECD recommends making the Government of the Republic Act more flexible so that it enables the central government to be reorganised with government legislation.

A key area in moving towards single governance is creating opportunities for the public service to work as a whole. The OECD has made many recommendations concerning this, the most significant of which are:

- 1) determining a ministry responsible for developing one public service and reinforcing political responsibility;
- 2) ensuring that there are enough people within ministries to implement the priorities of the government (this does not mean more officials necessarily, but more attention being paid to government priorities in a ministry's personnel policy);
- 3) upgrading the pay system in the public service;
- 4) creating schemes for mobility and rotation;
- 5) continuing to provide joint support services and to expand services that are provided jointly e.g. managing state property and public procurements; and
- 6) developing an integral action plan to further the public service.

Much of the action that needs to be taken in order to implement these recommendations is included in the government action programme for 2011 to 2015 which was approved at the end of April. This creates promising preconditions for implementation.

CREATING A JOINT ACTION PLAN

The report underscores Estonia's success in overcoming the financial crisis. At the same time, it emphasises that our ability to create effective policies designed to deal with changes (e.g. demographic changes) needs to be enhanced. The report suggests various ways of setting clearer and more thoroughly analysed aims and priorities. Although Estonia has the required framework, performance indicators are used in budget and more general discussions a lot less frequently than in other OECD countries. Also, our ability to analyse the effect of policies is low and the impact of the decisions we make is not analysed sufficiently when preparing them. The OECD's experts also underline the fact that as in other countries, too much time is wasted and too many people are employed in policy making. It is not uncommon for ministries to painstakingly prepare draft legislation and policy initiatives that are not and will not be supported by the government.

The main recommendations of the OECD focus on solving these problems.

The report recommends that key performance indicators be developed and thought through in terms of both content and time with the aim of using them more effectively in the reporting process and making new decisions (e.g. action plan for implementing the budget, annual report and report on implementing development plans). The first steps towards highlighting these performance indicators more clearly were taken by the Government Office and the Ministry of Finance in approving the state budget strategy in April and compiling the government action programme. These documents

incorporate the most important overlapping performance indicators discussed with ministries, creating a solid basis for more active use of them in reporting and compiling sector-based and organisation development plans.

Performance management and performance-based budgeting should be more widely implemented in order to raise the level of activity of administration and foster a performance-oriented approach. This is an area which needs years of preparatory work, developing the capacity needed to create and implement it. This is why the governance report suggests that the changes should be implemented gradually, with critical preconditions such as pilot projects being created and their results analysed, adding performance information (aims and indicators) to the state budget, developing clear and uniform principles for cost-accounting and standardising financial accounts. The first pilot projects have been launched by the Ministry of Finance and the standardising of financial data has begun. Subsequent steps will be taken once these preconditions have been fulfilled.

The report also underlines the need to implement a framework for the analysis of effects and to integrate inclusion into the decision-making process. Both activities will be put into practice in cooperation with ministries when the new rules of the government are implemented.

IN CONCLUSION

Active discussion about the report among the media and administration shows that the problems the OECD have raised are topical and that implementing its recommendations is worth considering. An action plan to this end is due for completion this autumn, coordinated by the Secretary of State and compiled in cooperation with ministries. Many suggestions based on the analysis which have been included in the government action programme and the active contribution of the managements of ministries to discussions on the possibilities of implementing them create promising conditions for actual reform. We must realise that change is necessary. The chance to launch new initiatives on the back of a growing budget will not repeat itself. New developments should be financed through internal restructuring, which requires the administration as a whole to make a unified effort.

THE PUBLIC INFORMATION ACT REQUIRES UNIFORM IMPLEMENTATION



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WHAT ARE THE ACT'S STRENGTHS?

The right to request information regarding the activities of an agency is set out in the Constitution (§ 44(2) and (4)). If we as individuals are able to obtain the information we need from an agency, this influences society as a whole. The exercising of public authority, the provision of public services and the use of public money becomes more transparent. This boosts the effectiveness of public administration and reduces the risk of inequality and corruption.

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The state is the largest processor of personal data, and knows more and more about its citizens in this information age we live in. To counterbalance this, the state's activities should be more transparent for its citizens. The absence of such a balance could threaten democratic society.

The Estonian Public Information Act of 2000 has set a fine example in international comparisons to date.

- 1) The Act covers everything: state and local government agencies as well as persons in private law who perform public duties or use public money.
- 2) The term for complying with a request for information is short, and a lot of information is issued free of charge.
- 3) If you are seeking information, you should know what information an agency has. This can be seen in online document registers (including records about documents with restrictions on access).
- 4) Digital documents to which access is not restricted can be viewed in the document register without requesting information.
- 5) Agencies are obliged to publish a lot of information online.

There are countries where you have to apply to the courts if an agency does not release the information you have requested. Rights concerning information are subject to time. Unlike a traditional ombudsman, who can issue recommendations, the Estonian Data Protection Inspectorate is able to issue precepts to protect people's fundamental rights. The right to obtain information from an agency and the right to protect personal information are closely related. As one agency protects both rights in Estonia, a situation is avoided in which one agency allows and another prohibits this.

HOW HAS IT FARED IN REALITY?

A lot of training was provided and a lot of preparations were made before the Public Information Act entered force, but these have since faded into the background.

For example, a surprisingly high number of people believe that the Public Information Act does not apply if local governments delegate their duties (and issue funding) to persons in private law. Also, there is a widely held opinion that agencies can classify the content of contracts entered into with companies as business secrets. And the requirement of having a document register and website has been ignored not only by small rural municipalities, but also big ministries.

Why has the implementation of an act that has been in force for ten years been so inconsistent? First of all, no one agency is responsible for it as a whole. All four functions – legislation, implementing regulations, training officials and the coordination of IT solutions and the central web portal for information – are managed by different ministries with regard to public information.

Many agencies see the Public Information Act as a cumbersome task they would otherwise not have had to deal with. Due to the lack of central coordination, there is insufficient training and guiding material.

In addition, the coordination of IT in the public sector and online information is fragmented. The document registers and websites of agencies vary enormously in content and structure. Developing a document management system is often too much work for a small agency.

It has to be said that monitoring is also weak. Only responding in the event of complaints is not effective in the midst of disorder. As an agency that monitors public information, we have only dealt with one-off cases, not the system as a whole.

We have planned the following measures to improve this solution: 1) comparative monitoring; 2) compiling guidance materials; 3) general training; 4) appointing a coordinator of public information and personal data in government agencies; and 5) developing a privacy policy for agencies.

MONITORING PUBLIC INFORMATION

In addition to individual monitoring, the Data Protection Inspectorate has begun implementing the method of comparative monitoring by sending out questionnaires and/or researching information available on the Internet. We then approach all of the agencies being monitored with the problems we uncover. This kind of monitoring provides general feedback.

To date we have monitored the situation in public information on six separate occasions and have also carried out follow-up monitoring several times, covering the following areas:

- 1) information on the websites of agencies about EU Structural Funds (2009);
- 2) contact information on the websites of state agencies (2009);
- 3) contact information on the websites of local governments (2009/2010, including follow-up monitoring in 2010 and 2011);
- 4) document registries of agencies (2010, including follow-up monitoring in 2011);

- 5) information on the websites of local governments about persons in private law providing public services (2010, including follow-up monitoring in 2011); and
- 6) information on the websites of local governments about allocating benefits from the budget (2011).

Monitoring of the websites of state agencies and local governments included information about the work of the agencies/departments/officials (statutes, staff, job descriptions, organisation of receptions, contact and educational information of officials and so on). There were serious shortcomings in the case of both local governments and ministries.

The reason given for the required information not being published on the websites is changes in structure. At the same time, situations in which an agency lacks statutes, staff, job descriptions, contact information and such should not occur.

The monitoring, which included researching information on the websites of local governments about persons in private law providing public services, also involved publishing information about the salaries of the managers of companies owned by municipalities or cities. Shortcomings were detected in 80% of those monitored.

Last year we also monitored document registers on a monthly basis, and we are continuing to do so this year. We research the publication of documents, restrictions on access, the availability of personal data in search engines and more. In 2010 we detected shortcomings in 140 of the 210 document registers monitored.

TRAINING AND GUIDANCE MATERIALS RELATED TO THE PUBLIC INFORMATION ACT

The Data Protection Inspectorate, with the support of the Ministry of Finance and the Government Office, initiated basic training: ten two-day seminars on public information and protection of personal data. Last year, the training sessions were held for government agencies; this year, they are being held for municipal and city governments.

Monitoring and training provided feedback on the problems and differences in interpreting the act, and we compiled guidance materials on this basis. We discussed the material at an extended round-table meeting with various ministries, the National Audit Office, the President, the Chancellor of Justice and Tallinn City Office.

As a result of the discussion, we published the 'General Guidelines for the Public Information Act' on 17 May 2010. This represented our attempt to compile comprehensive guidance materials. On 16 June 2010 we published guidelines adapted for private law holders of public information. Both are available on our website at www.aki.ee.

APPOINTING COORDINATORS OF THE DISCLOSURE OF INFORMATION

§ 55 of the Local Government Organisation Act sets out that municipal or city secretaries manage the protection of public information and personal data within their local governments.

State agencies often lack an individual with the competence needed for internal and departmental coordination. Operations, public relations, IT and personnel departments handle public information, as do all others when requests for information are received.

Our proposal to support the consistent implementation of the Public Information Act was realised on 4 November 2010 with the amendments to the Uniform basis for the administrative procedure (§ 3(3)). According to the proposal, government agencies must appoint a person to coordinate the publication of documents within an agency and to protect the personal data in these documents.

As part of an agreement with the Government Office, we will incorporate those responsible for public information in state agencies into the network of managers of document management, who meet regularly. The network provides feedback, anticipates differences in interpretation and works together to find solutions.

Agencies often ask the Data Protection Inspectorate for advice regarding public information and personal data protection. In future, we will look to communicate through the person responsible for public information within an agency. Insufficient expertise will be generated in an agency as a whole if individual officials and departments seek advice.

PRIVACY POLICY OF AGENCIES

General explanations and recommendations in terms of implementing the Public Information Act are provided in the two sets of materials we have compiled, but it is inevitable that they will not cover all of the differences between agencies.

As a test of those responsible for public information, we had them draw up a privacy policy for their agencies. This was to include information on how and how much private data found its way out of the agency. For example, what does a person have to take into account when they write a request for explanation, a complaint or a petition or if an agency initiates an administrative proceeding or a misdemeanour procedure? Does the agency display the name or initials of the person who sent or received the letter in the document register? What information is available on the agency's website and what information should a person request? Is there a series limitation on correspondence?

Development of a privacy policy requires an analysis of an agency's working practices. It should also be borne in mind that it is primarily designed for citizens, and as such it is a document that requires simple language, free of jargon.

It is important that the privacy policies of agencies are similar and comparable. We recommend that policies be based on the document 'How we protect your private data' published on the website of the Data Protection Inspectorate.

SECOND AND THIRD GENERATION PUBLIC INFORMATION ACTS

Submitting a request to obtain public information is often referred to as 'first generation regulation'. The second generation approach means an agency publishing the information on its website.

However, citizens and companies tend not to be interested in information about agencies as organisations: they need information that will help them solve their problems. What should you do if you lose your ID card? Does a company need a licence to operate in a certain area of activity? How do you obtain permission for a public gathering? You can easily lose your way in the maze of webpages when looking for one piece of information.

The third generation approach is to create a public sector web portal. The logic of presenting information is not based on the agency, but user-driven.

Such portals have in fact existed for years, but there is plenty of room for improvement with the www.eesti.ee portal as an inter-agency cooperation network has yet to develop from it.

The Public Information Act was amended with the Estonian Information Portal Provision (§ 321) on 28 December 2009 with the involvement of the Data Protection Inspectorate. This obliges a holder of information to publish information about their activities and services in the central information portal. We await the relevant implementing regulation and the cooperation of holders of information.

CORRUPTION IN ESTONIA: ARE OFFICIALS ETHICAL COMPASSES?

OVERVIEW OF 'CORRUPTION IN ESTONIA:
SURVEY OF THREE TARGET GROUPS, 2010'



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The Ministry of Justice has conducted three corruption surveys (in 2004, 2006 and 2010) with three target groups: entrepreneurs, ordinary citizens and public sector employees. Three different questionnaires were used, covering the ethical stances of those surveyed, how the prevalence of corruption was perceived and whether they had encountered corruption. The public sector target group included state and local government administrative agencies, employees from agencies administered by the state, the Riigikogu and members of

local government councils. This article examines the results of the most recent survey, focusing on employees from the public sector (who are referred to as 'officials' for simplicity, although the legal definition of an official is much narrower).

WHAT ARE OFFICIALS' DECISIONS BASED ON WHEN APPROVING OR REJECTING FINANCING APPLICATIONS FOR PROJECTS?

Imagine you are an official reviewing the financing applications submitted for a project and one of the applicants offers you a holiday if you approve their project: on what considerations would you find in favour of it? Because it would be impolite to turn down the offer? Because it is relatively common practice anyway? Because it would be economically beneficial and is the kind of favour that does no harm to anyone? Or would you not find in favour of the project at all? If so, you would be one of the 90% of officials who are not corrupt.

The survey revealed that 10% of officials would behave in a corrupt way in this hypothetical situation, mostly because of the economic considerations – 7% of respondents considered this option to be economically beneficial. 4% gave the justification that it would not cause anyone any harm, while 3% gave the cultural argument that it was common practice. Officials held different opinions in this regard compared to citizens and entrepreneurs, who justified corruption using the cultural argument and considered it common practice in Estonia. We can therefore conclude that in comparison to officials,

citizens and entrepreneurs are more inclined to think that corruption is widespread in the public sector, which may in turn encourage the actual spread of corruption. If people believe that there is no other option, they are more likely to offer bribes.

OFFICIALS' STANCE ON CORRUPTION IS MORE RIGID THAN THAT OF CITIZENS AND ENTREPRENEURS

Since officials themselves perceive the public sector to be less corrupt than others, you might doubt their honesty – they know that corruption is common but deny it to be so. However, this is unlikely to be the case, because officials are more aware of corruption and their ethical stances are more rigid in regard to it. The survey included an overview of all three target groups in terms of what they deem to be corruption and how they assess situations that are corrupt or ethically ambiguous. For example, everyone was asked whether they would find a situation acceptable in which an entrepreneur called an official they knew to speed up the processing of documents. 73% of officials said they would not, compared to 55% of entrepreneurs and citizens (see Chart 1). Compared to 2006, when just 43% condemned such conducting of business, officials have become far more critical. It can be presumed here that ethics training has had a positive effect on officials. Their opinions have also become more critical in regard to other ethically questionable situations. For example, while 56% did not approve of the use of official cars for personal use in 2006, 78% now condemn it. Another example is that 68% disapproved of swaying a senior official within a ministry to find in favour of an entrepreneur's project in 2006, compared to 98% today.

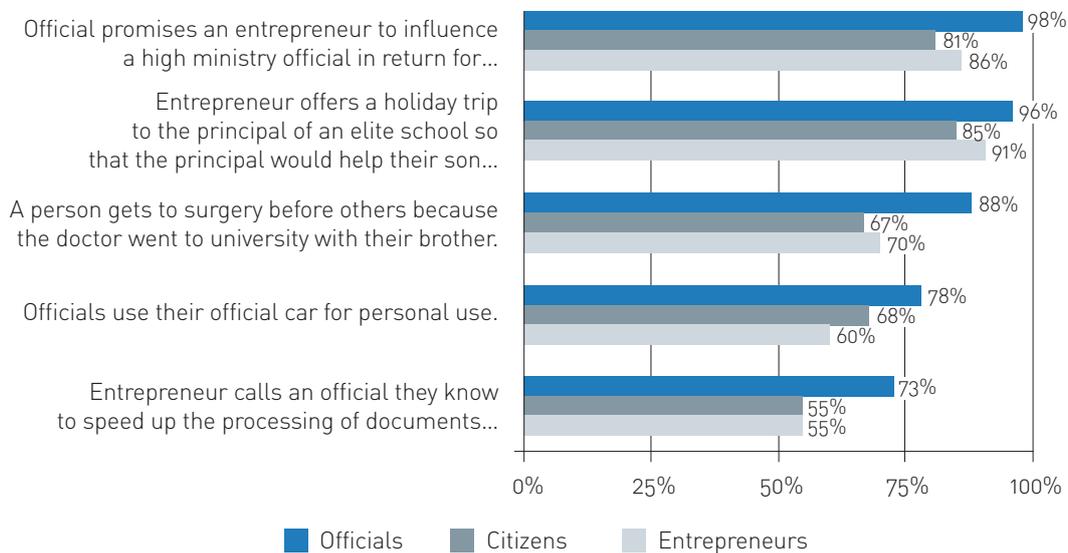


Chart 1. Officials, citizens and entrepreneurs who claim to somewhat or strongly disapprove of this activity

MORE ATTENTION NEEDS TO BE TURNED TO THE PREVENTION OF CONFLICTS OF INTERESTS

Like the other target groups, officials think that corruption is more common than their personal experience would presume. 20% think that money, gifts or favours are used as bribes in their agencies. This indicator has decreased over the years: from 28% in 2004 and 23% in 2006. People think that bribes are a common way of avoiding fines and the like (46% of those who believed bribes were used in their agency) and influencing profitable decisions (35%). It is also thought that bribes are routinely offered to speed up official processes (32%). It is interesting that younger officials (those under 40) think bribes are more common than older officials. Those working in the area of law enforcement stand out in this respect, which could be because they are involved in imposing fines and other penalties. Also, those who have come into personal contact with corruption think it is more common.

Only a very small number of officials admitted personal contact with corruption – 3%. At the same time, there were quite a few officials who claimed that they knew colleagues who had encountered corruption (17%) and who did not know whether they had encountered it because they were not sure whether it constituted corruption (also 17%).

Around a third of officials have dealt with conflicts of interest at work, and around half would like more precise guidelines to help them avoid such situations. Here, officials who have not encountered corruption have a greater need for guidelines on how to avoid conflict of interests. Analysis of misdemeanour statistics shows that 141 violations against the Anti-Corruption Act were registered in 2010, 51% of which were violations against restrictions on employment, activities and procedural restrictions. This included many cases of conflicts of interest where officials were involved in making decisions that influenced their own economic interests or the interests of people close to them. These included granting themselves travel expenses, being members of councils making decisions about companies and non-profit organisations personally associated with them and ordering services from their own companies.

COMMITTED OFFICIALS ARE LESS SUSCEPTIBLE TO CORRUPTION

In order to reduce the level of corruption, recommendations are often made to establish protection for those reporting cases, to more effectively implement a system for declaring economic interests, to adopt harsher punishments for corruption and so on. The understanding that officials who are motivated and satisfied with their work are less susceptible to corruption is not very common. The survey gives us reason to believe that motivated officials are honest – it showed that employees in the public sector who feel that their work is valued and who are satisfied with their working conditions, job security and salary are less likely to accept bribes in comparison with officials who are dissatisfied with their working conditions. For example, only 8% of those who are satisfied with their salary and additional remuneration would accept bribes compared to 13% of those who are dissatisfied (see Chart 2). Officials who believe that their job gives them a higher status in society are also less willing to accept bribes.

