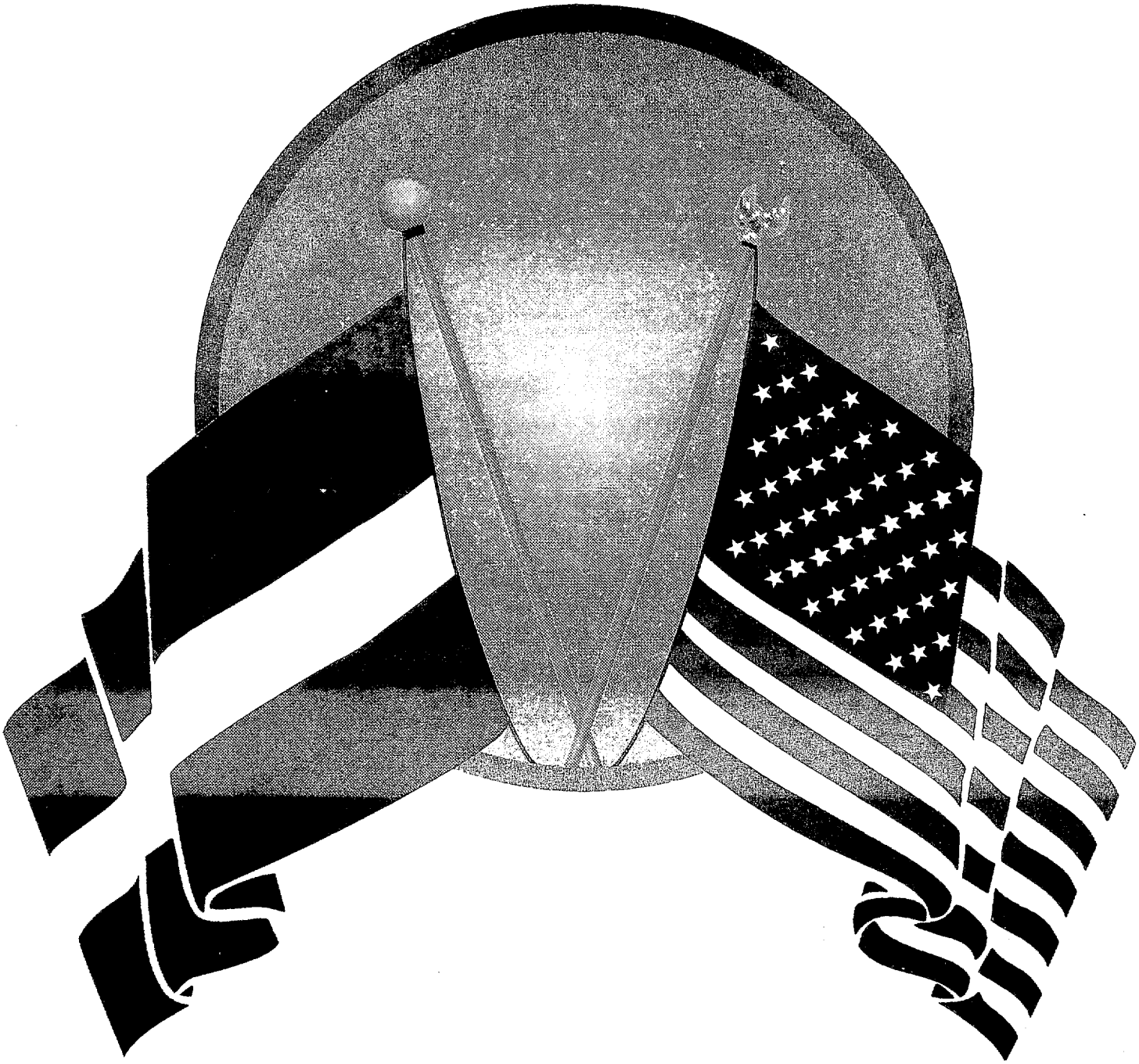
United States
Environmental Protection
Agency

Office of International Activities
77 West Jackson Boulevard
Chicago, Illinois 60604

PN. ACB-385

93332

EPA Management Assistance Project Report



United States
Environmental Protection
Agency

Republic of Latvia
Ministry of Environmental Protection
and Regional Development

May 1, 1996

DRAFT* FOR DISCUSSION

REPUBLIC OF LATVIA
MINISTRY OF ENVIRONMENTAL PROTECTION AND REGIONAL DEVELOPMENT

MANAGEMENT ASSISTANCE PROJECT

MAY 1, 1996

* This draft report will be finalized through discussion with MEPRD leadership on May 2-3, 1996.

PREFACE

The Management Assistance Project is a cooperative project with the Latvian Ministry for Environmental Protection and Regional Development (MEPRD), financed by the US Agency for International Development, with professional assistance from the US Environmental Protection Agency, Region 5 (USEPA).

The original purpose of the project was to provide recommendations to the MEPRD on an optimum management structure for environmental programs and appropriate management system changes to support the environmental program structure. The project scope was broadened, at the request of MEPRD leaders, to look into overlaps and gaps in the Ministry's environmental programs.

The project was designed in November, 1995, and was planned in three phases:

Phase I - Assessment of the current condition. During this phase the USEPA advisors would identify the need for organizational change. A meeting to check Phase I results with the Ministry was planned.

Phase II - Development of a model for a new structure. The efforts of the USEPA advisors in this phase would focus on providing general recommendations for an improved MEPRD environmental program structure. Meetings to check Phase II results were planned for the end of Phase II and Phase III.

Phase III - Development of recommendations for system changes to support the model. The work in this phase would focus on the development of specific recommendations for changes in key systems that should change to support the proposed organizational changes. A meeting to discuss Phase III results was planned to coincide with review of a draft of this report.

The team members recognized that structural changes will not be effective without system changes. However, it is also recognized that systems can be changed without structural changes.

ACKNOWLEDGMENT

This report is prepared in connection with the USEPA Management Assistance Project to provide recommendations for an improved MEPRD environmental program structure and changes in key systems that support the environmental responsibilities at the MEPRD.

A team of experts was assembled that visited Latvia during February 11 - 24 and March 16 - 30, 1996. The team members were:

- Robert Springer, Assistant Regional Administrator for Resources Management, Region 5 (Team leader)
- Alfons R. Winklhofer, Director, Eastern District Office, Region 5
- Ivars Antens, Management Consultant

The team's efforts were supported by Jon Grand, Director, Region 5 Office of International Activities.

The draft report was prepared for distribution by the Resources Management Division.

Special thanks are extended to the staff of the Latvian Environmental Protection and Regional Development Ministry, particularly Inguna Grinsteina and Ilgonis Strauss. We appreciated the Ministry's drivers help in getting us to every location during the winter. We also appreciated the cooperation we received from the many executives and managers we interviewed.

SUMMARY

The report presents the recommendations of the USEPA team of management specialists. The report is based on the findings of the team that visited Latvia during February 11 - 26 and March 16 - 30, 1996. The report consists of five chapters, covering the need for organizational change, the design criteria for organizational change, recommendations for structural change (with three major change options), selected special analyses, and a proposal for implementation of organizational change. There are also several attachments to the report.

- **Need for organizational change**. The need for change was confirmed in interviews with the top level management leaders of the MEPRD. The need for change was reconfirmed in group meetings of the Ministry's managers. Individual managers differed on the pace, timing and degree of change. A few key executives had a "wait and see the report" perspective. It is the team's opinion that organizational and systems changes are appropriate.

- **Design factors**. Design factors for the MEPRD organization were developed in a series of interviews with the top level managers of MEPRD. When the Ministry is satisfied with these factors, they should be used to determine if the current structure or an alternate structure will bring the MEPRD to its desired condition.

- **Organizational structure changes**. The report provides a set of options for the MEPRD leadership. The options range from actions that may be taken without disturbing the existing organizational structure (reassignment of activities, system improvements, changed reporting alignment) to major organizational changes that focus and integrate environmental protection in the Ministry. This section also includes a commentary on the need to plan for the future of the Regions. We also highlight some important program and management changes.

- **Special analyses and system considerations.** Based on the Ministry's request, there is a set of special analyses covering program areas where there may be gaps or overlaps. The report includes recommendations covering a number of areas: programmatic (e.g. laboratories, monitoring, inspections, environmental cleanups, permits and licenses) and general management (e.g. work plans, accountability, information management, etc.).

- **Follow-through.** The real work lies ahead. The MEPRD leaders should decide whether or not to commit themselves to an improved environmental program. We offer our suggested approach to reach a consensus by the managers on the need for change and the path of change. We also suggest important system changes for resources management and employee development -- which, if successful, will support the MEPRD change process.

TABLE OF CONTENTS

SECTION **PAGE**

Chapter 1 - Need for Organizational Change
Phase I of Management Assistance Project **1**

Chapter 2 - Organizational Design Factors
Start of Phase II and III Activities **6**

Chapter 3 - Recommendations for an Improved MEPRD Organizational Structure
Phase II and III Activities **8**

Chapter 4 - Special Analyses and Recommendations for Changes in Key Support Systems
Phase II and III activities **19**

Chapter 5 - Recommended Follow-Through **30**

Attachments

A. Report by the Finnish Institute of Public Management on the Work Organization and Operations of the Latvian Ministry of Environmental Protection and Regional Development **A1**

B. Report by Jan de Vreugd of the de Vreugd Consulting Company on the Organizational and System Issues Covered at a June 1995 Seminar of the Latvian Environmental Protection and Regional Development Ministry **B1**

C. Core Questions Used by the USEPA Team during the Phase I Interviews of the Management Assistance Project **C1**

D. Suggestions Received from MEPRD Staff during Phase I Interviews **D1**

E. Chart of Pros and Cons, Based on Types of Organizations **E1**

F. Position Description **F1**

G. Excerpts from Chapter 6 of the USEPA manual "Reinventing EPA - Steps Toward a Stronger Workforce" **G1**

H. Organizational Charts and Related Materials from the Swedish Environmental Protection Agency and the Danish Environmental Protection Agency **H1**

I. Charts for Organizational Options **I1**

Chapter 1
Need for Organizational change - Phase I of Management Assistance Project

Background

During the latter part of 1995, both the Latvian Ministry for Environmental Protection and Regional Development (MEPRD) and the US Environmental Protection Agency (USEPA) discussed plans for a cooperative management assistance project that will provide recommendations to MEPRD on an optimum management structure and effective management systems.

Plans were developed for a three phase project approach: (1) assessment of the current condition and identification of the need for potential management changes; (2) development of general recommendations for an improved MEPRD program structure and identification of key systems that support the proposed organization; and (3) specific recommendations for changes in key systems that support the environmental responsibilities in the MEPRD.

Both organizations agreed to start the work on the project in January, 1996. For Phase I the US team agreed to interview MEPRD management officials for their perceptions regarding the organization and to begin a review of documents that explain the current organizational structure and key systems that support the structure..

Previous studies

1. Review of the work organization and operations of the MEPRD by the Finnish Institute of Public Management, May 1995 (Attachment A). This project focused on the structure and functions in MEPRD.

2. Management seminar held June 26-30, 1995, for the management team of the MEPRD, and facilitated by consultant from the Netherlands (Attachment B). This project focused on MEPRD officials' satisfaction with key internal practices and procedures.

Phase I activities

During this phase the US team conducted interviews with management level officials of the MEPRD, discussed the current organizational structure, and reviewed those documents that show the existing mechanisms and techniques that are used to tie the various components of the MEPRD together. The team has asked how decisions are made and conveyed for execution, how progress is tracked via existing reporting systems, how management obtains information and how information is shared at all levels.

The information was collected during a series of interviews at the MEPRD and its subordinate institutions. The interviews followed a semi-structured format consisting of open ended questions, followed by more in-depth discussion. The interviewers used a previously prepared list of questions

that was distributed to the respondents in advance of the interviews (see Attachment C).

Based on results of from interviews with MEPRD leaders, visits to field installations, and meetings with MEPRD leadership, the team concluded that a need for organizational change exists and is desired by the majority of the 40 MEPRD leaders interviewed. Additionally, during the interviews, MEPRD managers provided a number of suggestions to the team (see Attachment D).

Perspectives of MEPRD leaders seeking changes and concerned about change are summarized below in the form of a force field. Through a force field analysis such as shown in Table 1, the MEPRD leadership can see several of the matters that ought to be addressed in managing a process to bring about change in the organization's structure. If there is a decision to change, the most effective approaches would seek to resolve the elements resisting change -- even to transform some into elements that support change.

Table 1

Elements and Forces Driving and Resisting Structure and System Change

Most managers in MEPRD identified factors that are driving change; however, several MEPRD managers expressed concerns which are reflected here as "resisting change."

DRIVING CHANGE ➡	⬅ RESISTING CHANGE
Perceived overlaps and duplication	**Recent reorganization**
Addition of Hydrometeorological Service	**Current lack of resources**
Desire for coordination and cooperation	**Legal basis for current organization**
Meet policy and program needs	**Two previous management reports (why a third?)**
Effective EPA model in Europe	**Costs of change, including morale of employees**
Assign responsibilities to lowest appropriate level	**Pending political decisions**

OBSERVATIONS

There were several observations made by the USEPA team as a result of Phase I activities. These are reported below.