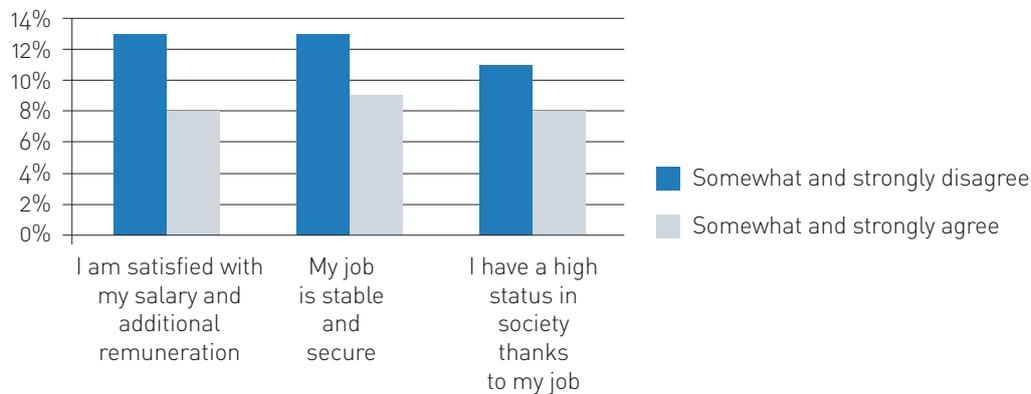


Chart 2. *The figure presents the percentage of public sector employees who would potentially become embroiled in corruption. A situation was presented as follows: "It is your job to approve or reject financing applications for projects. One of the applicants offers you a holiday if you find in favour of their project. To what extent do you agree with the following statement (strongly agree/somewhat agree/somewhat disagree/strongly disagree)? I would decide in favour of the project because (a) it would be impolite to turn the offer down; (b) the risk of getting caught would be low; (c) it would be economically beneficial; (d) this kind of favour does no harm to anyone; (e) it is relatively common practice."*

To summarise the results of the survey, the capacity to recognise situations in which the possibility of corruption is strong and to detect the spread of corruption has improved over time. Hopefully these positive developments will continue in the coming years.

CHAPTER 3

INCREASING THE EFFECTIVENESS AND EFFICACY OF PUBLIC ADMINISTRATION

CONSOLIDATING SUPPORT SERVICES: ONE YEAR ON



MARGE LEPP

Non-Staff Project Manager, Ministry of Finance

MANDATE FOR SUPPORT SERVICE CONSOLIDATION PROJECT

During a session on 29 December 2009, the Estonian government decided to create a single information system for the financial accounts, personnel records and payrolls of state agencies, centralising the majority of accounting functions in one unit servicing all of the agencies in one area of government (an 'area of government service unit'). The division of duties between the agencies and service units

was intended to be standardised and described as an operation model. A schedule and implementing plan were approved for the transition, according to which a single system and operation model would be implemented by individual areas of government.

With the same decision, the government ordered the Ministry of Finance to launch e-invoices, other e-documents and an online reporting system and to integrate the main actions of the information systems of state agencies with the single financial accounts, personnel records and payroll information system.

This project is to be implemented between 2010 and 2013. 59 million kroons (3.77 mln euros) has been allocated for investments and 27 million kroons (1.72 mln euros) for costs related to the employees developing the system.

AIM OF PROJECT

The following project aims were set at the level of the state and state agencies:

- 1) to bring financial accounts, personnel records and payroll to a new level of quality;
- 2) to ensure quicker access, improved transparency and more extensive use of financial and personnel information; and
- 3) to cut accounting costs and use the money saved for main activities.

IMPLEMENTING THE PROJECT IN 2010

1 CENTRALISING ACCOUNTING AND PERSONNEL RECORDS

Led by the Ministry of Finance, the transition to single software (business software SAP being chosen) and the centralisation of financial accounts, personnel records and payrolls had to be carried out in the Ministry of Finance, the Ministry of Justice, the Ministry of Economic Affairs and Communications and the Ministry of the Interior by the start of 2011.

The results listed below had been achieved by 1 January 2011.

- 1) Centralisation was completed in the Ministry of Finance by 1 July 2010. The Financial Department of the ministry has provided financial accounts services and the Personnel and Communications Department has provided personnel records and payroll services to all agencies within the ministry's area of government since that time.
- 2) Accounting had been partly centralised in the Ministry of Justice by early 2010; this took place in two agencies later in 2010 and in the final agency on 1 January 2011. Data entry of personnel records was also centralised from this date. Centralised units have been created as part of two agencies.
- 3) A centralised unit of accounting and personnel records began work in the Ministry of Economic Affairs and Communication on 1 January 2011, providing financial accounts, personnel records and payroll services to all agencies in its area of government.

Some ministries have independently centralised their support services.

- 1) The Ministry of Education and Research centralised the accounting of 29 state schools on 1 July 2010. Pmen accounting software is used for this purpose.
- 2) Personnel management and accounting had been centralised in the Police and Border Guard Board (which falls within the area of government of the Ministry of the Interior) by 1 January 2010. A new organisation of work was implemented in the Estonian Rescue Board on 1 January 2011. The accounting and personnel records department of Viljandi County Government started providing a centralised service for 26 agencies from 1 January 2010. SAP software is used in the central accounting, personnel records and payroll units.

The state had 202 accounting units at the beginning of 2010, falling to 125 by 1 January 2011. 111 of these are in agencies, and there are 14 centralised units, which are in 19 different locations.

2 CHANGES IN THE NUMBER OF EMPLOYEES AND OPERATING COSTS IN FINANCIAL ACCOUNTS, PERSONNEL RECORDS AND PAYROLL

Accounting

The aims of the support service consolidation project were to reduce the number of accountants in the state by 40% (from 600 to 360) from 2010–2013 i.e. 10% of the initial number every year and to bring the operating costs of accounting down by 40% in the same period.

The survey conducted at the end of 2010 showed that the number of accountants was almost the same at the end of 2010 (591) as it was at the beginning of the year (600). Also, operating costs had not decreased significantly.

The fact that operating costs and the number of accountants had not been substantially reduced can be explained by two things.

Firstly, accountants were considered to be most important in accounting prior to centralisation, which meant that their work would be divided between the agency and the centralised unit. The work done in the agency (preparing, checking, verifying and forwarding information considered to constitute the source documents of accounting) as a result of which the agencies' employees forward information (in part orally) to the accountants is now – in the new situation, with no accountant in the agency – considered to be accounting. But the work actually involves administrative work, budgeting and assisting the manager. In this case, comparing the number of employees before and after centralisation, it involves subjectivity arising from the differing responses of those surveyed and is therefore not suitable for drawing conclusions.

Secondly, the information technology solutions for e-invoices and e-documents that would make the work processes more effective have yet to be completed or introduced.

It can be seen from the results of the first year of the project that the objective of cutting costs has not been achieved. At the same time, those behind the project acknowledge that quality in the provision of support services has risen. A self-service portal and new processes should be introduced in practice to guarantee more effective organisation of work.

Personnel records

Evaluation of the labour force in personnel records was based on an analysis by the Ministry of Finance from 2009 which highlighted the best indicator in the global public sector per personnel record evaluator – 1032 employees. As such, the state would need just 40 personnel record evaluators, since records were kept for around 41,000 people in 2010. However, there were 175 evaluators according to the survey conducted at the end of 2010 – and thus the number could be decreased by as much as 77%.

An average of 449 employees dealt with personnel work, 55 of them involved in its management and organisation (12% of the total number of employees occupied in the area). 235 employees handled personnel records (including 93 for data entry – 21% of the total) and 159 employees handled other personnel tasks (35% of the total).

The difference between Estonian and global practice is therefore almost 600% – to the detriment of Estonia's state agencies.

It is important to note in relation to this data that according to the 'Survey on Personnel Management in the Public Service' conducted by Saar Poll in 2010, around 80% of those involved in personnel work in state agencies are specialists in the field, while the remaining 20% are from other fields of activity.

3 OVERVIEW OF DEVELOPMENT PROJECTS

3.1 Paperless financial accounts and personnel records – how can this problem be solved?

Many solutions can be used to introduce e-invoices and other e-documents related to accounting – approaches based on documents or information flow, for example. The former uses general use

document management systems (DMS) to present information, while the latter uses special information transfer systems for accounting and is usually established as a self-service portal.

The Ministry of Finance organised a public procurement to analyse these solutions and to select the most cost-effective option. In June 2010 a document entitled 'Analysis and design of information transfer models of units servicing agencies in one area of government' was prepared in cooperation with PLC PricewaterhouseCoopers (published on the website of the Ministry of Finance at www.fin.ee).

The analysis revealed that taking the number and widespread use of the DMSs and the best practice of other countries into consideration, self-service portals are much more effective and can be introduced more rapidly compared to reworking existing DMSs for all state agencies to use.

As a result of the analysis, the Ministry of Finance made the decision in August 2010 to begin developing a self-service portal solution for central e-invoicing and other documents. It was decided that e-invoices would be separated from other e-documents and that a service would be procured to manage e-invoices instead of acquiring software. At the same time, special software would be purchased to manage other documents.

3.2 Transition to e-invoicing

The Ministry of Finance launched a public procurement in autumn 2010 for the management of e-invoices. The winning bid came from a joint tender submitted by Eesti E-arvete Keskus Ltd and Eesti Post AS. The service primarily involves using a management environment and information exchange with SAP business software. In addition, it includes services for digitising and archiving invoices.

Six agencies within the Ministry of Finance, the Ministry of Agriculture and the Ministry of Justice began using the e-invoicing environment on 1 March 2011. Other agencies in the areas of government of these ministries have also begun using the service or are preparing to do so in the near future. Five agencies within the Ministry of Culture began using the system on 1 May 2011.

State schools (29 agencies) in the area of government of the Ministry of Education and Research and three county governments in the area of government of the Ministry of the Interior have begun using the Eesti E-arvete Keskus Ltd management environment independently of the procurement. The Ministry of the Environment also began using the environment in 2011.

3.3 Creating a self-service portal

A lot of different information will be exchanged via the portal, which will perform at least the following operations: recording information about the hiring, transferring and departure of officials in service; submitting employees' personal data; submitting working hours and holiday applications; submitting business trip applications and reports; managing assets; and submitting economic expenses reports. The self-service portal is a working tool made available by www.eesti.ee. Figure 1 illustrates some of the functional parts of the portal.

The portal will be developed and launched one function at a time, starting with the management of assets, holidays and business trips, which should be completed in the first half of 2012. The remaining functions should be ready by 2013.

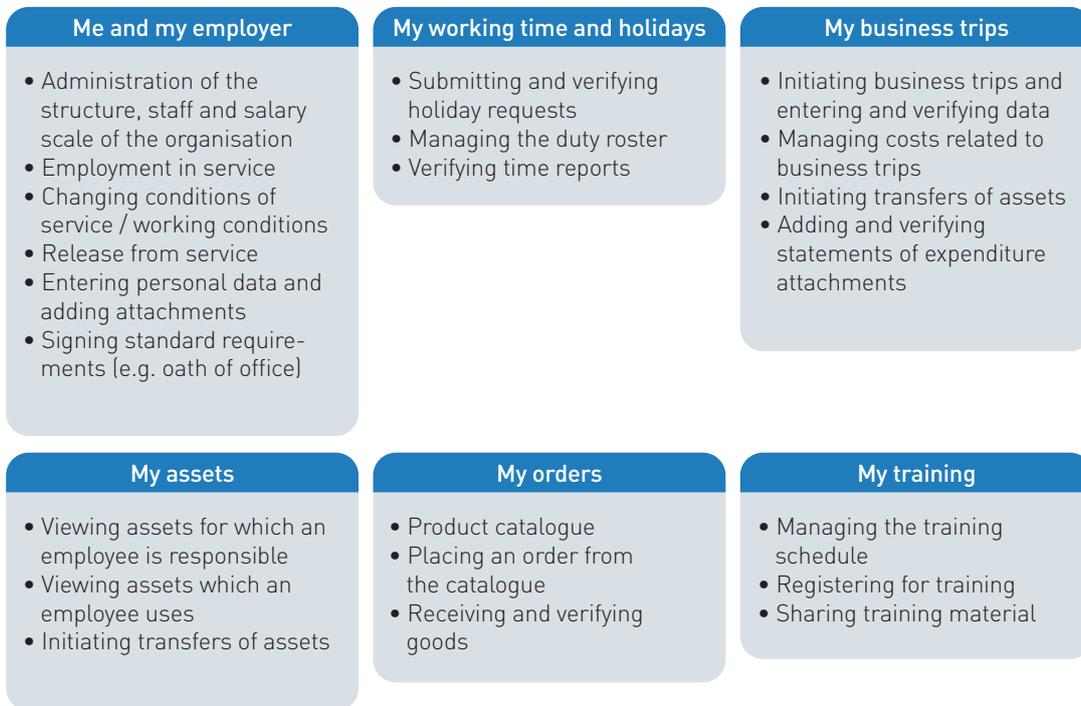


Figure 1. Functional parts of self-service portal

3.4 Online reporting system

Work on the online reporting system began in early 2010. The most difficult part was finding reports that would suit all agencies. Enquiries among agencies which use SAP revealed that 240 different reports are used in total, but that only 60 are used by more than two agencies.

By generalising reports, identifying common aspects and working with the areas of government that use SAP, the Ministry of Finance developed 36 reports (including those on financial accounts, personnel records and payroll) to be introduced in the first stage.

As a result of the public procurement announced for the reporting, the software BusinessObjects (BO) was integrated with SAP to operate as the software platform for reporting.

The reporting environment has been able to be used since the end of January 2011. User rights are currently being granted and agencies are testing the software.

Using the online reporting system, agencies can obtain existing reports themselves without employees with SAP licences having to send them to the agencies. Reports can be acquired from SAP with a status as recent as the end of the previous day.

A second stage following the development of the reporting must be completed by summer 2011. This will see agencies ascertaining their additional needs for reporting and additional orders for reports being sent to the developer.

LESSONS LEARNED IN 2010

Some steps were taken towards fulfilling the aims of the project as a result of the work carried out in 2010, but we still have a long way to go.

ACHIEVEMENTS

It is possible to harmonise the level of knowledge of finance and personnel employees and to implement the same working processes in a uniform organisation which uses common software, thus boosting the qualifications of employees and guaranteeing that their quality of work is higher.

Joint reports that are available in real time enable managers to make prompt decisions and reduce information shortages.

Special software for managing invoices enables a significant proportion of accounting to be automated, as SAP generates the accounting entries itself based on information sent from the management system.

PROBLEMS

It became clear with financial accounts, personnel records and payroll that although agencies use a lot of objects of accounting and accounting reports, their value in making management decisions is questionable. Moreover, it is not possible to create higher level (area of government and state) management reports in this situation.

Forwarding the information needed for accounting from an agency to the service unit is more laborious than it was because a lot of information remains on paper and the sender and receiver are no longer in the same building.

CONCLUSIONS

Objects of accounting should be unified and reports and processes for creating reports should be standardised during the project. This includes an upgrade to SAP, since the current version is outdated.

The development of the self-service portal should be accelerated and as many planned functions as possible should be ready to use when the agencies transfer their work to SAP.

The Ministry of Justice began actively working to centralise support services in February 2010. Although SAP has been used for the ministry's financial accounts for many years, its personnel module has not. This transition took place on 1 July 2010. Three objectives were set: raising the quality of data; making the organisation of work more effective; and saving on resources.

A potential operation model was developed and discussed with agencies in the ministry's area of government before a pilot project was launched in July 2010. Using one agency as an example, we tested how the organisation of work in the operation model actually worked and what possible problems there might be. The management adopted a decision in August 2010 that the organisation of work in the model would be implemented throughout the ministry from 1 January 2011. It has now been in use for some time and no major problems have arisen, but we do not feel that enough time has elapsed to draw any conclusions about the success of the project as a whole.

A number of lessons can be highlighted when looking back on the centralisation

process, as set out below.

- 1) You must have a functioning information system of personnel records in order to centralise support services. It is complicated to introduce an information system and change the organisation of your work at the same time.
- 2) Electronic solutions that enable you to save on resources should be developed at the state level prior to centralisation (e.g. the self-service portal on the www.riik.ee website and online reporting in SAP).
- 3) You should not expect to save on resources immediately – it takes well-developed organisation of work and functioning electronic solutions to achieve this.
- 4) Centralisation is an important change in the organisation of work – one in which involving and informing people is critically important in implementing the new organisation.
- 5) Implementing such a project requires strong leadership from the management.

MARI SAARNIIT

Director, Development and Personnel
Division, Ministry of Justice

The personnel records and payroll of the Estonian Road Administration and its four local institutions (the Northern, Southern, Eastern and Western regions) all used different software programmes until 1 July 2010, and personnel records were separate from payroll.

As a result of consolidation, two related processes were merged, giving the organisation a much-needed overview of personnel records and payroll. This process enabled us to make more efficient use of personnel resources in economically difficult times: one person (instead of the usual five) worked on payroll.

However, alongside the positive changes there were some problems in the process. For example, document management programmes should support the exchange of information between an agency and its servicing division, but there were situations in which the programme did not allow one agency to send a source document to another automatically. Technical errors could therefore take hours, giving rise to time problems between agencies and the support centre.

HELI KÕVERJALG

Head of Personnel Department,
Estonian Road Administration

Preparations for the centralisation of personnel records and payroll were made in the Ministry of Finance between February and June 2010, with a central unit beginning to provide services in this area throughout the ministry on 1 July 2010. The preparation period was short and intense: we had just five months to put together a project team, develop appropriate alternatives and processes for the operation model and minimise the potential legal risks that could arise from the new service model (such as protecting personal data and issues related to IT security). The statutes of agencies and other documents concerning the organisation of work had to be changed; differences in everyday work within an area of government had to be made as consistent as possible; and at the same time we had to deal with people who were being transferred from agencies to the central unit. In general, the implementation of the project went quite well: it started work at the right time, and there have been no major setbacks so far. We have gained valuable experience

in developing processes and managing change. It is important to recognise that the project did not come to an end for us the day the central unit started its work – it was only the start of changes being implemented and support services being centralised throughout the state. In the years ahead, we will need to focus more on quality in addition to efficiency: making processes more consistent, working faster and thus making support processes more effective is of course important, but so is seeing the bigger picture. Quite a lot of personnel records activities that are carried out every year stem from acts that are no longer valid and which create unnecessary administrative burden instead of giving the organisation any added value. As such, aspects of the effectiveness and everyday implementation of the act should be taken into account when reviewing and amending acts.

MARGE DUBROVKIN

Head of Personnel and Communications
Department, Ministry of Finance

ADOPTING A CUSTOMER-BASED PREPAYMENT ACCOUNT IN THE ESTONIAN TAX SYSTEM



MERLE REEPALU

Acting Head, Revenue Department, Estonian Tax and Customs Board

The transition project of the new electronic accounting system of the Tax and Customs Board (hereinafter TCB) was completed in 2010. As a result, a customer-based prepayment account was launched. With this account, customers can assign one payment order for all of their obligations instead of having to perform different transfers. Taxes are paid automatically from the prepayment account on the terms set out in the Taxation Act. The system was designed to reduce the administrative burden on customers and to simplify and accelerate the fulfilment of claims submitted and administered by the tax authority.

Therefore, introducing the account has helped to achieve one of the strategic aims of the TCB: “to reduce the administrative burden of law-abiding customers through diversification of the services provided and improvement of process quality”.

Until 2009, the TCB used a system of reference numbers for paying taxes according to which, every taxpayer had a special reference number for paying each tax and interest. In addition to that, there was a separate bank account for each tax. So there could be situations where the tax payer had to make about 20 transfers every month to cover the tax liability. This was costly for the tax payer because of the bank fees and also took a lot of time.

Since 2009, everybody has had one prepayment account reference number. The system enables taxpayers to make transfers to the TCB with their account reference number, and taxes are paid from the account automatically. Acts were amended to accommodate the prepayment account and to establish the automatic payment process.

According to §105 of the Taxation Act, the monetary obligations of a taxable person are performed or set off in the order in which the obligations were created. Claims with the same due date are fulfilled on the basis of the order established in the act, and the tax authority transfers the obligations payable on the due date from the available funds in the prepayment account. Chart 1 below shows that transfers to the TCB have decreased by 50% since 2009: customers made around 3.7 million transfers to the TCB in 2007 and 2008, but just 2.0 and 1.8 million in 2009 and 2010.

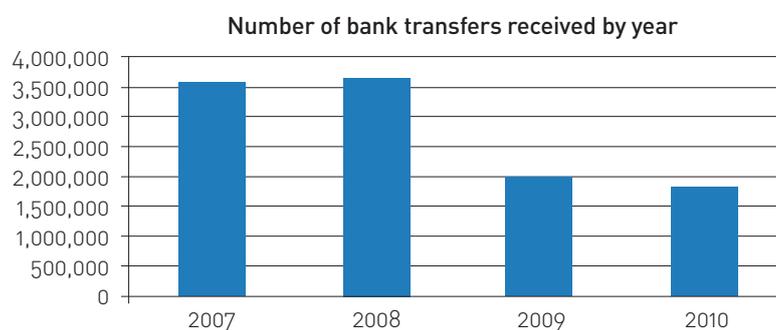


Chart 1. Number of received bank transfers

In addition to the prepayment account, the TCB also uses a document based reference number which is allocated to documents issued by a certain tax authority (e.g. claims for interest, fines and notices of assessment). The reference number is designed for use for the fulfilment of claims which could damage the interests of taxpayers if payment were suspended until the due date. Its use is voluntary. Therefore, if the TCB has issued a document with a reference number to a taxpayer, they can add the reference number to their payment order. In this case, the sum paid accrues to the prepayment account and will be automatically transferred to cover the claim in the corresponding document. If the customer does not use a document-based reference number, taxes are paid in the general order on the due date.