1. MEPRD managers are individually effective.

   - perform planning/allocation of resources and work

   - pursue perceived goals and objectives

   - try to cooperate and collaborate

2. Interviews reaffirm the results of the May 1995, MEPRD management workshop with the Dutch consultant.

   - improve the process - may need a designated person, and a designated group for follow through each month.

   - the same will be true for this USEPA report: implementation will need a person and group designated for follow through.

3. The MEPRD managers generally support the need for changes so they are more effective.

   - pace and timing differs.

   - different perspectives on amount of change needed.

4a. Our observation is that the managers at MEPRD are less effective than they could be:

   - lack of certain elements in organizational design.

   - too much overlap of functions; need a process or structure to resolve.

   - some internal management systems are in early development, but not yet fully shared; other internal management matters need attention (e.g., work planning and program accountability).

   - too much independence without clear accountability.

4b. Project operations appear to be effective. They are useful internal models of delegation for operations, with central planning and oversight.

- work plan (scope of work) with resource plan.
- accounting for resources used
- performance reported

5a. There appear to be some overlaps and duplication in operations; particularly with the addition of the Hydrometeorological Service.

- laboratories
- information management
- Inspectorate functions

5b. There are some functions that may need clarity about where responsibility for certain tasks belong:

- permitting and licensing
- cleanups
- monitoring

There is need to focus on specifics in these areas as the project progresses.

6. Structural changes are appropriate.

- policy/planning vs. operations
- appropriate level to carry out certain activities
- operational frustrations (independence/cooperation)
- growing number of subordinate organizations

There is a need to focus on specifics in these areas as the project progresses.

7a. Regional and local roles are unique to MEPRD.

- evolving
- could benefit from clearer differentiation and specialization
- may be a model for nation

7b. MEPRD Regions (and several other subordinate organizations) seem to function primarily to carry out environmental protection activities.

There is need to focus on these areas as the project progresses.

8. Incentives for cost savings are very limited.

- Ministry may need to develop a plan so that savings from changes or consolidations can be reapplied to the needs in the Ministry.

These results from our Phase I activity have been shared in open forum with MEPRD leaders, in which there was general agreement with our observations.

Chapter 2
Organizational Design Factors - Start of Phase II and III Activities

An organization's structure provides a framework for achieving its mission and goals. Organizations are designed and exist to facilitate the efforts needed to arrive at the planned work products. Design criteria guide the development of the organizational structure in the direction that will best accommodate the identified organizational core processes. Checking the design of the Environmental Protection and Regional Development Ministry's (MEPRD) organizational structure against the clearly identified, well discussed design factors should enable the Ministry to arrive at a structure that will help accomplish its mission in the most effective and responsive way.

The organizational design factors shown in Table 2 are a joint product of the Ministry's leadership and the USEPA team. The team proposed a few initial design factors, based on our observations and discussions in the Ministry. The Ministry's leadership reviewed our design factors, made changes, and added other design factors that the leaders wanted to see reflected in our study.

The design factors shown in Table 2 need to be discussed in detail, with improvements made by the Ministry. It may be useful for Ministry leaders to rank the final factors, to see areas of agreement.

Because these design factors represent the idealized management requirements for MEPRD environmental protection efforts, it is unlikely that there will be a perfect organizational option to match the factors. Any proposals and recommendations for a structural framework of the organization should, however, reflect the desired design factors.

In addition to these design factors, the MEPRD has two major strategic documents that any organizational change should support:

a. The MEPRD published the National Environmental Policy Plan (NEPP) for Latvia in 1995. This document outlines national environmental policy goals for an extended, multi-year period. Any environmental organizational model for Latvia must accommodate the plans outlined in the NEPP.

b. The MEPRD is now involved in the development of an Environmental Action Plan, based on the policy plans outlined in the NEPP. Organizational models may also need to reflect the Action Plan.

Table 2

Design Factors

Certain organizational **design factors** for the structure of MEPRD environmental programs have been suggested to the Ministry leadership for their use. Further Ministry discussion of the design factors will help the Ministry leadership select from among organizational options.

The USEPA team's initial proposal for design factors are shown below.

The Ministry's environmental programs should be organized based on a structure that:

- helps the Ministry achieve its **vision, mission,** and **goals;**
- **is understandable, accessible, and responsive** to regulated entities and the public;
- **decentralizes** appropriate operational activities to the lowest level, while
  - maintaining a central role for cross-regional impacts,
  - allowing standard operational activities to be decentralized, and
  - enabling delegation for other specific operational activities;
- **supports national policy making** responsibility in the Ministry;
- **facilitates cooperation, coordination, communication** and **teamwork** within the Ministry;
- provides **effective and efficient** policies or services;
- **uses** the **human and financial resources** of the Ministry **effectively** by
  - eliminating overlaps and duplication of functions.
  - conserving financial resources, and
  - assuring rational use of equipment;
- **enables the processes** of the Ministry **to work successfully;**
- **adapts to changes in governance** at the national, regional, municipal, township level.

CHAPTER 3
Recommendations for an Improved MEPRD Organizational Structure
Phase II and III Activities

Introduction

The Ministry for Environmental Protection and Regional Development (MEPRD) develops national policies and implements national programs for environmental protection. The distinction between the development of policy and implementation of programs is already used within the Ministry as the initial, fundamental basis for separating organizational levels. In practice, the distinction between the Ministry-level activities and subordinate organization activities is the distinction between policy and implementation.

Another distinction used by the MEPRD is to centralize national support activities -- such as legal and financial support, but allow decentralized management and administration.

The USEPA team used those separations to diagram a general grouping of functions and activities within MEPRD, as shown below:

DEPARTMENT	**Policy:** National policy National covenants Rule making	**Support:** Financial (budgets, funds, foreign aid) Personnel (hire, train, develop) Legal counsel Management Systems Public affairs
SUBORD. ORG.	**Operations:** Program implementation Program information Local response	**Management:** Financial management Personnel supervision Office procedures

The diagram represents the current or "idealized" situation, based on the USEPA team's interviews with key staff. These fundamental distinctions served as the basic framework in the USEPA team's effort to offer MEPRD alternative organizational options.

It is important to keep in mind that each option proposed below results in subtle shifts in the definition of the department and subordinate organizations and the relationships between the two (see Attachment I).

Assumptions Regarding Organizational Options

Although the Regions perform essential environmental protection services, the MEPRD has indicated that Regions are to provide other, non-environmental services -- in support of all Ministry programs. As a result, the team is not proposing organizational changes for the Regions; but the team is providing a summary of some key points about the future of the Regions for MEPRD to consider. (See page 17.)

The USEPA team was provided Order No. 69, dated February 1, 1996 concerning the status of Hydrometeorological Service. The Order states, in part, the following regarding the structure of the Hydrometeorological Service:

> *I am forming a workgroup for the analysis of the functions, assignments and structure of the Hydrometeorological Service, as well as for development of recommendations for possible changes...*

As a result of this Order, the USEPA conducted its analysis to complement the Ministry workgroup, not to substitute for the Ministry workgroup. Chapter 4 of this report provides our analyses of the need to transfer and integrate hydrological functions from the Hydrometeorological Service to the environmental protection programs. As the primary user for these services, the environmental programs should manage the hydrological services.

The USEPA team did not propose change to the Geological Service or the weather-related activities of the Hydrometeorological Service in these options. The reason for not including them is our opinion that, although certain information from each is needed in environmental protection, the primary mission for each is not environmental protection. The Ministry should reconsider this assumption and determine for itself whether to include each organization in these options.

The organizational placement for the EIA Board will require further analysis with the Ministry. In the US, there is a Council for Environmental Quality (CEQ) that oversees the impacts on the environment of all federal government work, although it does not write impact statements. In Latvia, the EIA Board has some activities that are similar to the US CEQ, but it does not have an oversight role with other Ministries. The question about whether the EIA Board has or could have a government-wide role has not been made clear to the team. If the EIA Board has a government wide oversight role, it <u>might</u> (underscored) be a department. However, in our organizational options, we treat the EIA Board as part of an EPA or subordinate to the Ministry.

DEFINITION OF TERMS

These terms are used frequently in this section -- activities, functions, and core processes. They are defined below:

ACTIVITIES: Activities are actions that accomplish tasks, such as voucher examination, sample collection, report preparation, etc.

FUNCTIONS: Functions are those activities that, when linked together, produce a result. For example, permitting is a function comprised of several activities such as data gathering, information review, awarding, etc.

CORE PROCESSES: Core processes are the related activities and functions that result in the services and products necessary to protect the environment. Core processes are informed by, and in turn drive the development of environmental policy.

So far, the team has observed five major core processes in MEPRD:

- obtaining and reporting environmental information;
- protecting and managing natural areas and species;
- regulating use of natural resources;
- controlling pollution from entities; and,
- planning and financing correction of pollution problems.

These five core processes were discussed with MEPRD staff to ascertain the accuracy of our observations. The team's observations were confirmed for use in this project.

OPTIONS

Three options (each with two or three sub-options) have been developed . The three major options are: (1) improve the current structure to resolve current issues; (2) create an integrated environmental protection agency; and (3) create an environmental protection agency with substantial realignments of functions and activities.

NOTE: Some general pros and cons, based on types of organizations are contained in Attachment E.

OPTION 1.

IMPROVE THE CURRENT STRUCTURE TO RESOLVE CURRENT ISSUES.

This option can resolve several issues raised during our interviews and site reviews. This option provides several system improvements and minimum organizational changes to better integrate the environmental activities in MEPRD.

There are two sub-options offered. Although the first sub-option reassigns some activities in the Ministry, the focus is better systems to support the existing structure. The second sub-option reassigns reporting relationships and coordination among MEPRD environmental programs to one individual who is responsible for integration of environmental programs. The second sub-option could also be a first step in beginning a major reorganization of environmental programs, like the suggestions in options 2 and 3.

Key characteristics are:

Sub-option 1.1

a. transfer hydrological functions and reassign remaining functions from the Hydrometeorological Service, as described in this report, and in accord with the results from the working group led by Ainars Gailitis.

b. decentralize program operations (pilots, demonstrations, projects, etc.) from the Ministry level.

c. reassign data base management activities from the Division of Natural Resources and Cadastres to the Environmental Data Center.

d. create a Ministry computer and telecommunications support Division in the Administrative Department.

e. clarify the roles and responsibilities between the State Inspectorate and Regions, as highlighted in this report.

f. correct disincentives for saving resources; develop a plan for capital budgets; adjust salaries with absorbed monitoring staff; use the 1997 budget planning process to adjust Ministry salary and other costs, so savings can be reapplied within the Ministry. (See Chapter 5.)

g. continue to develop appropriate management tools and organizational relationships (e.g. internal work plans or agreements, periodic reports, performance management system) as described in Chapter 4.

Sub-option 1.2

a. implement key characteristics from 1.1.

b. redelegate coordination relationship of the Monitoring Center, the Data Center, the State Inspectorate, and the Environmental Impact Assessment Board and the Environmental Protection Department from the State Secretary to a new Deputy State Secretary for Environmental Protection.

c. restructure the functions of the EIA Board, so that only governmental activities are performed.

Note: This sub-option recognizes the unique status of the subordinate organizations, but seeks to resolve the inherent problems of direction and accountability. Further, it recognizes the interdependence between environmental protection policy and operations.

OPTION 2.

CREATE AN INTEGRATED ENVIRONMENTAL PROTECTION AGENCY

This option ensures a solid, formal alignment between policy, standards, and operations by creating an Environmental Protection Agency. This option supports and mandates the cooperation and collaboration of interdependent activities. Accountability for environmental protection activities is clearly identified.

There are two sub-options offered. The first sub-option is similar to 1.2, but reassigns certain subordinate environmental protection boards, the Natural Resources Division and the Environmental Protection Department to an Agency within the Ministry. Certain other improvements in operations are also included.

The second sub-option removes the separate Board status from the subordinate environmental protection boards that are transferred to the new Agency. This option allows the linkages among environmental protection activities and functions to be strengthened through a single management structure. This sub-option and Option 3 move the MEPRD organization closest to other European organizations. (See Attachment H)

Key characteristics are:

Sub-option 2.1

a. design an environmental protection agency where responsibility for developing national environmental policies and implementing national environmental program operations are within one organization.

b. maintain Regions as subordinate organizations that serve the entire Ministry and report to the State Secretary and Minister. Subordinate organizations from Sub-option 1.2 are merged into the new environmental protection structure, together with the Environmental Protection Department.

c. transfer the Natural Resources Division to the new Agency.

d. implement key characteristics a. through g. from Sub-option 1.1 and key characteristic c. From Sub-option 1.2.

e. create or transfer two functions in the new Agency: employee development, environmental education.

f. redesign the Projects Department as an Intergovernmental Cooperation Department,

to focus on public affairs, international cooperation and covenants, and international financing.

g. move all program operations from the (now) EPD, to ensure policy orientation of the remaining EPD group.

h. resolve budget risk for loss of several subordinate institutions.

Sub-option 2.2

a. design an environmental protection agency as indicated in 2.1, except that the Environmental Data Center, the Monitoring Center, the State Inspectorate, and the Environmental Impact Assessment Board all become departments in the new Agency.

b. implement key characteristics b. through g. from sub-option 2.1.