Until 2008, the accounting system of the TCB could show that a taxpayer had arrears in terms of one tax and an advance payment in terms of another. Situations therefore arose in which a person had an advance payment in the TCB when adding up all of the taxes, but arrears in one tax and an advance payment in another when the taxes were considered separately.

In order to transfer the advance payment of one tax (e.g. VAT) to cover the arrears of another tax (e.g. social tax), a taxpayer needed to submit an application to transfer the money from one to the other. Until the end of 2008, the TCB did not have the right to do this.

The principle behind making such transfers changed in 2009. Previously, money was transferred upon request from one tax to another. Since 2009, these transfers have been made between the prepayment accounts of different people. Users can quickly and easily access the e-Tax Board and e-Customs via the TBC website (<http://www.emta.ee/index.php?id=12223>) and submit an application to transfer money from the available funds in their prepayment account and the sum given in the application will be transferred to the receiver's prepayment account in just a few seconds. However, this is only the case if the person making the transfer has no unfulfilled tax liabilities. If so, the arrears are paid first (including interest owed) and only then are funds transferred to the other person's account. It is mostly institutions that are jointly liable to value added tax, groups of undertakings and the like that apply to transfer money between prepayment accounts.

Implementing the customer-based prepayment account system represented an effective solution: situations in which customers have arrears in one tax and advance payments in another are no longer possible.

Moreover, customers can log in to the e-Tax Board and e-Customs, view their claims, obligations and available funds and see a detailed account of the movement of funds in the prepayment account. If a person has funds in their account or if they submit a value added tax return with a claim for a refund, it is quick and easy to submit a refund application for the available money in the prepayment account or claim a refund in the e-Tax Board. If the person has no liabilities before the state and the tax authority performs no additional checks on the refund claim, the TCB refunds the tax within two working days. The prepayment accounts have made it possible to better plan cash flow in the state. For example, if a customer is obliged to pay income and social tax, obligatory funded pension contributions and unemployment insurance premiums on the 10th of each month, they transfer one sum to their prepayment account and the TCB automatically pays the claims based on the order in which the obligations are created. Claims with the same due date are fulfilled based on the order set out in §105(6) of the Taxation Act. The state is therefore able to plan sums that are transferred to the state budget on certain dates, which can be used to cover the other liabilities of the state. Until 2008, customers were able to direct the payment of their taxes. By choosing the reference number of a certain tax, they could choose whether to pay the unemployment insurance premium, social tax or income tax – and so situations became possible in which they would only pay taxes that were for some reason beneficial to them. For example, a customer would pay land tax with the land tax reference number which was transferred to the local government unit, or only paid income and social tax and the unemployment insurance premium on the basis of the obligatory funded pension contribution and unemployment insurance premium return, which was transferred to the Unemployment Insurance Fund. As such, use of prepayment accounts and automated fulfilment of claims has decreased the possibility of inequality in meeting different tax liabilities.

The introduction of the prepayment account has already had a positive effect at the international level, too. In 2010, PricewaterhouseCoopers (PwC) and the World Bank conducted a survey on the global tax environment in which Estonia improved on its ranking by eight places in just one year. According to the survey, entitled 'Paying Taxes 2011', Estonia is ranked 30th in regard to ease of paying taxes and business-friendliness – 6th in the EU after Ireland, Denmark, Luxembourg, the United Kingdom and the Netherlands – thanks to the implementation of the prepayment account. This improvement on the 2009 survey was the result of a decrease in supplementary payments (from nine to seven for the case study company), placing Estonia behind Sweden and sharing 2nd place in the EU with France and Latvia in terms of the ease of paying taxes. Business operators spend 81 hours a year paying taxes on average, which is the 3rd best result in Europe after Luxembourg and Ireland. It could be said, based on the foregoing, that the "structure and technical organisation of the Estonian tax system is world class and a sure strong point and advantage in competition"¹.

1 Tõntson, V. (2010) „Aeg maksukoormust vähendada!“/Time to ease the tax burden!/. Available online at <http://www.pwc.com/ee/et/press/article24112010.jhtml>.

MAKING THE PROVISION OF SOCIAL SERVICES AND BENEFITS MORE EFFICIENT WITH AN ELECTRONIC WORKING ENVIRONMENT



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Social work specialists in local governments will remember 2010 for a long time to come. In addition to their workload – which increased exponentially due to the economic decline – their working tools also changed.

A new data register of social services and support was launched on 1 April 2010: STAR, a central state database/information system or working environment designed for the management of social work

cases and the provision of social services and support and document activities, managed by the Ministry of Social Affairs.

WHY DID WE NEED A NEW DATABASE/INFORMATION SYSTEM?

A national social register created in 1999 had been used to date in the social sphere. From an information technology perspective, it was a set of social information systems designed for local governments and built on the same platform, but operating independently and administering a limited number of services and types of support. The majority of social work was still being documented on paper up to this point.

As the national social register was diffuse in nature, there was no consistent database of the people entered in it. Information was recorded in the social information system of the local government that the person contacted. As such, multiple systems may have included data about the same person, but there was no overview about the help they had previously received if they moved to another local government area. There was no way of checking whether they had contacted another local government with the same aid application or if another local government had already assisted them.

Of course, there were other reasons for introducing the new system: technical, substantive and legal ones. The IT solution of the national social register was outdated and did not correspond to the

interoperability principle of the state information system; nor did it enable data exchange with other information systems in the state.

Operating as a distributed register failed to support the establishment and implementation of unified classifiers and other standards in the social sphere. Data from the national social registry was insufficient to gather statistics about people, which meant that there was no qualitative basis for the analysis of social welfare policies or for the making of management decisions in the area.

The employee responsible for the system could not monitor or guarantee that the register operated properly due to its diffuse nature. The situation was such that the employee had no overview of the kind of data being collected in the system or how it was being collected, because each local government was able to develop the system as it saw fit.

Considering these shortcomings, the Ministry of Social Affairs took a decision in 2004 to develop a new IT solution. The first version of this was launched in 2009.

WHAT IS STAR?

STAR is first and foremost a national database established for the documentation and processing of social work (on the principle of case management), social services, social benefits and other forms of assistance and for organisation of adoption and guardianship.

From an IT point of view, it is an online information system whose users must identify themselves using their ID cards.

STAR enables users to allocate benefits and services, to create accounting documents needed for payments and to refer clients to contractual service providers. Interfacing with national databases (those most important for social work being the databases of the Social Insurance Board, the Health Insurance Fund, the Unemployment Insurance Fund and the Tax and Customs Board) has already taken place or is due to take place shortly, enabling social workers to obtain the source information they need to make decisions easily and quickly and to check the correctness of submitted data.

The personal data of customers and their families are entered into the database along with data about procedural acts. The idea behind the system is processing which involves different activities and documenting these activities. Preserving a customer's data and process history in one database allows more informed and precise decisions to be made in helping customers.

The system is connected to the population register, and changes in customer data are checked on a daily basis. An electronic solution has also been created to forward the insurance basis of caregivers of people with disabilities to the Health Insurance Board, which had previously been done on paper. Social work specialists from local governments are the current users of STAR. We plan to extend the circle of authorised users in future, since not all social work is performed in local governments. The system has more than 700 users in total.

HOW DOES STAR MAKE SOCIAL WORK MORE EFFECTIVE?

The very aim of STAR is to help improve the quality of social work, including supporting the development of case-based social work.

One of the objectives of creating STAR was to support the development of social work based on case management. This means that if a person requires long-term and wide-ranging assistance in order to boost their ability to cope independently, an action plan is agreed with the customer, including the members of their support network, and benefits and services are implemented consistently and systematically. This process involves an assessment of the person's need for assistance and resources, setting desired goals, determining action and evaluating the results.

Of course, not all social work customers require the case management approach, and some benefits and services are provided through a simplified procedure.

Case management often exceeds the borders of one authority: a local government, the Unemployment Insurance Board and the Social Insurance Board may all be dealing with the customer simultaneously. One future goal is to avoid situations in which several authorities assess the same customer and potentially contradictory action plans are compiled. Electronic data exchange is one of the key factors here.

If the system is integrated with other national registers and environments, customers do not have to collect and submit as many documents. In the coming years, customers will be able to follow their data as an e-service and submit applications via the citizen portal.

We hope that introducing STAR will standardise the terminology and work processes used in the social sphere, which in the long run should boost and harmonise the quality of social work. Just one year using STAR has highlighted the inconsistencies and misunderstandings in payments of state subsistence benefits, and these would have gone unnoticed if we had continued using the old system. Communication between administrative agencies and service providers should also be simplified. Social service providers will have an electronic channel in which to exchange information and do business with the local governments that refer customers to them. This part of the system is not yet in use, but a pilot programme is due to be launched. Providers will also obtain information from the register about people referred to their services and forward reports and invoices for the services provided to local governments.

If the state has broader opportunities to monitor the processing of social work cases and provision of assistance and the lawfulness of the processing of data in the information system, this will also help to improve quality.

Using a single database is also a precondition for more qualitative and effective processing of inter-agency and state statistics (including the transition from service-based to people-based statistics) in the social sphere. Entering data into a single system will gradually relieve local governments and service providers of the duty to prepare national statistics, which means that the time saved can be spent on actual social work. Hopefully the amount of administrative duties for both administrative

agencies and service providers will decrease. Of course, the precondition here is that every part of the system is used – which is something we want to see achieved as soon as possible.

„A single register simplifies passing information on about a person to colleagues when that person moves. Merging registers has also made life easier: for example, whereas before people had to submit paperwork regarding the persistence of a disability so as to extend the caregiver’s allowance, this can now be checked in the programme. Hopefully, STAR will continue to be developed and in future it will be possible to check data and levels of income

from the registers of the Social Insurance Board, the Tax and Customs Board and the Unemployment Insurance Fund, as we were promised we would be able to do last year. (The first two can be accessed via the X-road portal, but there is still no data exchange with the Unemployment Insurance Fund.)”

PILLE SIKK

Sangaste Municipal Government

HOW HAS THE TRANSITION TO THE NEW SYSTEM GONE?

One year has passed since the system was introduced. Although detailed conclusions have yet to be drawn, certain aspects can already be highlighted.

From the outset, the process did not promise to be an easy one, for a number of reasons.

STAR is an extensive system with a significantly different structure and set of functions than the national state register that had been used previously. Training of users was therefore very important.

“STAR is a comprehensive system, and there were difficulties implementing it. Introducing a new system is always a complicated process – it inevitably involves setbacks and problems, but most of these were solved thanks to Merily Friedemann and Juta Laimets from the Ministry of Social Affairs. The developer has a lot of work to

do adjusting parts that have already been completed and launching the new parts. The programme will be of great help once all of the interfaces with national databases that we have been promised are up and running.”

MERIKE LEPIK

Social Adviser, Kernu Municipal Government

“User training has been very useful in learning about the programme, but Juta Laimets and Merily Friedemann – who took our calls on the user support line – were particularly helpful.”

PILLE SIKK

Social Inspector, Sangaste Municipal Government

There was also an emotional aspect which we could not ignore: the transition to the new system meant shutting down a system we had been using and developing and which had become familiar to us over the course of 10 years. The new system represented a completely different solution and in some ways a completely different way of thinking.

The Ministry of Social Affairs did not develop the system for its own benefit but for that of its users. However, the work and organisation and even needs of users differed significantly, so obtaining the necessary feedback during the development stage proved to be quite a challenge. As such, we could not hope the solution would be all things to all people. Also, it must be said that improving the ease of use of the solutions that are currently in use requires a lot more work. Development that allows social workers do their jobs more easily and which helps to achieve the aims of the system awaits.

“The biggest problem for me in using the register at the moment is making enquiries from the data entered into it and compiling lists. Unfortunately, most of the functions of the old programme are gone. Plus, local governments cannot access the statistics of municipalities in the same way – the ministry sends its queries out automatically and only publishes consolidated data. As such, we can no longer compare data from different years at the local level. That said, it

is true that we previously had to submit more statistical reports concerning the payment of benefits; now the programme does this work for us. Less information had to be submitted in January 2011, but then again it had to be collected manually.”

PILLE SIKK

Social Inspector, Sangaste Municipal Government

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The timing of the system’s completion did not facilitate its implementation: the workload of social workers had grown enormously due to the recession by spring 2010, and this increased opposition to and fear of the new system. Introducing it meant that people’s workloads grew further, with a lot of data inevitably needing to be entered into the system. Implementation had been postponed twice, but we could not wait for the financial crisis to pass.

“The biggest problem for me during the transition period was transferring data. As the structure of the social information system and STAR are fundamentally different, we had to enter the information collected over the years (including bank

account numbers, telephone numbers, notes and so on) manually for each person.”

PILLE SIKK

Social Inspector, Sangaste Municipal Government

Aware of all of these risks, we decided to implement the system gradually. In April 2010 the Social Welfare Act obliged local governments to transfer the granting of subsistence benefits and the caregiver’s allowance to STAR; other uses were voluntary. Soon, local governments also started to use STAR to pay local social benefits. By September 2010, around 40% of local governments were using the system to grant local benefits, and this number had grown to 65% by January 2011.

WHERE NEXT?

STAR faces a number of challenges. The first is implementing a solution for the management of the system's services. The second is realising developments that will increase the ease of use of the system and the overview it provides and that creates additional ways of interfacing with databases.

The overall objective is to transfer all of the information needed to work with customers from notebooks and paper files to the electronic environment, decreasing the workload of social workers and customers in collecting data from other agencies and databases and ensuring that the decisions that are made are lawful and beneficial to customers.

REGISTRY OFFICIALS FROM THE VITAL STATISTICS OFFICE: INCREASING FLEXIBILITY IN REGISTERING EVENTS



KRISTI JOAMETS

Adviser, Population Department, Ministry of Justice

A lot of important changes were made to laws related to families in 2010, and as a result vital statistics registration was reorganised. The right to act as a registry official in a vital statistics office was established, which should help in creating more competent and valued officials. At the same time, technical possibilities were updated, providing more flexibility in registering vital statistics events.

July 2010 saw a new act – the Vital Statistics Registration Act (hereinafter VSRA) – and a new wording of the Family Law Act enter force. In parallel, new software was introduced for the population register.

The new act added a new term to Estonian law: ‘registry official of a vital statistics office’. This is an official whose duty it is to register vital statistics. Adopting the term designates the group of officials who register vital statistics events and lends greater weight to such an official’s position. According to the provisions of the new act, a person who meets the requirements of becoming an official as stated in the Public Service Act and who has been granted the right to act as a registry official of a vital statistics office by the Minister of Regional Affairs after passing the relevant exam can become such a registry official.

WHAT DO REGISTRY OFFICIALS FROM VITAL STATISTICS OFFICES DO?

As most people are aware, it is primarily officials from county and local governments who register vital statistics. In addition, ministers of religion can contract marriages if the Minister of Regional Affairs has granted them this right. Also, notaries obtained the right to register marriages and divorces on 1 July 2010. According to the new act all of these officials are registry officials of vital statistics offices, and they exercise public authority with certain differences when registering vital statistics.

480 OFFICIALS AND 115 MINISTERS OF RELIGION HAVE TAKEN THE EXAM

Officials have to take an exam in order to act as registry officials of a vital statistics office. Extensive training was provided in bigger towns and cities before the first such exam, organised by the Ministry of the Interior in cooperation with county governments and the Ministry of Justice. Officials and ministers of religion who were already appointed before the act entered force and who wished to continue to register vital statistics related to marriage also had to take the exam. 480 officials from county and local governments and 115 ministers of religion passed the exam following their training and thus earned the right to act as registry officials starting from 1 July 2010. Notaries gained the right to act as registry officials in contracting and divorcing marriages after evaluation.

This right remains valid for three years, after which the officials have to retake the exam. The act therefore provides periodic testing of the officials' knowledge, which should guarantee their competence. The right to contract marriages granted to ministers of religion remains valid for five years, and according to the act it can be extended for the following five years on certain conditions. Notaries are granted the right to act as registry officials for their term in office.

ESTABLISHING THE PROFESSIONAL ASSOCIATION OF ESTONIAN REGISTRY OFFICIALS OF VITAL STATISTICS OFFICES

Introducing the term 'registry official of vital statistic office' supported the idea of establishing the Professional Association of Estonian Registry Officials of Vital Statistics Offices, which was founded in early 2010 with the aim of uniting, supporting, informing and advising the country's registry officials in their work. Most European countries have such an association. In Estonia, it helps promote cooperation with similar associations in other countries. In 2010, members of the association represented Estonia at the international seminar of European associations of registry officials of vital statistics offices.

IMPORTANT MEASURES THAT GUARANTEE FLEXIBILITY

The fact that the right to act as a registry official of a vital statistics office must now be granted limits the number of officials who can register vital statistics events. All such registry officials perform their duties (e.g. registering births/deaths and contracting or divorcing marriages) according to the exams they have passed. This right is also connected with access to the population register: an official is only granted access to operations for which they have rights after passing their exam. Limiting the circle of officials guarantees the quality of the work being done, since the officials' knowledge has been tested. Only an official with the proper rights can stand in for a registry official of a vital statistics office in certain activities, which means that situations where an official who does not know anything about vital statistics registration stands in for a registry official of a vital statistics office who is on holiday are avoided. Situations in which there is no one to stand in for them or the substitute is sick are solved on the principle that vital statistics registration is not connected to the place of residence of the petitioner or the county government in which a document is located. The body conducting the process can be changed electronically. Forwarding files is important to small municipalities, for example, where there may be just one official who has passed the exam and registers vital statistics.

Unlike in the previous act, the new act states that a person can go to the vital statistics office of their choosing for registration. (There are, however, limitations on the agencies authorised to carry out

different operations, as in § 3 of the VSRA). The new population register software makes this possible. For example, a citizen may file a vital statistics document with their municipality to register a birth or death which has not been entered in the population register, which the municipality then forwards electronically to the county government, which in turn enters the data. Citizens do not have to deliver such documents to the county government themselves. With this flexibility, people no longer have to deal with more than one agency, and processing is faster. It is also possible to obtain a duplicate of the registration of a vital statistics event from any county government – not only from the one in which the statistics were registered.

One official can instigate the registration of vital statistics and another can continue it if the official has electronically received the file in question with the citizen's application and the documents required for processing. A third official or the one who initiated the process can then complete it. It is also possible to hand proceedings over to a notary from the county government (or vice versa) if the person in question wants another official to contract or divorce their marriage after they have submitted their petition. People have already made use of this option.

Documents (action and correspondence) gathered in the course of proceedings are scanned and held in a file that makes it possible for them to be viewed and sent all over Estonia. This makes it easier to guide registry officials from vital statistics offices and monitor vital statistics registration, and presents the possibility to view the source document of the data entered in the population register.

An important change here is the obligation of administrative agencies to use data from the population register in administrative procedures. Citizens do not have to submit vital statistics documents to verify information that has already been entered in the population register when communicating with an administrative agency. As such, they do not have to request a duplicate document from the office in order to submit it, for example, to the Tax and Customs Board or the Social Insurance Board. Data in the population register have legal effect, and an administrative agency is obliged to use such data when registering statistics.

IN SUMMARY

The legal basis for electronic administrative proceedings that the VSRA has created is an important development in vital statistics registration within Estonian administration. Registering such statistics is now faster and more convenient and can be easily controlled. Attestation of registry officials through exams guarantees that they are competent, and they remain competent thanks to retesting. Citizens are now able to register statistics in any vital statistics office in Estonia; officials are now able to forward proceedings to other officials quickly; administrative agencies are now obliged to use data from the population register; and the need to issue duplicate documents has decreased. All of this makes proceedings much faster and more convenient for officials and citizens alike.