OPTION 3.

CREATE AN ENVIRONMENTAL PROTECTION AGENCY WITH SUBSTANTIAL REALIGNMENTS OF FUNCTIONS AND ACTIVITIES.

The sub-options provided here suggest the Ministry reconsider the roles among the organizations within a new Environmental Protection Agency.

Two new functions are proposed for inclusion in this option. They are a Legal Counsel and Enforcement function and a national Research function. A Research entity should manage an environmental research program for Latvia through various institutions; it may also provide technical oversight for all Ministry laboratories. A Legal Counsel and Enforcement entity should support the legal work of the Agency.

Key characteristics are:

Sub-option 3.1

This sub-option uses the core processes as the major design characteristic.

a. implement key characteristics from Option 2.1.

b. group the Environmental Data Center, Monitoring Center, Cadastres and the national Research function to create an Environmental Research and Information Department.

c. transfer natural resource protection activities from EDP and add a liaison position(s) for national protected areas to create a new Natural Resources Protection Department.

d. create a Natural Resources Use Department.

e. group all pollution control activities from the Environmental Protection Department, the Projects Department and the State Inspectorate into one Pollution Control Department. (or keep the name Inspectorate Department.)

f. create a pollution cleanup department from several projects in the Ministry, such as 500+, base cleanup, and abandoned industrial sites.

g. focus remaining activities of existing Environmental Protection Department on policy and planning for the environment.

h. redesignate the Environmental Impact Assessment Board to be a Department.

i. create a Legal Counsel and Enforcement Division

j. assign responsibility for pollution program standards and methods development to the Pollution Control Department; assign responsibility for monitoring and information standards and methods to the Environmental Information Department; assign responsibility for natural resource standards and methods to the Natural Resources Department.

Sub-option 3.2

This sub-option differs from 3.1, because pollution control and cleanup are combined into a Department and natural resource use and protection are combined into a department. All other features from 3.1 remain the same.

Sub-option 3.3

This sub-option combines similar functions into new Departments. It further strengthens functional differences within the Agency.

a. group all standards, planning, and policy development into one Department.

b. combine d. and e. from 3.1 into one Department.

c. combine c. and h. from 3.1 into one Department.

Role of Regional Boards

The USEPA management assistance project was not intended to focus on the future role of Regions; but, the role of the Regions cannot go unnoticed, when commenting on the structure of MEPRD.

The history of regional environmental protection prior to and after the creation of the MEPRD is a series of adjustments to changing circumstances. Now, the Regional Boards are a unique feature of MEPRD. The Regions provide government environmental services out in local communities, based on local needs. It is likely that, as local government reform continues and local finances improve, the relationship of Regions to local governments will need to change significantly.

The USEPA team has not suggested that the Ministry change the reporting relationships of Regions from the Deputy State Secretary in any of the options for environmental protection. It has been the USEPA team's assumption that the MEPRD intends to expand the capacity of Regions so that they cover Regional Development and other roles. However, it is important to note that the Regions seek to have the details of the non-environmental roles clearly laid out for them.

Assuming, then, that the Regions will continue to provide administrative decentralization for MEPRD, we suggest that the MEPRD carefully develop this significant asset.

Our initial suggestions are, as follows:

1. The Ministry should clearly define which activities and functions can be assigned to Regions and which can be further delegated to local governments. The city of Riga already competes with the Riga Board for environmental protection activities. Boards and local governments will be helped by a clear framework for assigning Ministry activities to the Regions and from the Regions to local governments.

2. The boundaries of Regions could change to match ecological characteristics, economic development, or new political arrangements. For example, both the Ogre and Riga Regional Boards demonstrate possible approaches that match local districts. The Ministry may be able to take advantage of the delegation of programs (described above) and the improvement in Ministry infrastructure (communication network, automated sampling, etc.) to plan realignments for Regional boundaries.

3. The role of Regions as a local program implementation network from the national government may be important for other Ministries to consider. In this case, MEPRD may have a regional role model to be shared and used for co-locating staff from other Ministries who should work together with MEPRD staff.

4. The skills development for employees in Regions needs attention from the Ministry level. As the activities of the Ministry in controlling and correcting pollution become more complex, the "front line" staff from the Ministry need training and development to carry out their new roles.

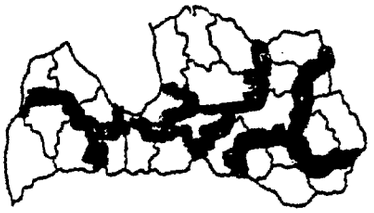
PROPOSED REGIONAL BOUNDARIES

V. Steins

Land Project

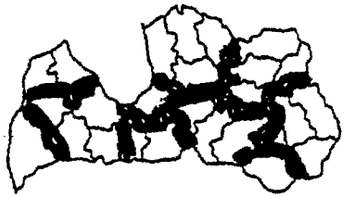
J. Turlajs

EXISTING REGIONAL BOUNDARIES IN LATVIA



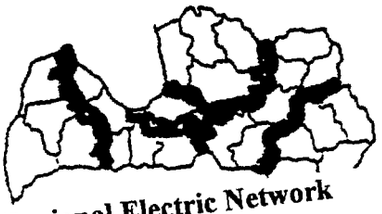
Regional Environmental Boards

District Courts



Territorial Branches of the Naturalization Board

Regional Labor Inspection



Regional Electric Network

Economic Zones of Former Soviet Latvia

Chapter 4
Special Analyses and Recommendations for Changes in Key Support Systems - Phase II and III Activities

This chapter includes recommendations for changes in key systems to support integrated environmental programs and the special analyses MEPRD leaders requested.

I. KEY SUPPORT SYSTEMS

Some internal management systems can make a difference in MEPRD program performance, internal communication, and employee morale. Many suggestions from the MEPRD leadership show a willingness to work on improving management systems and procedures. This matter was also raised in the June, 1995 management seminar with Jan de Vreugd (Attachment B).

The USEPA team has identified several management processes and procedures that are important to the integration of Ministry activity and for the effectiveness of Ministry work. Several possible models for such systems exist. There is one rule about systems: "Keep it simple"! (KISS) The last thing the leadership needs is to use processes and procedures that are so complex that they become the problem. Indeed, good management procedures should save time and help productivity.

A. PLANNING, BUDGETING, AND ACCOUNTABILITY

By creating the NEPP to explain national environmental goals, plans, and strategy, the Ministry has also set forth a framework for internal planning, budgeting, and accountability.

The USEPA team recommends that the Ministry proceed to develop an annual planning, budgeting and accountability system for itself. With such a system, the Ministry can try to address priority problems, assign resources to those problems, and measure progress in meeting goals. The system should clarify what the MEPRD leaders have set forth as the requirements for the organization.

B. WORK PLANS AND ACCOUNTABILITY

Several MEPRD managers have designed their own workplan process to clarify how the requirements will be met.

The USEPA team recommends that all Boards and Departments prepare annual workplans and report their progress. The team has no magic workplan design; some available types are Management by Objectives or Management by Project. The key here is that workplans be discussed with partners in the Ministry and outside the Ministry, so there is less confusion or overlap in activity. Also, managers should share their Work plans with employees, so expectations are clear -- employees might even be willing to help draft the plan for the manager.

Although the Ministry may permit a variety of workplan styles, there should be a standardized reporting system. The Ministry should have an internal environmental management information system with periodic reporting and analysis, so the leadership can see if progress is being made or if problems have emerged that require attention.

C. PERFORMANCE MANAGEMENT

MEPRD employees should have a clear annual performance agreement and regular (scheduled) review with their supervisors. The agreement should reflect expected accomplishments and needed training.

The USEPA team has been informed that a national system for civil service employee performance agreements may soon be required. The MEPRD should ensure its version is easy to use and widely understood. (The type of performance agreement used by the USEPA team is one page.)

D. ROTATION OF LEADERSHIP

One concern from MEPRD leadership is the difficulty in obtaining cooperation and support among the managers in the Ministry.

One method to ensure that the directors and managers in MEPRD develop a broad perspective about the how the work in the Ministry is linked, is to rotate the managers and executives, on a staggered basis, at least every three years. This practice exposes employees to new management styles on a regular basis. The practice also suggests that managers and directors should learn new skills in their work. The practice may allow a good, successful manager or director to help another department or division learn from his or her methods.

E. PROCESS DOCUMENTATION

Some MEPRD managers expressed a concern that they be involved in the policy-making process of the Ministry, so they could give their advice or prepare for implementation. But, according to our interviews, that process is not documented.

The USEPA team recommends that essential processes, such a Ministry rulemaking, should be documented so that the staff in the Ministry can understand the process and how they fit into it. This is not a matter of creating a new procedure; instead, it is simply the need for those who manage processes to document how it works. In the case of rulemaking, there can be a simple flow diagram, with a description of the activity that occurs with each part of the diagram.

II. SPECIAL ANALYSES

MEPRD leadership requested the USEPA team to report on possible overlaps in functions and gaps in activities. The team has included reports for laboratories, inspections, licenses and permits, cleanups, and environmental monitoring.

A. LABORATORIES

Observations

- The laboratories are served by highly educated and committed technical staffs that work under many physical, technological, and budgetary constraints. Staff appear to be very creative to maintain existing instrumentation and capabilities. All laboratories appeared very neat, however, the team did not have the opportunity to see very much laboratory work being performed during their visit.

- There are 17 laboratories in the MEPRD (10 Regional Boards, 5 Hydrometerorlogical Service (HMS), 1 Environmental Data Center (EDC), and 1 Geological Service). During our Phase 1 and 2 visits, we met with officials at 12 laboratories, including EDC, Regional Board laboratories in Riga (2), Ogre, Jelgava, Liepaja, Daugavpils, and Valmiera; and the HMS laboratories in Riga, Liepaja, Daugavpils, and Valmiera.

- There are several non-MEPRD laboratories that produce data used by the MEPRD, including the Institute of Aquatic Ecology (two divisions), Institute of Fisheries, Municipalities, Ministry of Welfare, etc. During our visit, we met with officials at the Marine Monitoring Center in the Institute of Aquatic Ecology.

- Two MEPRD laboratories (EDC and HMS-Riga) have lead responsibility within their structures for: methods development; quality assurance/control; oversight of laboratories; training; and performing analyses that the regional laboratories do not have the capability to perform. A number of the interviewees suggested combining the duplicative functions into one organization.

- Four of the five HMS laboratories are located in the same cities (Riga, Daugavpils, Liepaja, and Valmiera) as Regional Board laboratories. The exception is the HMS laboratory in Aizkraukle. Regional board and HMS laboratories analyze for many of the same parameters. A number of the officials interviewed suggested combining the HMS and regional board laboratories to eliminate duplicative laboratory functions. However, concerns exist about jobs and whether cost savings would be available for reinvestment.

- Samples are usually collected by laboratory analysts or technicians. Essentially no capability exists for performing field measurements and analyses. Concerns exist about: the qualifications and skills of sampling personnel; procedures, equipment, and instrumentation;

sample preservation and adherence to sample holding times; and health and safety procedures.

- All of the laboratories are operating under severe budget constraints that are crippling the MEPRD's analytical capability. The budgets are unable to support maintaining existing laboratory capabilities. As equipment and instrumentation break down, there are no funds for repairs, purchasing parts, or replacing the equipment and instrumentation. For some instrumentation, parts are no longer obtainable. Similarly, budgets are insufficient to replace supplies such as reagents. The result is lost productivity and capability.

- New laboratory technologies have often been obtained from donors. However, usually no funds are provided by either the MEPRD or donors to operate and maintain the technology. Again, the result has been unused technology.

Recommendations

1. Establish one central laboratory within the MEPRD that has overall responsibility for the management of MEPRD's analytical support needs. Responsibilities should include:

    a. Establishing management policies, procedures, and systems governing MEPRD laboratories, including the use of MEPRD laboratories for entrepreneurial purposes, and the use of external laboratories to provide data for MEPRD needs.

    b. Planning and budgeting for all laboratory facilities, instrumentation, equipment, supplies, maintenance, infrastructure, personnel, etc.

    c. Establishing qualification and certification requirements.

    d. Establishing quality control/assurance policies and procedures, and conducting laboratory oversight.

    e. Providing training and consultation.

    f. Developing methods.

    g. Performing routine and specialized analyses.

    h. Establishing cooperative arrangements with data users.

2. Consolidate HMS and Regional Board laboratories to optimize the use of facilities, equipment, instrumentation, and personnel consistent with projected needs and budget constraints. The number, location, and capabilities of regional laboratories should be determined based on an analysis of needs, costs, and projected funding. Logistical

considerations for transport of samples within prescribed holding times should also be considered. The practice of developing cooperative arrangements between the central laboratory and the Regional Boards for laboratory work should be continued.

3. Develop/implement an investment/disinvestment plan with priorities that identifies the operating and capital investments needed to address the highest priority needs of the MEPRD and provides for an orderly transition to implement the consolidation and upgrading of laboratories.

4. Establish teams of specialists to perform field sampling, measurements, and analyses and to maintain equipment, instrumentation, vehicles, boats, etc.