Providing training and administering exams proved to be complicated, as we had to teach people about legal provisions that had yet to be implemented. The new acts include a large number of new legal institutes, terms and principles which remain hard to understand today, even though the acts have been in force for six months. The officials who took the exam did very well — most of them knew as much as those administering the exam.

Although getting to grips with an act meant for the future was a complex task, county government officials admitted on the information day for registry officials of vital statistics offices held in late 2010 that the exam had motivated them to learn more about the new act.

The Ministry of the Interior would like to thank the officials who were granted the right to act as registry officials of vital statistics offices for their determined attitude and hard work in 2010.

TRAINING REGISTRY OFFICIALS FROM VITAL STATISTICS OFFICES AND THEIR EXAM SUCCESS IN LÄÄNE COUNTY



KRISTEL JUPITS

Acting County Secretary, Lääne County Government

Since 1 July 2010, officials who have passed the exam for registry officials of vital statistics offices and been granted the right to act as such by the Minister of Regional Affairs have been able to do so. Officials from county and local governments took this exam for the first time in 2010 so as to gain this right.

Knowledge of the Family Law Act, the legal basis for registering vital statistics and organisation of IT were tested in the exam. Certification as a registry official of a vital statistics office is valid for three years from the day of the exam; vital statistics events can only be registered by officials while the certificate remains valid. Births and deaths are registered with municipal governments, while county governments register births and deaths, marriages and divorces, name changes and paternity (following the registration of a birth); issue original marriage certificates and duplicate birth, death, marriage and divorce certificates as well as extracts from the population register; and enter criminal matters and foreign documents in the family register.

20 officials in Lääne County have the right to act as registry officials of a vital statistics office, 18 of whom are municipal officials and two of whom work for the county government. In addition, the Minister of Regional Affairs has granted one minister of religion in the county the right to contract marriages. Notaries have also had the right to contract and divorce marriages since 1 July 2010.

All of the officials who sought the right to act as registry officials attended training before taking their exam, including theoretical training at the Ministry of the Interior and practical training at Plc

Andmevara in working in the web environment. Training for officials from Lääne County government took place in January, March and April 2010; officials from Lääne municipality were trained in March, April and May 2010. During preparations for the exam for municipal officials, they were guided and consulted at all times within the county government.

All of the municipal officials took the exam seriously, as is reflected in the table of results below (see Chart 1).

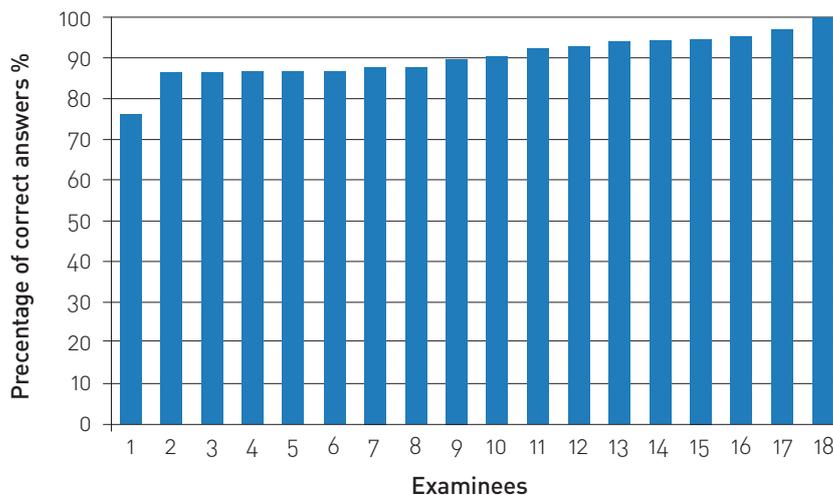


Chart 1. Exam results of municipal officials who took the exam to become registry officials of a vital statistic office

Both officials of long standing (employed for between 11 and 29 years) and those employed for a shorter period (up to 10 years) passed the exam. The youngest registry official in the county is 22 years old; the oldest is 63. 10 officials have higher education, 7 have vocational secondary education and 3 have secondary education.

In order to gain the right to act as a registry official of a vital statistics office, the applicants had to study a range of acts to which they need to refer in their everyday work (the Family Law Act, the Vital Statistics Registration Act, the Population Register Act, the Names Act, the Personal Data Protection Act, the State Fees Act and the Archives Act) as well as other normative regulations (e.g. the procedure for making, forwarding and preserving vital statistics entries, application forms submitted to vital statistics offices, forms for entries made on paper and of vital statistics extracts and the list of languages used in multilingual extracts).

When compiling a summary with the officials in Lääne County, we found that establishing an exam to earn the right to act as a registry official of a vital statistics office had been a positive step towards increasing the flexibility of registering such statistics and raising the competence of officials. Taking the exam represented an opportunity and also required them to revise their knowledge and skills.

Everyone had to study the new acts, so it was helpful that this could be done as part of systematic training under the guidance of specialists. It was also a new and positive experience for everyone to acquire the skills needed for practical operations within the new family register programme.

CHAPTER 4

PERSONNEL MANAGEMENT AND CHARACTERISATION OF OFFICIALS IN THE PUBLIC SERVICE

STUDY OF PERSONNEL MANAGEMENT IN THE PUBLIC SERVICE



RIINA ROHELAAN

Expert involved in survey, HR Outsourcing Ltd

ANU PELJO

Adviser, Public Administration and Public Service Department, Ministry of Finance



The financial crisis and the changes it brought about in the public service have proven to be as much of a challenge to personnel management as they have in other areas. In order to gain an overview of the situation in personnel management in the public service, a survey was conducted in 2010 among heads of administrative agencies (henceforth senior executives) and personnel managers in the public service in state administrative agencies. To highlight the changes that have occurred, the results were compared with those of a similar survey conducted in 2005.

The aim of the survey was to obtain a clearer picture of personnel management in public service agencies in Estonia: to determine the quality of personnel management and to map the current situation, expectations, needs and obstacles from the point of view of personnel managers and senior executives. A total of 114 people (69% of the sample) from different agencies took part in the survey: 57 personnel managers and 57 senior executives.

The development of personnel management in the public service can be described by comparing the results of the 2005 and 2010 surveys, which are presented by topic in Table 1.

Table 1.

Level of personnel management in public service agencies

2005	2010
<p>The level is inconsistent, depending on the size and type of agency:</p> <ul style="list-style-type: none"> • personnel management mostly supports the achievement of strategic aims in ministries and constitutional institutions; • the level of personnel management varies greatly in agencies, inspectorates and other government institutions; and • the role of personnel managers is mostly to perform administrative duties. 	<p>The level is inconsistent, depending mostly on the type of agency:</p> <ul style="list-style-type: none"> • personnel management supports the achievement of strategic aims in ministries (including the Government Office) and long-term plans are made; • the level of personnel management varies greatly in other institutions (agencies, inspectorates, constitutional institutions, courts, prisons, defence forces and other government agencies) and action is mostly based on short-term goals and the current situation; and • more and more personnel managers see their role as counsellors and experts. Managers have a better understanding of how developments in the area influence an agency's results.

Implementing strategic personnel management in public service agencies

2005	2010
<p>There is no strategic personnel management in most of agencies:</p> <ul style="list-style-type: none"> • source documents for strategic and personnel management are insufficient; • personnel management and the management of agencies are not adequately interconnected; and • there are shortcomings in organising different areas of personnel management and how they are interconnected. 	<p>Strategic personnel management has yet to become the recognised, systematic approach:</p> <ul style="list-style-type: none"> • personnel management and managing an organisation are not connected at the strategic level and communication and cooperation between personnel managers and senior executives in the public service needs to be improved; • different areas of personnel management have been developed unevenly: recognising, motivating and rewarding employees, planning careers and personnel and evaluating performance need the greatest attention; and • measuring the performance of personnel management has become more activity-based, but indicators that enable the effect of personnel management activities on other indicators important to agencies to be evaluated are not enough sufficiently.

The personnel management system in the public service and its coordination

2005	2010
<ul style="list-style-type: none"> • Many problems arising from the public service system are hindering the development of personnel management in the public service and the current situation in the central coordination of personnel management in the public service does not meet the expectations and needs of agencies. • Vagueness in developing the public service and outdated legislation are serious problems. • There are problems in organising the central coordination system of the public service and in basic coordination activities. Most areas in central coordination need reinforcing. • Cooperation between personnel managers in the public service is good in ministries and constitutional institutions. Cooperation between representatives of other groups of agencies mostly takes place at the individual rather than inter-agency level. 	<ul style="list-style-type: none"> • There have been many positive developments in the central coordination of personnel management in public service agencies, but several problems arising from the public service system continue to hinder development. • The lack of a development strategy for the public service, outdated legislation and the current wage arrangements do not enable agencies to implement personnel management approaches that correspond to their needs. • The unclear aims of coordination activities, lack of a systematic approach, unclear distribution of responsibility between agencies and the lack of a single information system and standardised reporting remain key problems. • There is no common 'best practice' in personnel management nor a system for evaluating performance which would provide a basis for comparing the level of personnel management, including the effectiveness and performance of actions.

The conclusions of the survey show that the problems in personnel management are largely similar to those identified in the 2005 survey, despite the fact that there were many positive developments between surveys. The 2010 survey revealed that a small number of personnel employees or their lack of skills and knowledge or scant interest among middle and senior management does no longer hinder the setting of long-term personnel management goals. People see the role of personnel managers less and less as executives of administrative duties, viewing them more as experts on public management and counsellors of senior executives. Thus it can be concluded that personnel management as an area and the people working in it have become more strategic in public service agencies. It remains too early to talk of strategic personnel management; while personnel strategy is important in agencies, almost half said that it was based on agreed short-term aims. Acknowledging this, every other personnel manager stated the area they need to develop most is strategic planning.

The period from 2005–2010 is noteworthy for changes to the structure of and the centralising of functions in the public service. The flying start centralisation made in 2010 had an important effect on the results of the 2010 survey: both senior executives and personnel managers said that centralising support services and preparations for it were two of the most influential factors in personnel management in recent times.

The results of the survey are being used to identify the areas that require central development and to plan specific implementation. For example, the results are being taken into account when making changes to the implementation of personnel management in the public service (including wage arrangements), drafting planned personnel strategies, developing performance indicators, drafting common principles for personnel records and payroll and planning training and development as part of the central training programme.

COOPERATION IS THE PRECONDITION FOR PROFESSIONALISM

DEVELOPING ESTONIA'S SENIOR EXECUTIVES IN THE PUBLIC SERVICE



EVE LIMBACH-PIRN

Head of Top Civil Service Excellence Centre, Government Office

The lights go down in the hall and the discord of tuning fades. Applause greets the conductor as he steps in front of the orchestra. He raises his baton and ... the silence is shattered. The violins play one score, the brass section their own, and each of the French horns chases the drum that beats like a madman... I doubt any of us would like to hear such a concert. We go to one assuming that the musicians have worked hard, and worked together, to produce a clean, harmonic result. We expect them to be professional.

At present, there are 87 senior executives in the public service in Estonia – the Secretary Generals and Deputy Secretary Generals working in ministries and the Directors General of agencies and inspectorates – enough to put together an orchestra. They work in 34 different agencies; include people with education in 19 different fields; and range in terms of length of service from 19 years to almost ten times less. How does this team work together?

NEW COMPETENCY MODEL FOR SENIOR EXECUTIVES IN THE PUBLIC SERVICE IN ESTONIA

The Top Civil Service Excellence Centre has been supporting senior executives in the public service since 2005 by creating individual development activities and opportunities for cooperation. Analysing the experience and feedback obtained over the last four years, we updated the competency model for senior executives and the principles of recruiting, evaluating and developing them in 2009. The new model sends out a clear message: that the senior executives in the Estonian public service forms a committed team with shared values, where everyone is aware of the role they play and where decisions are made according to the priorities of the state. The four main aspects of competency – reliability, commitment, management skills and a focus on citizens – create the framework of values for the activities of senior executives. The ten aspects of competency (divided as activity indicators) show the main areas of work of senior executives and enable feedback to be given during evaluation. The new competency model is shown in Figure 1.

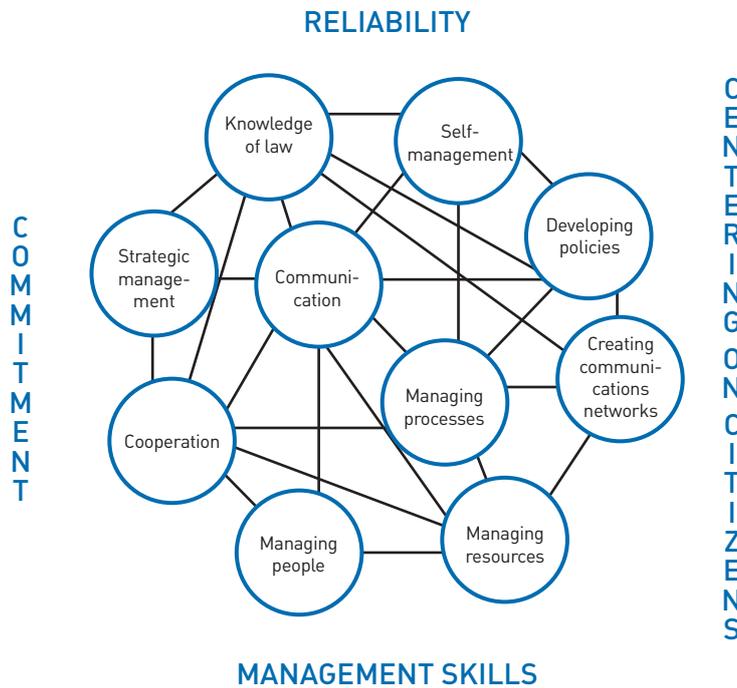


Figure 1. 2009 competency model for senior executives in the public service in Estonia

In this form, the competency model outlines the roles of senior executives in the public service, enabling evaluation of whether the candidates are suited to positions and supporting executives in the development of areas that need it the most.

The new competency model received positive feedback from those evaluating it in the piloting stage. In addition to evaluating competency, the updated e-centre of competency now also allows the results of evaluation interviews to be recorded. Securing the participation of all ministries in evaluation and development is our biggest challenge. Senior executives from all ministries took part in the piloting stage in spring 2010 – 40% of the target group. We hope to see rapid developments in this area following the next evaluation period in spring 2012.

DEVELOPMENT SUPPORTS COOPERATION

Just as the skills of each individual musician and their ability to work together are important in an orchestra, so the individual competency of managers and how they cooperate to achieve shared goals are important for senior executives in the public service.

15% of such staff participated in individual development in 2010, working with a personal management coach, improving their language skills and taking part in different training courses and conferences in other EU countries. To guarantee that everyone remains informed, the Top Civil Service Excellence Centre and the Government Communication Unit have been regularly sending materials on key topics to senior executives since autumn 2010.

Senior executives have had the chance to take part in at least one themed development programme each year. While previous programmes focussed on developing policies, boosting Estonia's competitiveness and sustainable development, the programme for 2010 centred on the quality of public services. The idea for the programme came in 2009 when drafting the key competencies of the updated competency model and following in the footsteps of previous programmes.

Two main competencies comprised the main axis of the programme – commitment and focussing on citizens – which underscored the necessity to organise work based on the needs of citizens and on a commitment to work as a team to achieve the aims of the state.

The programme was designed to establish cooperation between providers of public services and to develop a set of proposals to improve the quality, availability and effectiveness of the provision of these services in Estonia. As such services are often provided in cooperation with local governments, the managers of the four largest of these were asked to participate in the programme in addition to 20 senior executives from the public service.

The programme was composed of four modules, of which lectures only made up a small part: opportunities for debate, learning from different practices (including the experiences of other countries) and generating ideas comprised the majority of the programme. An example of innovative training is 'management theatre' – sketch performances of problems that have arisen in the provision of services. This enabled the participants to place themselves in and understand situations with greater empathy. One of the most unusual methods in training senior executives was the 'job shadowing' that took place on the second day. Everyone who took part in the programme spent three days in different agencies and different areas of service (where possible) shadowing an official who was offering services directly to citizens. At the end of the programme, the participants compiled a set of proposals including ways of improving the quality of public services in a particular agency, in the area of government of their ministry and at the level of the state. Enforcing common quality requirements for public services and clearly dividing duties and responsibilities were considered important at the state level. In terms of agencies and officials, emphasis was given to developing services based on the needs of the target groups, developing competencies in managing processes and creating training and cooperation possibilities for officials providing services at different levels. A lot of what was highlighted in feedback on the programme coincides with the central message of the Estonian governance report issued by the OECD in 2010: Estonia should work to achieve a single governance approach.

Professional musicians have to be fostered from an early age. When we think about senior executives in the public service, we should also consider who the people willing to bear responsibility in the future will be. Newton, a programme for future senior executives, was conducted for the second time in 2010. 42 people applied to take part, of whom 23 were selected. One of its core ideas, apart from developing individual competencies, is creating shared values and a habit of working together. The programme is made up of eight modules, a period of job shadowing and a final paper. The aim of the latter, which is written as a group, is to analyse whether the Swedish model of government would suit Estonia. The most outstanding graduates are given the opportunity to create a set of activities for their own development for the following six months.

The first conference for senior executives in the public service in Estonia, entitled 'Better with Less', was held on 15 October 2010. Prime Minister Andrus Ansip spoke at the event, while Heather Backhouse, a leading official from Canada, gave a presentation about public services and their availability and Juhani Turunen, the Deputy Secretary General of State Administration from the Finnish Ministry of Finance, spoke about the biggest challenges they faced in developing the government sector.

Discussion in the afternoon focussed on the results of the OECD's 'Better public services: strong and weak points in Estonian governance' analysis. Based on feedback, senior executives felt that the prime minister's speech had been the most interesting and important presentation and that the conference represented a vital opportunity for all members of senior executives in the public service to meet on an annual basis. The second such conference will be held on 20 October 2011. See you there!

The systematic approach of the Government Office to developing senior executives in the public service is welcome for a number of reasons. It has given us the chance to develop our skills and broaden our knowledge. Events are mostly organised by leading specialists and have been very informative. They have also been organised so as not to interrupt the everyday work of managers. This flexibility enables better participation.

How I have been evaluated by my employees in the process of assessing the competency of senior executives in the public service has been a valuable guide for self-development. The evaluations I have received have been especially valuable where I have had the chance to compare the results with those of three years ago: analysing trends has given me a good overview of the impact of development.

Such an undertaking is without doubt of great support to senior executives in the public service. Executives are often alone in their decisions and responsibilities. As a result, they can become ensconced in their areas of activity, which is not good

for their judgement or the quality of their decisions. Participating in the development programme is a great opportunity to communicate with other people at the same level – exchanging experience can present solutions to your everyday problems. Moreover, the added value of breaking out of your routine and broadening your mind should not be underestimated.

The most important contribution for me is the improvement in cooperation between agencies. Joint events forming part of the programme are an excellent opportunity to get to know your colleagues better. These relationships form a solid basis for solving inter-agency problems in a stress-free way and in the spirit of cooperation – a practice that should be common to well-functioning state apparatus in general. My sincere thanks to the Government Office for the good work they have done so far. I hope they have the strength and wisdom to keep it up!

ENRIKO AAV

Director General,
Estonian Tax and Customs Board

The development programme for senior executives in the public service has been an extremely valuable experience, providing a wide range of practical activities for development, as well as contact with experts and leading thinkers in regard to topical issues. In addition, participating in the programme creates a framework of intensive communication between senior executives

that would not be feasible as part of regular work-related meetings. This means an opportunity to personally get to know many of your colleagues in the public service in Estonia and to share their experience.

RAIGO UUKKIVI

Director General,
Estonian Technical Surveillance Authority

ESTONIAN OFFICIALS IN 2010



MAL-BRIT PÄRNPUU

Chief Specialist, Public Administration
and Public Service Department, Ministry of Finance

Personnel statistics for the public service have been collected and analysed since 1996, when the Public Service Act (hereinafter the PSA) entered force. Since 1999, such statistics have been presented in public service yearbooks. In previous years, collection and analysis of these statistics was the task of the Government Office, but starting in 2010 responsibility for the coordination of the public service, including collection of statistics, was transferred to the Ministry of Finance.

This article provides an overview of the major indicators of Estonia's public service as at 31 December 2010¹. Comparisons with previous years are also provided².

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DATA SAMPLE AND DATA PROCESSING

The data sample includes officials in general (official is a person elected or appointed to an office on the staff of an administrative agency, state officials and local government officials are distinguished) and specific types of public service officials (in regard to whom certain acts apply in addition to the PSA). These include police officers, rescue service officials, regular members of the Defence Forces, prison officers, prosecutors and judges and assistant judges.

Data analysis takes in state administrative agencies and local government administrative agencies (municipal and city governments). All of these agencies were issued with a statistical questionnaire entitled 'Annual Questionnaire of the Public Service'. The agencies were required to fill in an electronic form with data on the number, length of service, gender and age distribution, citizenship, level of education, entry into service and resignation from service of officials.

As a result of close cooperation, all of the agencies in the sample provided data in 2010.

1 More detailed statistics (with fewer comments) are available online at www.avalikteenistus.ee.

2 Aggregate data of the Rescue Board are based on the data of six agencies. Aggregate data of prisons are based on five prisons. Aggregate data of courts are based on four county courts, two administrative courts and two circuit courts.

The overview of the personnel statistics of the public service in 2010 is presented in the following groupings:

- ministries and their areas of government – 11 ministries plus the boards, inspectorates and other government agencies in their areas of government³. This group reflects data on officials of specific types of public service;
- constitutional institutions and the Government Office plus its administrative area – the Chancellery of the Riigikogu, the Office of the President of the Republic, the Supreme Court, the National Audit Office, the Office of the Chancellor of Justice and the Government Office. This group also includes the National Archives operating within the administrative area of the Government Office;
- county governments (15); and
- local governments – 33 cities and 193 municipalities.

COMPOSITION OF OFFICIALS

The total number of officials working in the public service in Estonia at the end of 2010 was 28,340. Compared to 2009, this represented a decrease of 1%. State administrative agencies employed 23,169 officials, including those of specific types of public service (see Chart 1)³. Local government administrative agencies employed 5171 officials.

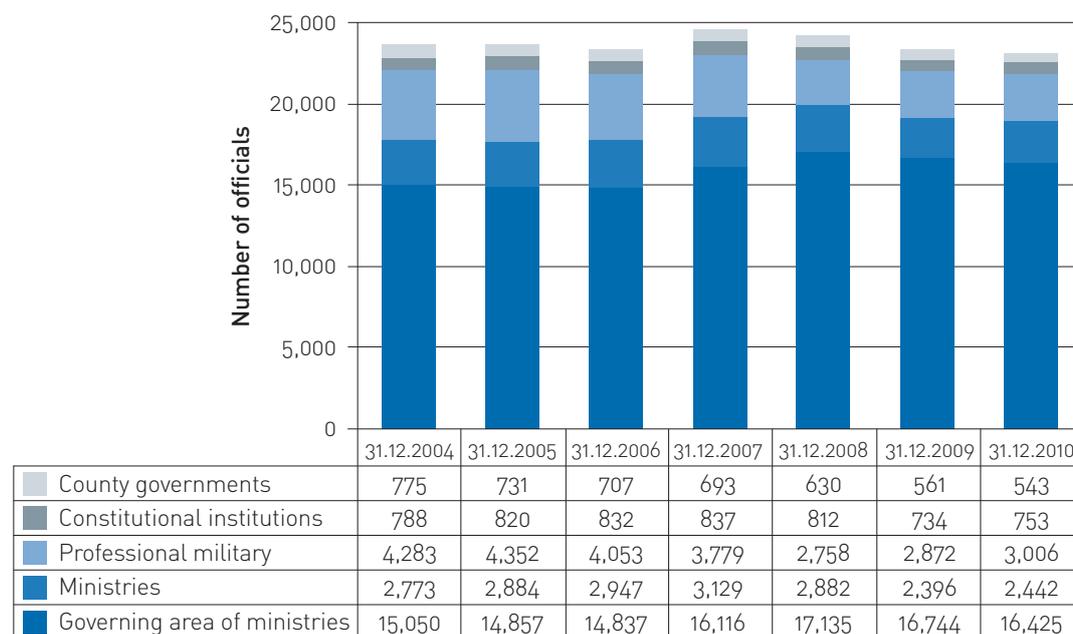


Chart 1. Distribution of state officials by institutional group 2004–2010

The total number of state and local government administrative agency officials fell by 292 during the year. (In 2009, the total number of officials was 28,632.)

³ Number of officials in ministries and their area of government, constitutional institutions and their area of government and county governments.

Whereas in 2009 ministries and their areas of government employed a total of 22,012 officials, this number fell to 21,873 in 2010 – a decrease of 139 or 0.6%. The areas of government of ministries were subject to reorganisation: new boards were established through mergers and the rights and obligations of one board were transferred to a ministry. On 1 January 2010, the Agricultural Board was founded as a result of the merger of the Plant Production Inspectorate, regional land improvement bureaux and Land Improvement Bureau of Supervision and Expertise. The Police and Border Guard Board was founded upon the merger of the Police Board, the Central Criminal Police, the Personal Protection Service, the Border Guard Board and the Citizenship and Migration Board. The Health Board was established upon the merger of the Health Care Board, the Health Protection Inspectorate and the Chemicals Notification Centre. The rights and obligations of the Public Procurement Office were transferred to the Ministry of Finance on 1 July 2010. Previously, the regional land improvement bureaux, the Land Improvement Bureau of Supervision and Expertise and the Chemicals Notification Centre were not included in the data sample. Comparing ministries and their areas of government, the number of officials decreased most (by 3.6%) within the Ministry of Social Affairs and the Ministry of the Interior.

In the last year, the overall number of officials in ministries increased by 46 or 1.9%. The increase was highest in the Ministry of Finance (17.6%). This was the result of internal restructuring within the public service – the reorganisation of the Public Procurement Office as a department of the ministry, centralising support services from the area of government to the ministry and the transfer of the Department of Public Service from the Government Office.

In the group of constitutional institutions and the Government Office, the number of officials increased by 19 or 2.6%. The change here was greatest in the Office of the President of the Republic, where the number of officials increased by 6 or 14% compared to 2009.

In county governments, the number of officials decreased by 18 or 3.2% in 2010. This reduction was greatest in Lääne-Viru and Järva county governments (16.7% and 12.9% respectively). In 2010 the number of the local government officials decreased by 154 – a drop of 2.9%.

DISTRIBUTION OF OFFICIALS INTO BASIC CATEGORIES

Pursuant to the State Public Servants Official Titles and Salary Scale Act, the basic categories of public servants are junior officials, higher officials and senior officials. This distribution does not apply to officials of specific types of public service. The categories are formed on the basis of special acts; the following analysis focuses on the main groups as designated within the State Public Servants Official Titles and Salary Scale Act.

In 2010, the category of higher officials included 2732 people, the category of senior officials 9872 people and the category of junior officials 577 people in state administrative agencies⁴. The proportion of higher officials was 20.7%. The category of senior officials remained the most numerous, accounting for 74.9% of all officials. The number of junior officials (4.4% of the total) reflects a continuous downward trend in this category (See Chart 2).

⁴ Here and below the statistical analysis of public officials focuses on state officials excluding regular members of the Defence Forces.

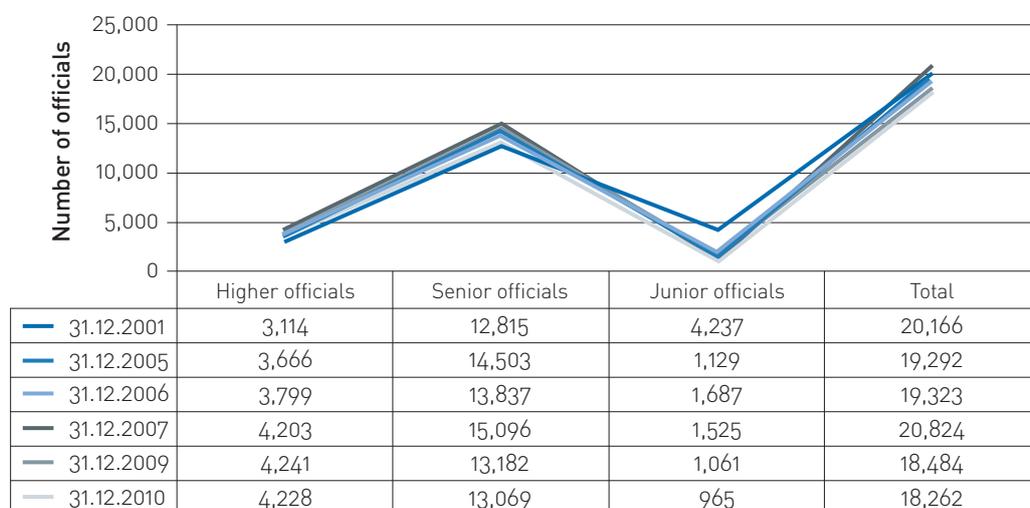


Chart 2. Distribution of state and local government officials according to the basic categories of offices of public servants in 2010

There were 388 junior officials, 1496 higher officials and 3287 senior officials in local government administrative agencies in 2010 (7.5%, 28.9% and 63.6% respectively).

AGE DISTRIBUTION OF OFFICIALS

The proportion of the age group below 30 is decreasing and the proportion of the 31–40 age group is rising from year to year (See Chart 3). The ageing of Estonian society, which is beginning to make itself felt, cannot be excluded here.

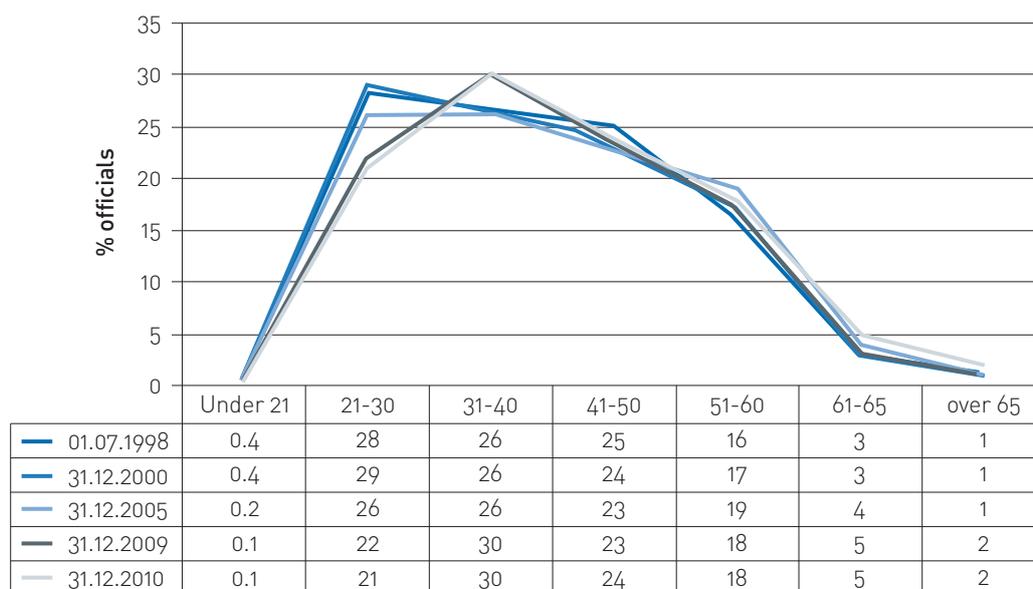


Chart 3. Distribution of state officials according to age in 1998-2010

The youngest group of officials continues to be employed by ministries and constitutional institutions. 64.1% of the officials in ministries were in the 21–40 age group in 2010. In constitutional institutions and the Government Office and its area of government, 53.8% of officials formed part of the 21-40 age group.

The officials working in local governments are somewhat older compared to state administrative agencies – more than half (57.5%) are in the 41–60 age group. The number of officials aged 51–65 continues to rise (see Chart 4).

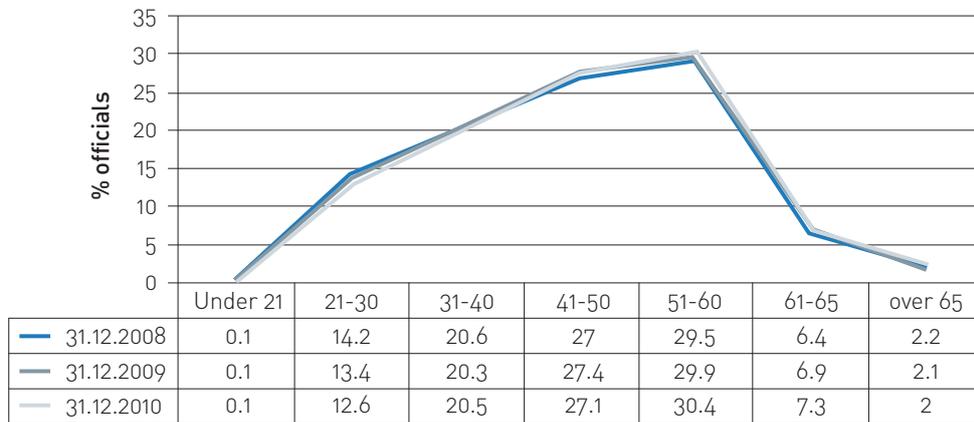


Chart 4. Age distribution of local government officials 2008–2010

DISTRIBUTION OF OFFICIALS BY GENDER

58% of officials were women and 42% were men in 2010. A decade previously, men and women were represented in almost equal numbers; since then, the proportion of women has exceeded that of men, although the gap has been closing in the last few years (See Chart 5). Adding regular members of the Defence Forces to the sample changes the picture, the difference in the proportion of men and women falling to just 4% (48% and 52% respectively).

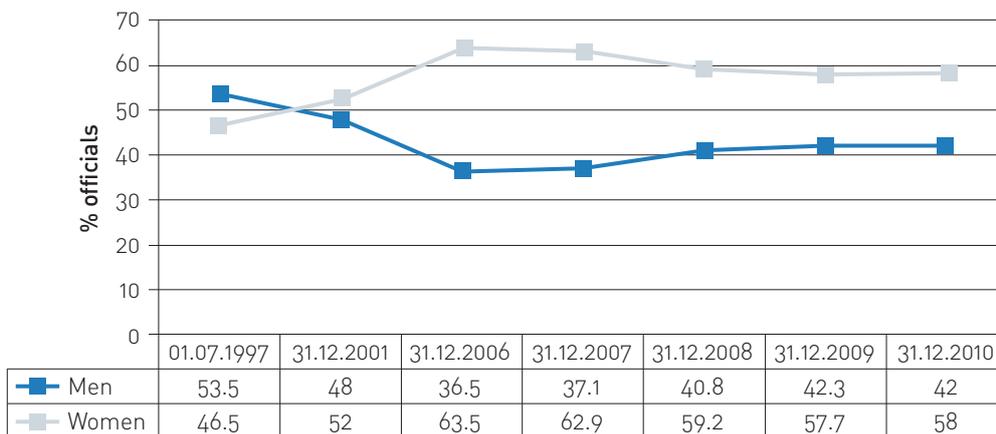


Chart 5. Distribution of state officials according to gender 1997-2010

LENGTH OF SERVICE OF OFFICIALS

Compared to 2009, the proportion of employees with a length of service of less than one year has increased (from 3.1% to 3.6%). In 2008, the proportion of officials with this length of service was highest in boards and inspectorates (5.9%), while in 2009 it was highest in county governments (4.6%) and in 2010 it was highest in ministries (5.3%).

The proportion of state administrative agency officials whose length of service exceeded 10 years reached 54.2% (see Chart 6) in 2010. Two years previously the respective figure was 48.4%, and in 2007 it was 45.3%. As such, in the space of three years the proportion of officials with more than 10 years' service increased by 8.9%. The proportion of those with a length of service exceeding 30 years remains highest (10.3%) among county government officials.

The proportion of local government officials with a length of service of less than 10 years was 44.9% in 2010. 55.2% of officials had served for more than 10 years. In 2008, the proportion of officials with less than 10 years' service amounted to 48.9% and the proportion of those with more than 10 years' service was 51.1%. Thus the proportion of officials with long service has increased.

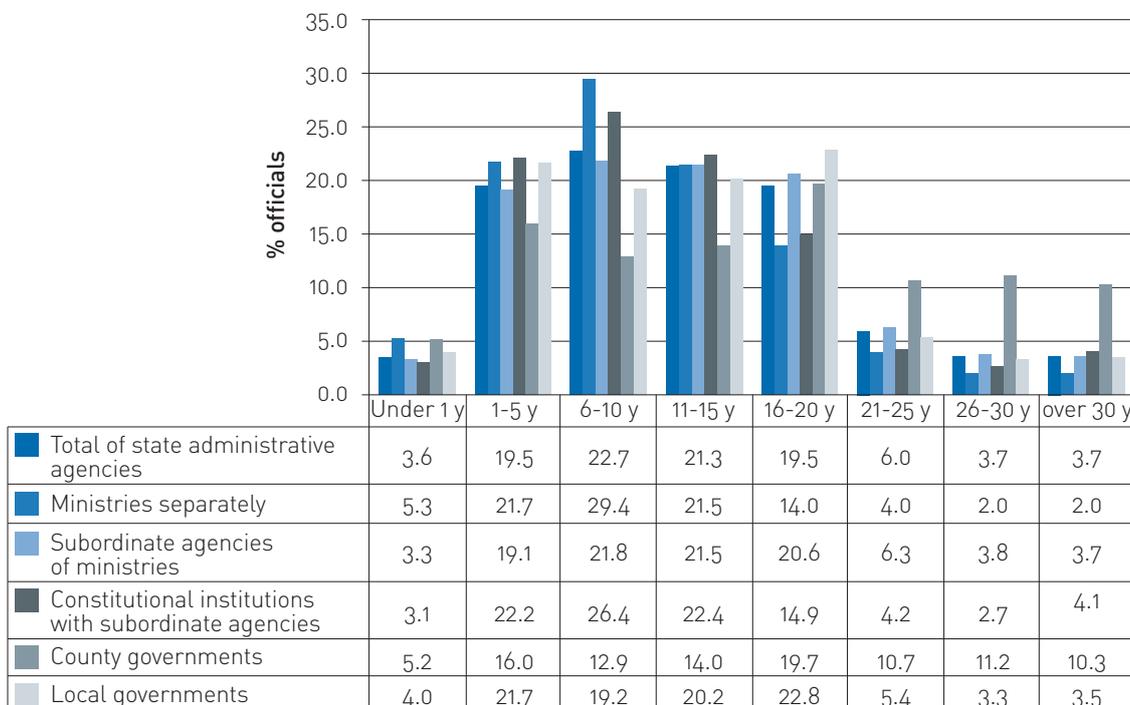


Chart 6. Distribution of the officials according to the length of service (as of 31 December 2010)

LEVEL OF EDUCATION OF OFFICIALS

The proportion of officials with higher education in 2010 remained at the level of 2009: 58% (see Chart 7). The proportion of officials with such education was highest in ministries (86.4%). Compared to 2009 this proportion had increased by 1.2%. In local governments, 65.4% of officials had higher education, an increase of 0.3% on 2009.

In 2010, 27.4% of officials had secondary education. The proportion of those with such education was highest in boards and inspectorates (31.2%). 14.4% had specialist secondary education. In local governments, the proportion of officials with secondary education was 13.8% and of officials with specialist secondary education 20.7%.