Underlying assumptions are:

- There is a national/regional environmental monitoring strategy that identifies priorities and projected laboratory needs in terms of numbers, types of analyses, and detection levels.

- There is a national/regional inspection and emissions sampling strategy that identifies priorities and projected laboratory needs in terms of numbers, types of analyses, and detection levels.

B. INSPECTIONS

Observations

- Inspections are conducted by very committed technical staffs who work under severe budgetary constraints.

- Inspections are performed by the State Inspectorate and the nine Regional Boards.

- The Hydrometeorological Service (HMS) does not conduct inspections.

- The State Inspectorate conducted over 1,500 inspections in 1995. Most were either environmental or natural resource inspections. The State Inspectorate performs the following activities:
  - Proscribes methods.
  - Provides training and seminars.
  - Conducts inspections jointly with and independently of the Regional Board inspectors.
  - Has the lead coordination role for spills and explosions.

- The State Inspectorate does not perform the following activities:
  - Review Regional Board inspection plans.
  - Routinely receive inspection reports and monitoring data.
  - Collect samples (samples are collected by laboratory personnel).

- The Regional Boards perform several thousand inspections each year. The Regional Boards perform the following activities:
  - Develop inspection plans.
  - Conduct inspections either jointly with the state inspectorate or independently.
  - Deploy inspectors in the regional cities and in satellite locations for logistical considerations.

- Minimal use is made of self-monitoring data obtained from the facility and environmental monitoring data collected by the Ministry for setting inspection targets and conducting inspections.

- Emissions monitoring is usually performed separately from inspections. However, the inspector usually determines the sampling location and parameters.

- There is considerable frustration about the overlapping roles of the State Inspectorate and the Regional Boards.

Recommendations

1. Clarify and formally agree to the roles and division of responsibilities of the State Inspectorate and the Regional Boards; eliminate duplicative inspections.

2. Reinforce the lead role of the State Inspectorate for:
   - policy
   - guidance
   - procedures
   - training
   - oversight
   - information management
   - specialized expertise and capabilities
   - special inspections.

3. Reinforce the lead role of the Regional Boards to conduct all routine inspections.

4. Redefine/clarify roles and responsibilities and lines of coordination from policy through implementation among all Ministry organizations. The resulting system should:
   - Provide policies, procedures, and strategies for inspection targeting and conducting inspections to assure consistency of application and inspection resources are focused

on the highest priority needs.

- Assure consistent, timely, and appropriate actions are taken regarding inspection findings.
- Provide for reporting of results achieved.
- Provide for accountability from the regions to the State Inspectorate for results achieved and from the State Inspectorate to the regions for policies, procedures, training, etc.

5. Develop/implement a national/regional inspection and emissions sampling strategy that identifies priorities and projected needs including number and types of analyses and detection levels needed. The strategy should encourage a holistic look at facilities, environmental problems, and natural resources. The strategy should use pollution prevention and compliance assistance approaches.

6. Develop/implement an investment plan with priorities for personnel salaries, performance recognition, training, equipment, instrumentation, vehicles, boats, mobile laboratories, data management, etc.

7. Develop/implement an inspector training program. The program should identify qualification/certification requirements and include health and safety training and medical monitoring. Inspectors will need to stay abreast of technologies, pollution sources, and control/prevention techniques. Also, there is a need to assure some minimum degree of consistency and quality by which inspections are conducted.

8. Clarify roles and responsibilities of Ministry of Agriculture and Regional Boards regarding pesticide use.

9. Clarify roles and responsibilities of Health Center and Regional Boards regarding radon and drinking water.

C. LICENSES AND PERMITS

Observations

- Regional Boards issue licenses and permits, check compliance requirements, and take enforcement actions when violations are found. The Environmental Protection Department, among other things, is responsible for setting standards to be used in permitting. Natural Resources and Cadastres Division and the Building Department also set standards for their programs. Officials have expressed concerns for the lack current standards that respond to Latvian needs.

- The State Inspectorate does not routinely review permits/licenses developed and issued by the Regional Boards unless there is a complaint. The State Inspectorate cannot overrule decisions by the Regional Boards.

- Regions have suggested that all licensing and permitting functions be delegated to them. In addition, some Regional Boards have expressed interest to delegate certain control functions to local governments; they suggest control of mineral resources, fish resources, and household wastes.

Recommendations

1. Clarify roles, responsibilities, and coordination among the Ministry Departments and Divisions, State Inspectorate, and Regional Boards with regard to licenses and permits.

2. Develop/implement policies, procedures, and an accountability system to assure consistent application of standards in the development and enforcement of permits and licenses and assessment of fees pertaining to pollution control, natural resources management, and buildings.

3. Develop/implement a comprehensive training and development program for "front-line" staff who are responsible for licenses and permits. Equipping "front-line" staff with the knowledge and skills necessary to effectively handle new responsibilities and more complex issues is critical to MEPRD's success.

4. Define which activities and functions can be delegated to local governments as well as the framework for those delegations.

D. CLEANUPS

Observations

- Historical practices associated with military, agriculture, industry, and natural resource use have left a legacy of known and perceived problems. If these problems are not addressed in a concerted way, they will pose threats to public health and the environment; and they will hinder economic development.

- According to MEPRD officials, responsibility for the cleanup of sites resides with the property owners. However, in many instances, the current owner may not be able to clean up problems created in previous times.

- Regional Board inspectors provide oversight and coordinate cleanup of spills with municipalities, Ministry of Health, and others as appropriate. The HMS has, on occasion, been involved with sampling and analysis at spill locations. The Regional Boards do not have the resources to cleanup sites.

- Officials at both the HMS and Regional Boards indicated having responsibilities for detection and reporting of spills. Regional Boards and State Inspectorate officials indicated

having responsibility for coordinating the response to spills.

- There is considerable concern for the reporting, detection, and making the appropriate response to spills/releases originating outside Latvia.

Recommendations

1. Create within one organization the responsibility for overall management of the MEPRD's programs for site cleanups and spill prevention, contingency planning, and response to spills/releases. The Regional Boards should be responsible for implementation.

2. Develop an inventory of known and suspected contaminated sites. The inventory would form the basis for pursuing a strategy to investigate and cleanup the sites using all appropriate authorities.

3. Pursue a strategy to attract projects/donors to contribute technologies or funding to cleanup sites that require expenditures beyond the resources of the property owners.

4. Create a fund with donor assistance to finance site cleanups.

5. Establish a spill prevention program that places responsibility for taking actions to prevent and report spills at the source.

6. Establish a centrally managed spill reporting and response system that includes contingency planning and training of responders.