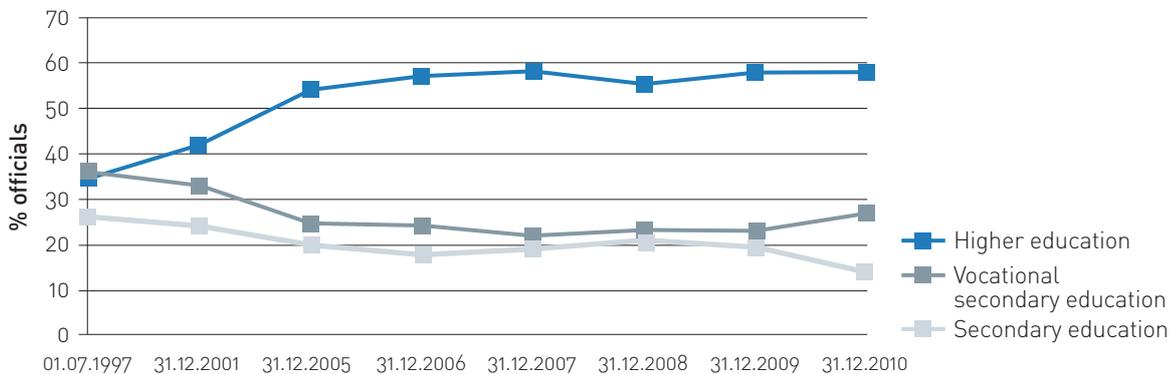


Chart 7. Distribution of state officials according to educational level in 1997-2010

At the end of 2010, the ranks of officials included 43 with basic education, 14 fewer than in 2009. Pursuant to law, Estonian officials must have at least secondary education, although there is an exception to this requirement which applies to officials who were already serving when the Public Service Act came into force on 1 January 1996 and who met the other requirements for entry into the service.

MOVEMENT OF OFFICIALS

In 2010, as many as 1795 officials resigned from state administrative agencies for various reasons (8.8% of all officials in service in 2009) while 1812 entered the public service (8.9% of all officials in 2009). As many as 2285 officials left state administrative agencies in 2009 (10.6% of all officials in service in 2008) while 1651 officials entered the public service (7.7% of all officials in service in 2008). The number of officials having resigned therefore decreased compared to 2009, and the number of those entering the service increased slightly.

The proportion of officials who left in 2010 was highest in ministries (9.8%). The most stable institutions were constitutional ones and the Government Office and its area of government, where just 6.5% of officials left and 8.2% were recruited.

More than a fifth of the officials who left found new positions within the public service (see Chart 8).

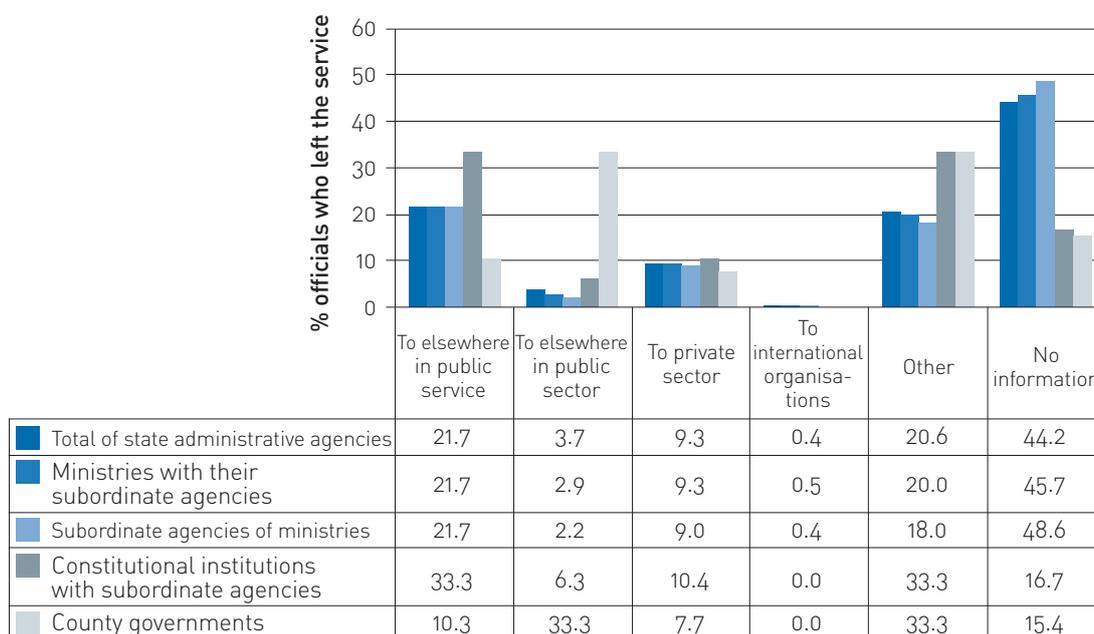


Chart 8. Distribution of state officials left the service in 2010, according to new position

32.8% of the officials who entered the service in 2010 came from other areas of public service. The respective indicator in 2009 was 32.7%. 64.4% of those who entered the public service in 2010 came from outside of the public sector (see Chart 9).

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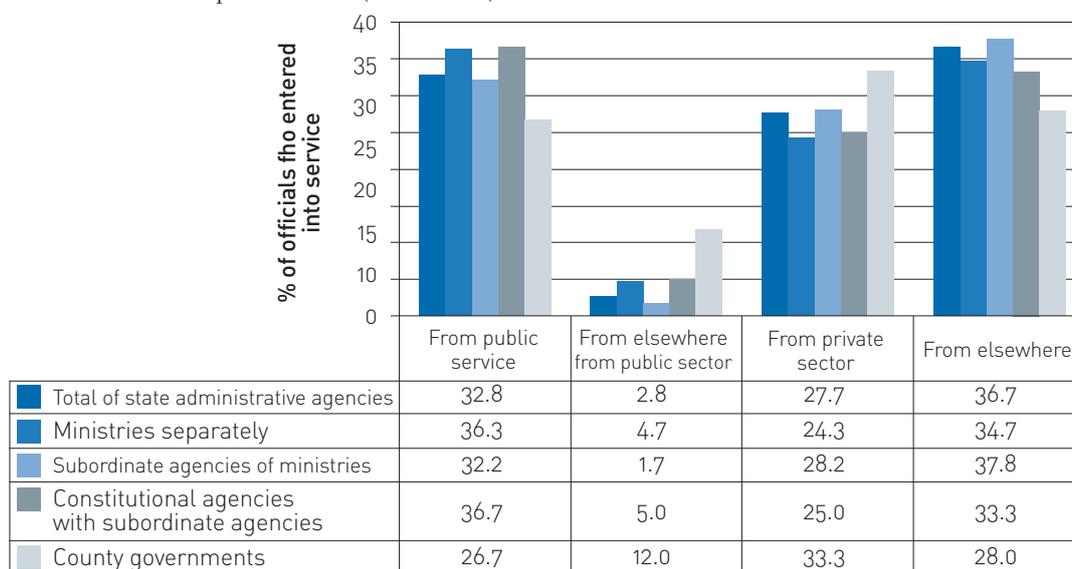


Chart 9. Distribution of state officials entered into the service in 2010, according to their previous position

The indicator of voluntary staff turnover in state administrative agencies was first calculated in 2008, when it was 10.6%. It fell to 6.7% in 2009 and was 7.4% in 2010. We excluded officials who left due to the expiry of their term, the winding-up of administrative agencies or lay-offs from the total number of resignations when calculating voluntary staff turnover. We then divided the result by the annual average number of officials. Compared to 2008, voluntary staff turnover decreased in 2009 and 2010, which was most likely caused by the global financial crisis. In 2010 just 312 officials left due to the expiry of their term of service, the winding-up of administrative agencies or lay-offs i.e. 17.4% of those who left service – a decrease of 574 officials compared to 2009.

IN CONCLUSION

There were no major changes in general personnel indicators in 2010, although the decreasing trend in the total number of officials continued. Compared to the previous year, 292 or 1% fewer officials continued in service (including regular members of the Defence Forces). The decrease was more notable in local governments, where the number of officials decreased by 2.9%. Movement within state administrative agencies was most influenced by the founding of the Police and Border Guard Board, the Health Board and the Agricultural Board.

Voluntary staff turnover demonstrated a slight rise on 2009 which was likely due to the economy emerging from the recession, giving officials more opportunities to continue their careers elsewhere. The data reveal signs of stabilisation in the public service, confirmed by the gradual growth in the proportion of officials who have been in service for more than 10 years.

RECRUITING, SELECTING AND EVALUATING OFFICIALS IN THE PUBLIC SERVICE IN 2010



ANU PELJO

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The statistics collected on the recruiting, selecting and evaluating of officials in the public service are based on the data presented annually by personnel managers and specialists from agencies. All state and local government administrative agencies participated in the statistics survey in 2010.

Personnel specialists and managers completed the surveys in government agencies. It can be concluded from the responses of local governments that personnel work in county and city governments is mostly done by county or city secretaries, and in rarer cases their assistants or deputies, assistant advisers, assistant municipal mayors, information specialists, lawyers, registrars, information specialists or accountants.

The survey was designed to determine how many competitions, annual appraisals, promotions and periodic evaluations were conducted in the public service and what the tendencies were therein. This analysis does not include officials of special services because their employment and evaluation systems are based on different aspects.

The statistical data collected was analysed by group of officials – junior, higher and senior – and group of agencies – ministries, their areas of government (agencies and inspectorates), constitutional institutions and county and local governments.

RECRUITMENT AND SELECTION

The recent downturn in the economy forced agencies to implement cost-cutting policies, and this was evident in their personnel management. Working processes have been reviewed, salary and training expenses have been cut, employees have been laid off or sent on unpaid leave and so on. However, the economy is recovering, and managers will have to be ready for this in planning and developing human resources. It always takes effort to find valuable and competent employees, so it makes sense to turn attention to this now, as the situation on the labour market is presenting good opportunities to do so.

The term 'competition' was used in the survey to refer to the announcement of vacancies within an agency or its area of government (internal competition) and their advertising to the general public (public competition). If a vacancy was promoted both internally and publicly, we considered it to be a public competition.

When we compare the number of public competitions with the number of people recruited to the public service, we can say how many of those employed took part in public competitions.

A total of 1328 new officials were hired in state administrative agencies in 2010, 963 (72.5%) of them gaining their positions through competitions. The overall number of competitions increased by 68.4% compared to 2009 (see Chart 1).

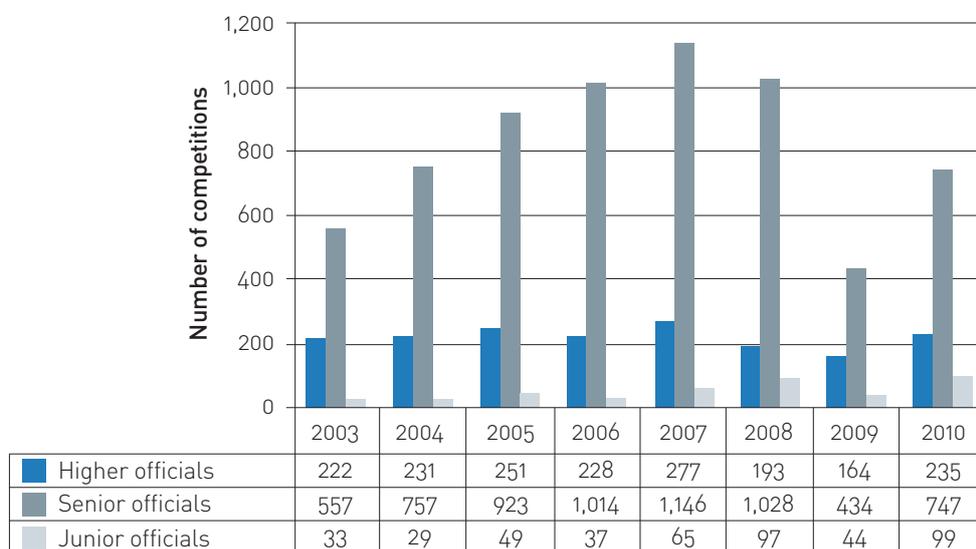


Chart 1. Number of competitions in 2003-2010

It is normal practice, in line with the Public Service Act, for competitions to be advertised to fill the posts of higher officials. We are happy to see that the number of such competitions increased significantly in 2010, constituting 87.4% of the total number of officials employed at this level.

State administrative agencies prefer public competitions, which made up 63.5% of all competitions in 2010. 78% of state agencies held such competitions during the year. The number of public competitions increased by 47.8% compared to 2009, which indicates that the public service is becoming more open to public candidates. The number of public competitions increased in the areas of government of most ministries. More than 50% more public competitions were held in the Ministry of the Environment, the Ministry of Agriculture and the Ministry of the Interior, while such competitions comprised more than 50% of those held in the Ministry of Education and Research, the Ministry of Defence, the Ministry of the Interior, the Ministry of Social Affairs and the Ministry of Finance.

On average, there were 35 applicants per public competition in government agencies. The average number of applicants decreased by 5 compared to 2009. The number of applicants remains highest

for junior official positions, with an average of 42 applicants per position. When comparing agencies, constitutional institutions have proven the most popular over the years, with an average of 44.5 applicants per position.

There were 395 internal competitions in 2010, which is twice as many as in 2009. This increase is mainly due to the competitions held in the Ministry of Foreign Affairs (around four times as many). The number of competitions was more or less the same in other agencies compared to 2009. 36.5% of all agencies held at least one internal competition in 2010. The most internal competitions were for senior official positions (53.3% of all internal competitions). 3.5 applications were submitted to internal competitions on average (compared to 3.2 in 2009).

10.9% of the competitions failed to produce a suitable candidate, which was 1.9% lower than in 2009. This decrease is evident in internal competitions, with a 9.4% failure rate in 2010 compared to 17.4% in 2009. 11.8% of public competitions produced no result, similar to the 2009 level.

81 divisions held competitions within local governments (35% of all divisions). A total of 179 competitions were launched: 26.83% for managers and advisers, 62% for senior officials and 11.2% for junior officials. 15.5 applications were submitted to public competitions and 9.5 to internal competitions on average. 6.7% of all competitions failed to produce a suitable candidate.

EVALUATION

Evaluating performance is an ongoing process which includes analysing an employee's understanding of their agency's aims and their contribution to achieving them. An annual appraisal system helps to assess performance in the public service, and thus interviews should include all officials in all agencies. Agencies and the public service as a whole profit from the effective performance of motivated officials. Agencies and interviewers can use different types of interviews with different aims when conducting annual appraisals. These can cover areas including development and results.

It can be seen when looking at interview practices in state administrative agencies over the last ten years that the number of annual appraisals has fluctuated (see Chart 2). Interviews were held with 53% of officials in 2010 (compared to 48.5% in 2009). This number may have decreased for several reasons: for example, changes to the structure of an agency can influence the number because interviews do not have to be conducted with officials who have been employed for less than six months; and the Police Board, Border Guard Board and Citizenship and Migration Board were merged, leading to the creation of the Police and Border Guard Board, which affected around 6000 people – in light of which the board decided to postpone appraisals until 2011.

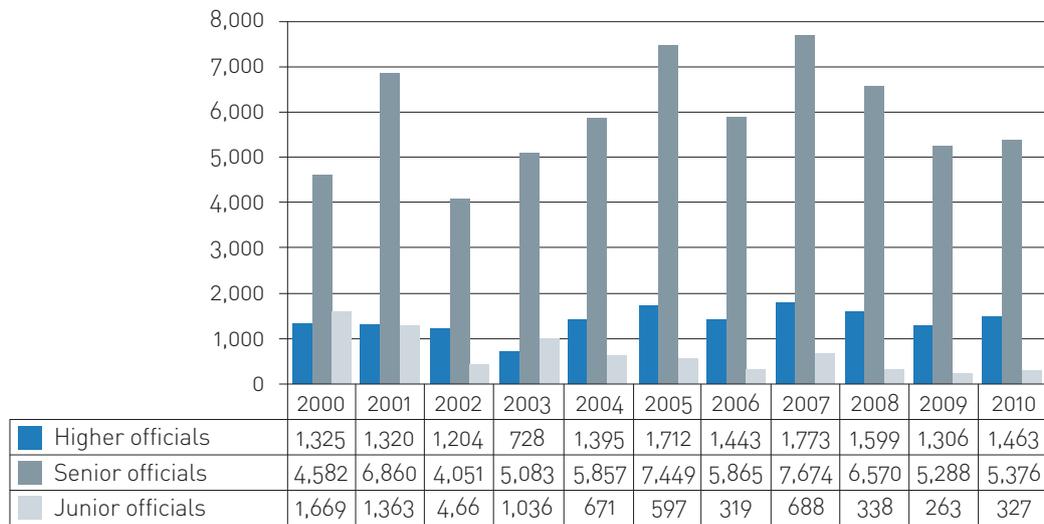


Chart 2. Number of annual interviews conducted in 2000-2010

The number of interviews conducted within the main groups of officials increased on average by 4.3% in 2010. Comparing agency figures from 2009, the number of interviews grew in ministries (17.8%), their areas of government (21.9%) and county governments (8%), but declined in constitutional institutions (6%). 69.2% of agencies conducted annual appraisals, including all ministries.

30 local government institutions (13.3% of all local government divisions) conducted appraisals in 2010. These were held with 1431 officials – just 27.7% of local government officials in the country.

PERIODIC EVALUATION

Although periodic evaluation is felt to be an evaluation method that has exhausted its potential in the public service, conducting such remains in accordance with the Public Service Act. 143 officials were periodically evaluated in 10 government agencies in 2010. There was no periodic evaluation in local governments.

PROMOTIONS

Internal promotions are used to motivate officials, to make better use of their development potential and an agency's labour resources and to retain key officials. However, use of promotions in this way has decreased over the years. 201 officials were promoted in 2010, which was 17.6% less than in 2009. Most of these promotions were to positions of higher officials (79.1% of all promotions), which generally indicates that acting higher officials were fully promoted to their positions.

18 local government divisions gave promotions to 22 officials in 2010.

IN CONCLUSION

The statistical data for 2010 showed that the number of people being recruited through competitions had grown compared to 2009. It is also positive that there was a decline in the number of competitions which failed to produce suitable candidates.

The number of annual appraisals conducted increased in 2010. However, there remains no systematic evaluation of performance in the public service, and the opportunities presented by regular interviews as management and development tools await rediscovery.

Thank you to all of the agencies who took part in the survey!

TRAINING IN THE PUBLIC SERVICE



ANU ALTERMANN

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2009 saw a considerable drop in the financing of training in the public service: training costs in the service fell on average by 60.6% due to decisions made to cut the operating costs of state and local government administrative agencies. Figures in the area of training began to show signs of recovery in 2010. The amount of money allocated to training in state and local government administrative agencies¹ increased on average by 11.3% in 2010, totalling 78.3 million kroons. This remains less than half the record level spent in 2008 (see Table 1).

Table 1. Training Budget in 2006-2010 (in kroons)

Year	Budget	Budget Spent	Foreign Aid Spent	Spent Total
Subordinate agencies of ministries				
2006	72,259,375	69,019,476	6,046,258	75,065,734
2007	90,447,541	81,175,632	8,058,153	89,233,785
2008	97,713,783	88,081,379	34,869,091	122,950,470
2009	44,075,034	40,173,477	2,943,236	43,116,713
2010	49,055,750	42,120,334	7,007,710	49,128,044
Local governments				
2006	17,677,019	15,989,106	368,665	16,357,771
2007	25,918,966	20,564,788	216,823	20,781,611
2008	30,794,441	27,461,767	1,200,055	28,661,822
2009	19,260,925	11,083,712	2,064,494	13,148,206
2010	12,512,056	9,170,209	1,052,968	10,223,177
Ministries				
2006	15,950,146	15,518,779	2,442,943	17,961,722
2007	16,806,813	15,064,252	2,350,437	17,414,689
2008	20,048,171	17,111,130	3,099,601	20,210,731
2009	14,091,176	8,633,186	1,673,525	10,306,711
2010	12,785,988	10,484,471	2,651,983	13,136,454

¹ A more detailed overview of the financing of training in the public service, the amount of training, target groups, areas covered and training methods is presented by group of agencies: ministries (MIN); agencies and inspectorates with other government agencies in the areas of government of ministries (AI); county governments (CG); constitutional institutions with the Government office and the National Archives in the area of government of the Government Office (CI); and local governments (LG).

Year	Budget	Budget Spent	Foreign Aid Spent	Spent Total
County governments				
2006	2,114,320	1,860,498	461,069	2,321,567
2007	2,074,140	1,964,641	150,700	2,115,341
2008	1,709,916	1,502,951	285,902	1,788,853
2009	822,300	767,750	0	767,750
2010	1,064,500	1,308,048	0	1,308,048
Constitutional institutions and Government Office with their subordinate agencies				
2006	4,670,000	4,679,285	522,642	5,201,927
2007	7,246,954	7,325,681	497,426	7,823,107
2008	6,033,365	5,187,706	41,916	5,229,622
2009	3,520,547	2,519,031	550,696	3,069,727
2010	4,476,673	3,739,936	800,402	4,540,338
All state and local government agencies in TOTAL				
2006	112,670,860	107,067,144	9,841,577	116,908,721
2007	142,494,414	126,094,994	11,273,539	137,368,533
2008	156,299,676	139,344,933	39,496,565	178,841,498
2009	81,769,982	63,177,156	7,231,951	70,409,107
2010	79,894,967	66,822,998	11,513,063	78,336,061

The increase in financing for training in the public service was mainly due to more active use of external aid. Compared to 2009, the use of foreign resources to finance training activities increased on average by 59.2% in 2010 (a total amount of 11.5 million kroons). Such aid constituted on average of 14.6% of the costs agencies incurred in training their officials and other employees. Financing for training only continued to decline in local governments², with an average decrease of 22.2%.

At the behest of the Ministry of Finance, around a further 5.2 million kroons was allocated to public service training from the 'Central Training Programme' and around 3.5 million kroons from the budget of the Government Office and the 'Development of Senior Executives' programme³. The total spent on training in the public service in 2010, including centrally used resources, was therefore almost 87 million kroons – around 6 million kroons more than in 2009.

The percentage of financial resources used on training from the annual payroll was 1.8% in the public service (see Chart 1). Compared to 2009, this percentage increased on average by 0.4%. At the same time, the percentage of training expenses in local governments reached its lowest level in 12 years – on average just 1.3% of the annual payroll.

2 A total of 213 cities and municipalities or 94.2% of all local governments submitted general data regarding finances used for training. The analysis of the amount of training is based on the data of 196 local governments who completed the training statistics questionnaire in full.

3 85% of the expenditure of the 'Central training' programme and the development programme of senior executives was funded from the European Social Fund.

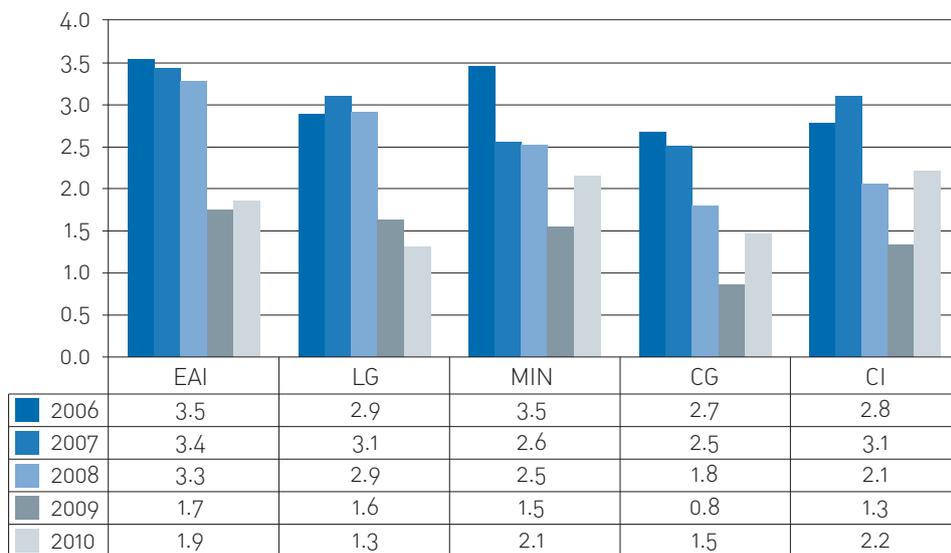


Chart 1. Money spent on trainings in 2006–2010 (percentage of the annual payroll)

State administrative agencies cut their financing for the training of senior executives in the public service⁴ by 11.4% on average in 2009. Such training constituted an average of 1.2% of the training costs of ministries, agencies, inspectorates and county governments (0.3% less than in 2009). At the same time, the amount of training of senior executives per participant increased on average by 27.2%. Each senior executive took part in an average of 53.2 hours or 7.6 days of training during the year⁵. The Directors General of agencies and inspectorates participated most in training, with 68.4 hours each. The amount of training per participant was 62 hours among Secretaries General and 50 hours among Deputy Secretaries General⁶ in ministries. The average amount of training of county governors was 32.5 hours per participant.

12,005 officials (91.1% of the total number of junior, higher and senior officials employed in state administrative agencies) participated in at least one training event in 2010. 74 of these were senior executives in the public service. The average for all state officials was 36.7 training hours or 5.3 training days each. If we compare this amount to that of senior executives, the latter participated more than average officials – by 16.5 training hours or around 2.3 training days.

The total amount of training hours increased on average by 12.5% in 2010. The number of hours spent in training increased by the same amount as expenses across the board; the only exception here was local governments, where both decreased by an average of 14%. When comparing 2009 and 2010, the growth in the amount of training was greatest in county governments, where the number of hours spent on training and expenditure doubled.

4 Including the Secretaries General and Deputy Secretaries General of ministries, the Directors General of agencies and inspectorates and county governors.

5 The duration of an average training day is seven academic hours.

6 The studies of the Secretary General of the Ministry of Defence at the Royal College of Defence Studies (RCDS) in the UK (1400 hours) were not included in the calculation of the average number of hours spent in training by senior staff in the public service.

Looking at specific areas of training (as opposed to the group labelled 'Other'), the number of hours increased most in information technology, the European Union, law, public relations and management (see Chart 2). The amount of training declined most in accounting and secretarial work.

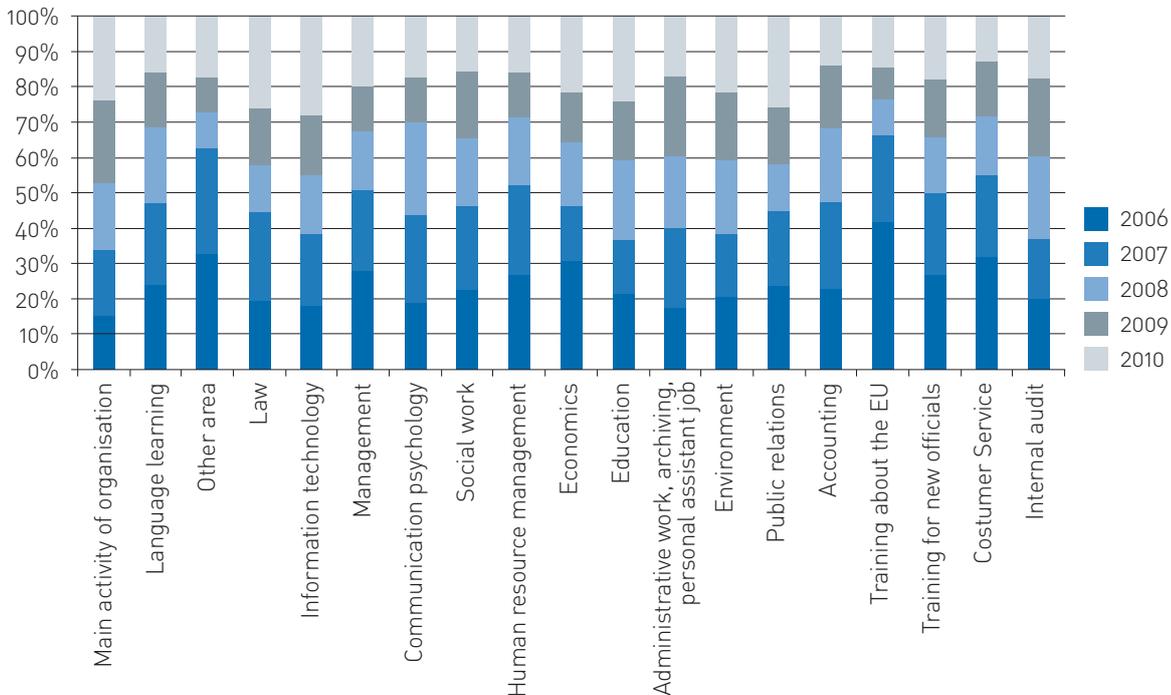


Chart 2. Training volumes according to training areas in 2006-2010

The number of hours spent on training in areas which have consistently been the most popular over the years – training related to agencies' key activities and language training – remained largely the same in 2010 compared to the previous year. Of the total number of training hours in the public service, the proportion of these areas nevertheless decreased (by 5.8% and 1% respectively). However, they remained the areas with the most training hours in 2010 (see Chart 3): the proportion of training related to an agency's main area of activity constituted on average 51% and languages 9% of the amount of training in the public service. At the same time, the importance of language training as a proportion of the total amount of training in the public service has decreased considerably over the last five years, from an average of 19.6% in 2005. The amount of management training has decreased steadily since 2007, but participation in training in this area saw new growth in 2010. The number of hours spent in management training almost doubled, constituting 4.8% of the total amount of training in the public service. The fewest participants were in customer service and internal audit training (0.6% and 0.5% of all training during the year respectively). The ten training areas presented in Chart 3 comprised 92.8% of all training in the public service for the year.

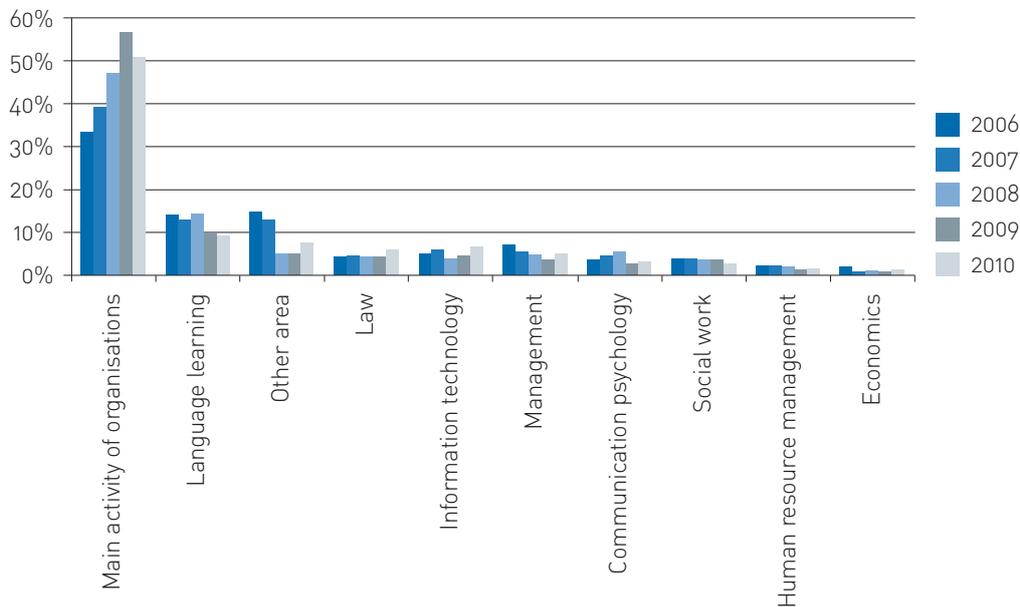


Chart 3. Ten areas with the highest number of training hours in state and local government administrative agencies in 2010

Most hours were spent on training related to the main activities of agencies in county and local governments, agencies and inspectorates. Such training made up around 60.9% of all training on average in inspectorates. Most hours were still spent on language training in ministries and constitutional institutions, constituting a quarter of the total amount. More detailed information about how training hours were divided by area and agency can be found in the training statistics section of the public service website.

Internal training⁷ was the most popular form of training in 2010, as it had been previously. Compared to 2009, the proportion of such internal training increased (by 1.2%), constituting an average of 38.6% of all training in the public service. The proportion was remarkably higher than the average in agencies and inspectorates: 47.1%. As the amount of training in agencies and inspectorates made up 79% of all training hours in the public service, the division of training in these institutions had a significant effect on the figures for overall training in the public service.

Commissioned training comprised 30.9% of all training, thus making it the second most popular form; open training was third (22.7%). The proportion of open training has decreased by 11.2% over the last five years, although it is the training method with the highest number of hours in ministries and county and local governments (see Chart 4). In 2010 it was also the most popular form of training in constitutional institutions, accounting for 47% of all training.

The number of hours spent on e-learning and independent studies as a whole decreased in the public service in 2010, constituting just 2.4% and 0.2% of the total amount of training. The biggest change

⁷ Internal training – a method of training in which both the provider and the trainee are from the same organisation

in use of these training methods was in ministries, where the proportion of e-learning increased by 2.8% – an average of 3.1% of the total amount of training.

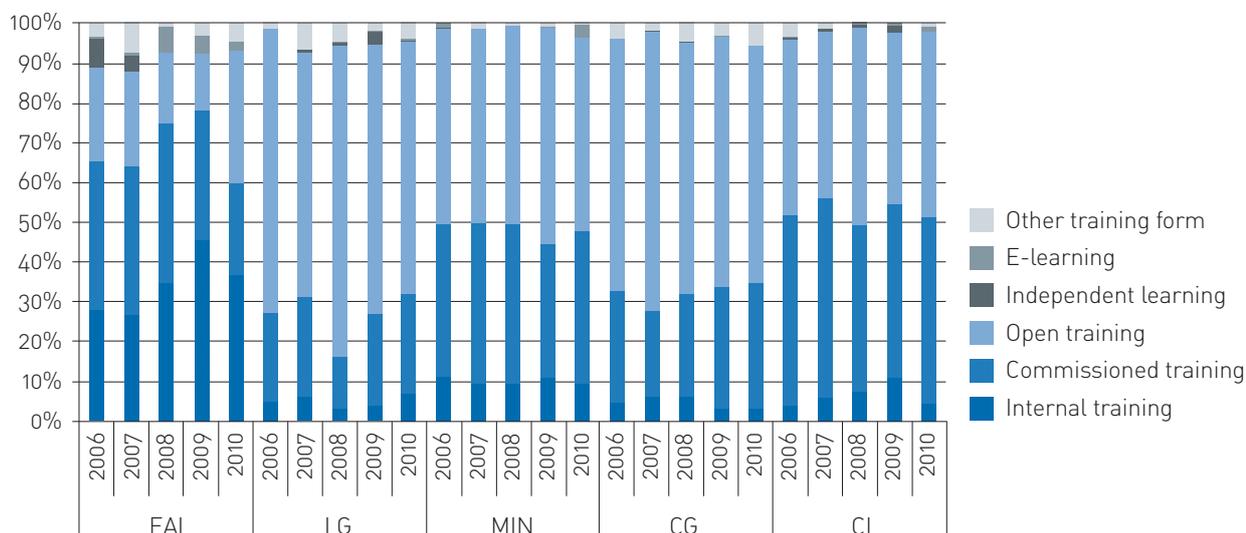


Chart 4. Distribution of total training volume according to training forms in 2006-2010

While the East Estonian Regional Rescue Services Centre was the training provider that provided the most training hours in 2009, the Estonian Public Service Academy (including the Centre for Public Service Training and Development) was the training provider with the most hours and largest financial volume in 2010 (see Table 2). National security training made up around two-thirds of the training hours of the academy (with 70.4% of all training being given to public servants from the Police and Border Guard Board and the Estonian Rescue Service). Considering the high proportion of internal training in the public service, a number of agencies were among the top ten training providers, as expected.

Table 2. Ten training institutions with the largest time volume

Number	Training institutions	Training volume in hours ⁸
1.	Public Service Academy (including CPSTD)	622,222
2.	Police and Border Guard Board	151,871
3.	East Estonian Regional Rescue Services Centre	71,406
4.	Tax and Customs Board	36,898
5.	BCS Koolitus Plc	34,456
6.	West Estonian Regional Rescue Services Centre	31,977
7.	Estonian National Defence College	24,994
8.	Sinu Koolituspartner Ltd	14,760
9.	Supreme Court	13,309
10.	Agricultural Board	12,012

⁸ The collected data do not reflect the total time volume of training institutions in absolute figures, but proportionally.

The table presenting data about the training providers with the largest financial volume (see Table 3) highlights the changes that have occurred in the amounts of training areas. As the amount of management and information technology training increased, many training providers in this area merged with training providers with larger financial volumes (e.g. Invicta Plc, Self-II Ltd, BCS Koolitus Plc and IT Koolituskeskuse Ltd).

Table 3. Ten training institutions with the largest monetary volume

Number	Training institutions	Training volume in kroons
1.	Public Service Academy (including CPSTD)	3,734,929
2.	Police and Border Guard Board	3,034,370
3.	BCS Koolitus Plc	1,810,013
4.	AgustaWestland	1,570,865
5.	Invicta Plc	1,239,577
6.	Self-II Ltd	1,212,837
7.	Proflight Nordic AB	778,230
8.	University of Tartu	585,658
9.	NATO School (SHAPE) Oberammergau	565,755
10.	IT Koolituskeskuse Ltd (IT Koolitus)	565,746

Although the financial resources for training and development in the public service cannot be compared to the situation a few years ago, we can see from the statistical data for 2010 that the resources allocated for the development of employees in the public service have begun to grow again. Opportunities for the financing of training through foreign aid were used more actively during the year due to limited budgetary resources, and as such the volume of foreign aid used for training more than doubled compared to 2009. When comparing groups of agencies, decline continued in local governments, where there was less use of both budgetary and foreign resources to train officials year-on-year.

Most training events in 2010 were internal, as in 2009. Although language training and training related to the main activities of agencies had the most participants, the overall amount of training in the fields of information technology, the European Union, law, public relations and management increased considerably during the year. It is also evident from the increase in the number of training hours of senior executives in the public service that development of the management area has become more effective. Fostering senior executives in the public service is very important given their role in building up organisations, motivating employees and creating possibilities for them to develop.

Thank you to everyone who took part in the survey!

ANNEXES:

PUBLIC SERVICE STATISTICS

ANNEXES

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TABLE 1. CHANGES IN THE NUMBER OF OFFICIALS DURING 2009–2010

	Number of public servants as of 31.12.2009	Number of public servants as of 31.12.2010	Change in numbers	Change in percentage
Ministries with their subordinate agencies				
Ministry of Education and Research	173	193	20	11.6
Language Inspectorate	17	17	0	0.0
Ministry of Education and Research TOTAL	190	210	20	10.5
Ministry of Justice	152	154	2	1.3
The courts of first and second instance (including judges)	964	964	0	0.0
Prosecutor's Office	270	267	-3	-1.1
Prisons (5 prisons)	1,726	1,658	-68	-3.9
Data Protection Inspectorate	18	16	-2	-11.1
Ministry of Justice TOTAL	3,130	3,059	-71	-2.3
Ministry of Defence	197	191	-6	-3.0
Estonian Defence Forces and Estonian Defence League ^{1*}	3,692	3,845	183	5.2
Defence Resources Agency ^{1*}	81	82	1	1.2
Ministry of Defence TOTAL	3,970	4,118	148	3.7
Ministry of the Environment	187	197	10	5.3
Environmental Inspectorate	217	223	6	2.8
Environmental Board	324	335	11	0.0
Land Board	275	260	-15	-5.5
Ministry of the Environment TOTAL	1,003	1,015	12	1.2
Ministry of Culture	60	57	-3	-5.0
National Heritage Board	52	49	-3	-5.8
Ministry of Culture TOTAL	112	106	-6	-5.4
Ministry of Economic Affairs and Communications	201	207	6	3.0
Competition Board	48	52	4	8.3
Civil Aviation Administration	27	26	-1	-3.7
Road Administration	208	194	-14	-6.7
Patent Office	69	68	-1	-1.4
Consumer Protection Board	52	56	4	7.7
Technical Surveillance Authority	91	92	1	1.1
Maritime Administration	276	270	-6	-2.2
Ministry of Economic Affairs and Communications TOTAL	972	965	-7	-0.7

	Number of public servants as of 31.12.2009	Number of public servants as of 31.12.2010	Change in numbers	Change in percentage
Ministry of Agriculture	247	222	-25	-10.1
Agricultural Registers and Information Board	356	364	8	2.2
Plant Production Inspectorate ²	146	0	-146	-100.0
Agricultural Board ²	0	219	219	100.0
Veterinary and Food Board	311	309	-2	-0.6
Ministry of Agriculture TOTAL	1,060	1,114	54	5.1
Ministry of Finance	278	327	49	17.6
Tax and Customs Board	1,834	1,830	-4	-0.2
Public Procurement Office ³	17	0	-17	-100.0
Statistical Office	292	295	3	1.0
Ministry of Finance TOTAL	2,421	2,452	31	1.3
Ministry of Internal Affairs	171	162	-9	-5.3
Public Service Academy*	64	60	-4	-6.3
Citizenship and Migration Board ⁴	362	0	-362	-100.0
Border Guard Administration ^{4*}	1,680	0	-1,680	-100.0
Police Board ^{4*}	3,984	0	-3,984	-100.0
Police and Border Guard Board ⁴	0	5,797	5,797	100.0
Rescue Board*	1,194	1,171	-23	-1.9
Ministry of Internal Affairs TOTAL	7,455	7,190	-265	-3.6
Ministry of Social Affairs	219	233	14	6.4
Agency of Medicines	76	76	0	0.0
Social Insurance Board	533	534	1	0.2
Health Board ⁵	0	182	182	100.0
Health Protection Inspectorate ⁵	215	0	-215	-100.0
Health Care Board ⁵	23	0	-23	-100.0
Labour Inspectorate	122	120	-2	-1.6
Ministry of Social Affairs TOTAL	1,188	1,145	-43	-3.6
Ministry of Foreign Affairs	511	499	-34	-6.2
Ministries in TOTAL	2,396	2,442	46	1.9
Ministries and their agencies in TOTAL	22,012	21,873	-139	-0.6
County Governments				
Harju County Government	78	75	-3	-3.8
Hiiu County Government	22	21	-1	-4.5
Ida-Viru County Government	46	47	1	2.2
Jõgeva County Government	34	30	-4	-11.8
Järva County Government	31	27	-4	-12.9
Lääne County Government	29	26	-3	-10.3
Lääne-Viru County Government	42	35	-7	-16.7
Põlva County Government	34	30	-4	-11.8

	Number of public servants as of 31.12.2009	Number of public servants as of 31.12.2010	Change in numbers	Change in percentage
Pärnu County Government	43	40	-3	-7.0
Rapla County Government	32	28	-4	-12.5
Saare County Government	34	32	-2	-5.9
Tartu County Government	38	42	4	10.5
Valga County Government	29	28	-1	-3.4
Viljandi County Government	39	53	14	35.9
Võru County Government	30	29	-1	-3.3
County Governments in TOTAL	561	543	-18	-3.2
Constitutional Institutions and Government Office⁶				
Government Office	117	115	-2	-1.7
National Archives	170	170	0	0.0
Chancellery of the Riigikogu	210	213	3	1.4
Office of the Legal Chancellor	36	39	3	8.3
Office of the President	43	49	6	14.0
Supreme Court	77	81	4	5.2
State Audit Office	81	86	5	6.2
Constitutional institutions in TOTAL	564	583	19	3.4
Constitutional institutions with subordinate agencies in TOTAL	734	753	19	2.6
All state agencies in TOTAL⁷	23,307	23,169	-138	-0.6
Public servants in the local governments in TOTAL	5,325	5,171	-154	-2.9
	28,632	28,340	-292	-1.0

- 1 Conscripts do not form part of officials of the Defence Resources Agency and Defence Forces officials.
 - 2 The Agricultural Board was founded on 1 January 2010 as a result of the merger of the Plant Production Inspectorate, regional land improvement bureaux and the Land Improvement Bureau of Supervision and Expertise.
 - 3 The rights and obligations of the Public Procurement Office were transferred to the Ministry of Finance on 1 July 2010.
 - 4 The Police and Border Guard Board was founded upon the merger of the Police Board, the Central Criminal Police, the Personal Protection Service, the Border Guard Board and the Citizenship and Migration Board.
 - 5 The Health Board was established on 1 January 2010 as a result of the merger of the Health Care Board, the Health Protection Inspectorate and the Chemicals Notification Centre.
 - 6 In addition to the Office of the Chancellor of Justice, Office of the President, Chancellery of the Riigikogu, Supreme Court, and National Audit office, also the Government Office and National Archives have been included among constitutional institutions.
 - 7 Grand total of all groups of officials covered by the survey: ministries with their subordinate agencies (except for the Information Board administered by the Ministry of Defence, and the Security Police Board administered by the Ministry of the Interior), constitutional institutions, and the Government Office with its governing area and county governments.
- * Service relationships are regulated by specific acts of particular groups of public servants in addition to the Public Service Act.

TABLE 2. DISTRIBUTION OF OFFICIALS BY GENDER AND AGE (AS OF 31.12.2010)

	< 21	%	21-30	%	31-40	%	41-50	%	51-60	%	61-65	%	> 65	%	Officials in TOTAL	Distribution by gender
All state agencies in total¹																
Men	64	0.6	3,037	27.3	3,983	35.8	2,224	20.0	1,245	11.2	338	3.0	183	1.6	11,114	48.0%
Women	9	0.1	2,411	20.0	3,327	27.6	2,572	21.3	2,517	20.9	616	5.1	192	1.6	12,055	52.0%
TOTAL	73	0.3	5,448	23.5	7,310	31.6	4,796	20.7	3,762	16.2	954	4.1	375	1.6	23,169	
Ministries with their subordinate agencies²																
Men	16	0.2	1,760	21.8	2,886	35.7	1,853	22.9	1,095	13.5	307	3.8	171	2.1	8,088	42.9%
Women	7	0.1	2,208	20.5	2,954	27.4	2,634	24.4	2,246	20.8	559	5.2	171	1.6	10,779	57.1%
TOTAL	23	0.1	3,968	21.0	5,840	31.0	4,487	23.8	3,341	17.7	866	4.6	342	1.8	18,867	
Ministries																
Men	0	0.0	194	23.7	335	41.0	150	18.4	103	12.6	21	2.6	14	1.7	817	33.5%
Women	0	0.0	421	25.9	614	37.8	312	19.2	204	12.6	49	3.0	25	1.5	1,625	66.5%
TOTAL	0	0.0	615	25.2	949	38.9	462	18.9	307	12.6	70	2.9	39	1.6	2,442	
Subordinate agencies of ministries and other²																
Men	16	0.2	1,566	21.5	2,551	35.1	1,703	23.4	992	13.6	286	3.9	157	2.2	7,271	44.3%
Women	7	0.1	1,787	19.5	2,340	25.6	2,322	25.4	2,042	22.3	510	5.6	146	1.6	9,154	55.7%
TOTAL	23	0.1	3,353	20.4	4,891	29.8	4,025	24.5	3,034	18.5	796	4.8	303	1.8	16,425	
Professional military³																
Men	47	1.8	1,214	45.8	983	37.1	327	12.3	76	2.9	3	0.1	0	0.0	2,650	88.2%
Women	2	0.6	64	18.0	152	42.7	108	30.3	30	8.4	0	0.0	0	0.0	356	11.8%
TOTAL	49	1.6	1,278	42.5	1,135	37.8	435	14.5	106	3.5	3	0.1	0	0.0	3,006	
County governments																
Men	1	0.7	18	12.5	27	18.8	35	24.3	42	29.2	17	11.8	4	2.8	144	26.5%
Women	0	0.0	31	7.8	56	14.0	124	31.1	150	37.6	27	6.8	11	2.8	399	73.5%
TOTAL	1	0.2	49	9.0	83	15.3	159	29.3	192	35.4	44	8.1	15	2.8	543	
Constitutional institutions and Government Office with their subordinate agencies																
Men	0	0.0	45	19.4	87	37.5	49	21.1	32	13.8	11	4.7	8	3.4	232	30.8%
Women	0	0.0	108	20.7	165	31.7	117	22.5	91	17.5	30	5.8	10	1.9	521	69.2%
TOTAL	0	0.0	153	20.3	252	33.5	166	22.0	123	16.3	41	5.4	18	2.4	753	
Constitutional institutions and Government Office																
Men	0	0.0	38	20.3	76	40.6	35	18.7	23	12.3	9	4.8	6	3.2	187	32.1%
Women	0	0.0	93	23.5	131	33.1	90	22.7	56	14.1	20	5.1	6	1.5	396	67.9%
TOTAL	0	0.0	131	22.5	207	35.5	125	21.4	79	13.6	29	5.0	12	2.1	583	

	< 21	%	21-30	%	31-40	%	41-50	%	51-60	%	61-65	%	> 65	%	Officials in TOTAL	Distribu- tion by gender
Local governments																
Men	3	0.2	188	13.1	306	21.4	348	24.3	432	30.2	111	7.8	42	2.9	1,430	27.7%
Women	0	0.0	465	12.4	754	20.2	1,052	28.1	1,139	30.4	268	7.2	63	1.7	3,741	72.3%
TOTAL	3	0.1	653	12.6	1,060	20.5	1,400	27.1	1,571	30.4	379	7.3	105	2.0	5,171	

-
- 1 Grand total of all groups of officials covered by the survey: ministries with their subordinate agencies (except for the Information Board administered by the Ministry of Defence, and the Security Police Board administered by the Ministry of the Interior), constitutional institutions, and the Government Office with its governing area and county governments.
 - 2 The grand totals do not include information about professional military staff.
 - 3 Conscripts are not counted as officials of Defence Resources Agency and General Staff of the Defence Forces.

TABLE 3. LENGTH OF SERVICE OF OFFICIALS AS OF 31.12.2010 (IN YEARS)

	< 1	%	1-5	%	5-10	%	10-15	%	15-20	%	20-25	%	25-30	%	> 30	%	Officials in TOTAL
All state agencies in total¹																	
Total length of service ²	763	3.3	4,664	20.1	5,353	23.1	5,054	21.8	4,334	18.7	1,432	6.2	817	3.5	752	3.2	23,169
Length of service in a given organisation ³	1,377	5.9	8,663	37.4	4,563	19.7	3,611	15.6	4,117	17.8	450	1.9	175	0.8	213	0.9	23,169
Ministries with their subordinate agencies²																	
Total length of service	665	3.5	3,668	19.4	4,304	22.8	4,059	21.5	3,721	19.7	1,127	6.0	669	3.5	654	3.5	18,867
Length of service in a given organisation	1,189	6.3	5,454	28.9	4,296	22.8	3,383	17.9	3,892	20.6	362	1.9	126	0.7	165	0.9	18,867
Ministries																	
Total length of service	129	5.3	529	21.7	719	29.4	526	21.5	343	14.0	97	4.0	49	2.0	50	2.0	2,442
Length of service in a given organisation	253	10.4	833	34.1	700	28.7	372	15.2	222	9.1	27	1.1	17	0.7	18	0.7	2,442
Subordinate agencies of ministries and other²																	
Total length of service	536	3.3	3,139	19.1	3,585	21.8	3,533	21.5	3,378	20.6	1,030	6.3	620	3.8	604	3.7	16,425
Length of service in a given organisation	936	5.7	4,621	28.1	3,596	21.9	3,011	18.3	3,670	22.3	335	2.0	109	0.7	147	0.9	16,425
Professional Military³																	
Total length of service	47	1.6	742	24.7	780	25.9	750	25.0	394	13.1	215	7.2	67	2.2	11	0.4	3,006
Length of service in a given organisation	83	2.8	2,791	92.8	37	1.2	43	1.4	35	1.2	16	0.5	1	0.0	0	0.0	3,006

	< 1	%	1-5	%	5-10	%	10-15	%	15-20	%	20-25	%	25-30	%	> 30	%	Officials in TOTAL
County governments																	
Total length of service	28	5.2	87	16.0	70	12.9	76	14.0	107	19.7	58	10.7	61	11.2	56	10.3	543
Length of service in a given organisation	55	10.1	153	28.2	57	10.5	63	11.6	89	16.4	54	9.9	37	6.8	35	6.4	543
Constitutional institutions and Government Office with their subordinate agencies																	
Total length of service	23	3.1	167	22.2	199	26.4	169	22.4	112	14.9	32	4.2	20	2.7	31	4.1	753
Length of service in a given organisation	50	6.6	265	35.2	173	23.0	122	16.2	101	13.4	18	2.4	11	1.5	13	1.7	753
Constitutional institutions and Government Office																	
Total length of service	20	3.4	141	24.2	162	27.8	125	21.4	86	14.8	20	3.4	10	1.7	19	3.3	583
Length of service in a given organisation	47	8.1	236	40.5	138	23.7	78	13.4	76	13.0	5	0.9	1	0.2	2	0.3	583
Local governments																	
Total length of service	206	4.0	1,120	21.7	991	19.2	1,044	20.2	1,181	22.8	280	5.4	169	3.3	180	3.5	5,171
Length of service in a given organisation	311	6.0	1,557	30.1	1,093	21.1	830	16.1	1,000	19.3	207	4.0	76	1.5	97	1.9	5,171

- 1 Grand total of all groups of officials covered by the survey: ministries with their subordinate agencies (except for the Information Board administered by the Ministry of Defence, and the Security Police Board administered by the Ministry of the Interior), constitutional institutions, and the Government Office with its governing area and county governments.
- 2 The grand totals do not include information about professional military staff.
- 3 Conscripts are not counted as officials of Defence Resources Agency and General Staff of the Defence Forces.

TABLE 4. DISTRIBUTION OF OFFICIALS BY EDUCATIONAL LEVEL (AS OF 31.12.2010)

Total number of officials	Higher education	%	Master's level degree	%	Doctoral level degree	%	Vocational secondary education	%	Secondary education	%	Basic education	%	Number of officials acquiring further formal education	%
All state agencies in total¹														
23,169	12,773	55.1	1,665	7.2	309	1.3	3,531	15.2	6,684	28.8	181	0.8	1,716	8.5
Ministries with their subordinate agencies²														
18,867	10,713	56.8	1,160	6.1	284	1.5	2,784	14.8	5,329	28.2	41	0.2	1,526	8.1
Ministries														
2,442	2,109	86.4	529	21.7	35	1.4	128	5.2	205	8.4	0	0.0	286	11.7
Subordinate agencies of ministries²														
16,425	8,604	52.4	631	3.8	249	1.5	2,656	16.2	5,124	31.2	41	0.2	1,240	7.5
Professional Military³														
3,006	1,082	36.0	181	6.0	6	0.2	631	21.0	1,155	38.4	138	4.6	68	2.3
County governments														
543	370	68.1	181	33.3	0	0.0	67	12.3	105	19.3	1	0.2	17	3.1
Constitutional institutions and Government Office with their subordinate agencies														
753	608	80.7	143	19.0	19	2.5	49	6.5	95	12.6	1	0.1	105	13.9
Constitutional institutions and Government Office														
583	475	81.5	124	21.3	19	3.3	40	6.9	67	11.5	1	0.0	85	14.6
Local governments														
5,171	3,383	65.4	517	10.0	13	0.3	1,070	20.7	712	13.8	6	0.1	273	5.3

1 Grand total of all groups of officials covered by the survey: ministries with their subordinate agencies (except for the Information Board administered by the Ministry of Defence, and the Security Police Board administered by the Ministry of the Interior), constitutional institutions, and the Government Office with its governing area and county governments.

2 The grand totals do not include information about professional military staff.

3 Conscripts are not counted as officials of Defence Resources Agency and General Staff of the Defence Forces.

TABLE 5. AVERAGE NUMBER AND THE TURNOVER PERCENTAGE OF OFFICIALS 2010

	Average number of public servants ¹	Percentage of personnel turnover ¹
All state agencies in total²		
	23,224.1	7.4
Ministries with their subordinate agencies³		
	19,020.0	7.5
Ministries		
	2,382.6	7.8
Subordinate agencies of ministries³		
	16,637.4	7.4
Professional Military⁴		
	2,928.0	8.3
County governments		
	542.8	5.5
Constitutional institutions and Government Office with their subordinate agencies		
	733.3	4.8
Constitutional institutions and Government Office		
	565.9	5.5

- 1 The number of public servants who left service due to expiry of term of service, winding-up of administrative agency or lay-offs was not included for calculating the personnel turnover. The result has been divided by the average annual number of officials and multiplied by a hundred.
- 2 Grand total of all groups of officials covered by the survey: ministries with their subordinate agencies (except for the Information Board administered by the Ministry of Defence, and the Security Police Board administered by the Ministry of the Interior), constitutional institutions, and the Government Office with its governing area and county governments.
- 3 The grand totals do not include information about professional military staff.
- 4 Conscripts are not counted as officials of Defence Resources Agency and General Staff of the Defence Forces.

TABLE 6. NUMBER OF OFFICIALS WHO HAVE LEFT THE ORGANISATION AND ACQUIRED A NEW JOB DURING 01.01.-31.12.2010

Number of officials as of 31.12.2009	Total number of officials who have left office	%	Expiry of term of service, winding-up of administrative agency, lay-offs	%	New post acquired in public service	%	New job acquired in public sector	%	New job acquired in private sector	%	New job acquired in the EU/ other international organisation	%	Other	%	No data available	%
All state agencies in total¹																
23,307	2,041	8.8	315	15.4	425	20.8	66	3.2	167	8.2	8	0.4	388	19.0	987	48.4
Ministries with their subordinate agencies²																
19,140	1,708	8.9	290	17.0	370	21.7	50	2.9	159	9.3	8	0.5	341	20.0	780	45.7
Ministries																
2,396	236	9.8	50	21.2	50	21.2	18	7.6	26	11.0	2	0.8	76	32.2	64	27.1
Subordinate agencies of ministries²																
16,744	1,472	8.8	240	16.3	320	21.7	32	2.2	133	9.0	6	0.4	265	18.0	716	48.6
Professional military³																
2,872	246	8.6	3	0.1	35	14.2	0	0.0	0	0.0	0	0.0	18	7.3	193	78.5
County governments																
561	39	7.0	9	23.1	4	10.3	13	33.3	3	7.7	0	0.0	13	33.3	6	15.4
Constitutional institutions and Government Office with their subordinate agencies																
734	48	6.5	13	27.1	16	33.3	3	6.3	5	10.4	0	0.0	16	33.3	8	16.7
Constitutional institutions and Government Office																
564	44	7.8	13	29.5	16	36.4	3	6.8	4	9.1	0	0.0	13	29.5	8	18.2

1 Grand total of all groups of officials covered by the survey: ministries with their subordinate agencies (except for the Information Board administered by the Ministry of Defence, and the Security Police Board administered by the Ministry of the Interior), constitutional institutions, and the Government Office with its governing area and county governments.

2 The grand totals do not include information about professional military staff.

3 Conscripts are not counted as officials of Defence Resources Agency and General Staff of the Defence Forces.

TABLE 7. DISTRIBUTION OF OFFICIALS WHO ENTERED THE SERVICE DURING 01.01.- 31.12.2010, ACCORDING TO PREVIOUS EMPLOYMENT OR PLACE OF SERVICE

Number of officials as of 31.12.2009	Total number of officials who entered the service	%	From public service	%	Elsewhere from public sector	%	From private sector	%	Other	%	Change of position inside organisation	%
All state agencies in total¹												
23,307	2,201	9.5	631	28.7	50	2.3	502	22.8	1,018	46.3	2,098	9.1
Ministries with their subordinate agencies²												
19,140	1,677	8.8	553	33.0	38	2.3	462	27.5	624	37.2	1,719	9.0
Ministries												
2,396	300	12.5	109	36.3	14	4.7	73	24.3	104	34.7	446	18.6
Subordinate agencies of ministries²												
16,744	1,377	8.2	444	32.2	24	1.7	389	28.2	520	37.8	1,273	7.6
Professional Military³												
2,872	389	13.5	36	9.3	0	0.0	0	0.0	353	90.7	353	12.3
County governments												
561	75	13.4	20	26.7	9	12.0	25	33.3	21	28.0	7	1.2
Constitutional institutions and Government Office with their subordinate agencies												
734	60	8.2	22	36.7	3	5.0	15	25.0	20	33.3	19	2.6
Constitutional institutions and Government Office												
564	56	9.9	20	35.7	3	5.4	15	26.8	18	32.1	16	2.8

1 Grand total of all groups of officials covered by the survey: ministries with their subordinate agencies (except for the Information Board administered by the Ministry of Defence, and the Security Police Board administered by the Ministry of the Interior), constitutional institutions, and the Government Office with its governing area and county governments.

2 The grand totals do not include information about professional military staff.

3 Conscripts are not counted as officials of Defence Resources Agency and General Staff of the Defence Forces.