7. Incorporate spill/release detection and response considerations into the MEPRD's environmental monitoring strategy.

E. ENVIRONMENTAL MONITORING

Observations

- Hydrological work of HMS is used primarily by MEPRD. However, there is difficulty obtaining the information from HMS.

- The goals for environmental monitoring are defined in the National Policy Plan for Latvia.

- The Baltic Republics Environmental Monitoring Review Project and the ECAT Project conducted an analysis and developed recommendations regarding the structures and implementation of environmental monitoring programs. A work group was formed in response to Order No. 69 dated February 1, 1996, to perform an "analysis of the functions, assignments, and structure of the Hydrometeorological Service, as well as for development

of recommendations for possible changes...". The work group provides the process to reach consensus on the needed changes.

- The USEPA team conducted its analysis to complement the Ministry work group. The observations of the USEPA team are:

  - Ministry officials have expressed a general level of concern that information on environmental conditions that is currently produced does not provide the necessary direction for the development and monitoring the implementation of environmental policies.

  - The management of environmental monitoring is fragmented. There is no clear management structure and division of responsibilities to effectively manage the environmental monitoring program..

  - Environmental monitoring is performed by several organizations. No mechanisms have been established to gather data in a coordinated and consistent way in support of an overall monitoring strategy that is responsive to the needs of the Ministry, including Regional Boards.

  - Annual data/condition of the environment reports are produced by several organizations.

  - Monitoring networks with few exceptions have been operated for some time by various organizations for various purposes. Inadequate resources has caused reductions in these networks over time.

  - Environmental monitoring performed by HMS, EDC, and Regional Boards include many of the same parameters. However, certain monitoring activities are uniquely done by specific labs: 1) meteorological and hydrological monitoring performed by the HMS; 2) special monitoring performed by the EDC, including bioassays, microbiology, aquatic biology, mobile air lab with GC/MS capability; and 3) other parameters analyzed in support of Regional Boards that do not have certain analytical capabilities.

  - Environmental monitoring parameter coverage and detection levels are very limited considering the state-of-the-art technologies. Technologies are currently available to measure a broad range of physical, chemical, biological, and microbiological parameters to very low detection levels in all media. Outdated technologies, fragmented structures, and budget constraints are among the key limitations to achieving state-of-the-art status.

Recommendations

1. The Ministry work group should complete its assignment so that the recommendations could be implemented together with actions based on this report.

2. Environmental monitoring functions within the MEPRD should be consolidated to eliminate duplication and streamline implementation. Overall, responsibility to manage the development and implementation of environmental monitoring programs should be consolidated into one organization, the Monitoring Center (MC). The Center should be the lead for international obligations and interpretation and reporting on the state of the environment and progress toward achieving the goals defined in the National Environmental Policy Plan for Latvia. Responsibility for implementing environmental monitoring programs should be delegated to the Regional Boards. This includes consolidating the environmental monitoring functions of the HMS into the Regional Boards. One exception is the meteorological function of the HMS which could be placed in a separate organization, since the function serves a totally different primary customer.

3. Clarify the roles, responsibilities, and coordination between the MC and Regional Boards to assure that the environmental monitoring programs are effective.

4. Hydrological functions of HMS should be transferred to the MEPRD environmental organizations.

5. Develop/implement a national/regional monitoring strategy that identifies priorities and projected needs including numbers and types of analyses and detection levels. The strategy should encourage a holistic look at environmental and natural resource issues and provides the data needed to assess the adequacy of environmental policies.

6. Develop/implement an investment/disinvestment plan to effect the orderly consolidation and upgrading of monitoring functions and implementation of the monitoring strategy. The investment plan should clearly identify the investments necessary to develop the capacity to develop and implement an effective monitoring strategy that is responsive to the needs of the Ministry including Regional Boards and international obligations. Substantial investments are needed in personnel and technologies in order to implement an environmental monitoring program that is responsive to current and projected needs.

7. Cooperative agreements should be negotiated with non-MEPRD contributing organizations (both state and private organizations) to the extent the MEPRD is dependent on these organizations for providing environmental data to support MEPRD needs. The agreements should specify what data are needed of known quality, in a certain format, and when it is to be provided.

CHAPTER 5
Recommended Follow-Through

"If you continue to do what you have always done, you will get what you have always gotten."

That is a choice the Ministry can make concerning its organization, for good reasons like satisfaction with current conditions or the need to solve a different problem or the necessity to resolve a crisis.

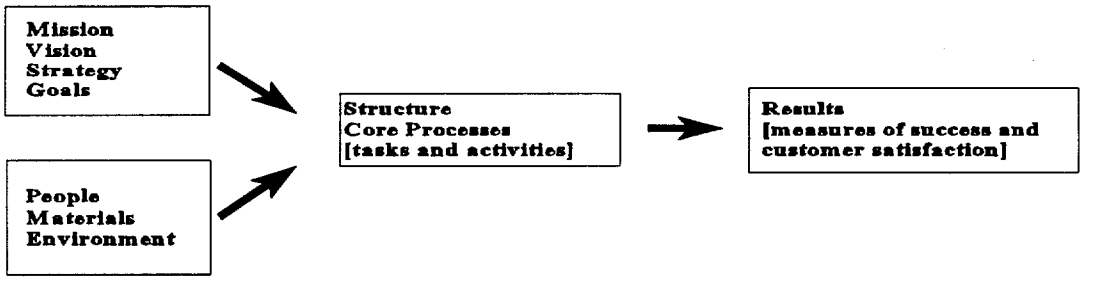
The MEPRD can choose how best to manage for the future. At this time, its environmental organization structure consists of several fairly independent entities, who can operate without cooperating and coordinating with each other -- which may impair the effectiveness of the Ministry in accomplishing its mission. Also, the management procedures and systems in the Ministry lead to the current structure and support this structure -- without an effort to change management procedures and systems, the Ministry will continue to have problems integrating its programs.

Fortunately, the MEPRD leaders do have the ability to choose to change their organization so environmental program activities are better integrated and effective. They can choose from among several alternative futures for organizing their environmental programs. They can set the pace of change to accomplish that future. They can choose how to go about implementing those changes. They can choose what to include in managing change.

The USEPA interviews conclude that MEPRD managers perceive the need to make changes to be more effective. A few are leery about tampering with the *status quo*; they have real concerns about morale of staff and the continuing lack of resources to make "things" better. Most, though, believe that changes at least to procedures and systems are due, with many urging structural changes. A few even point out that the failure to make changes will affect morale and make resource problems worse.

The USEPA analysis supports the need to tackle management procedures, systems, and even the structure, to improve the integration of environmental programs and effectiveness of the Ministry. As shown below in Figure 2, successful environmental programs are the result of several factors in the Ministry. This report has addressed several elements in achieving success.

Figure 2



So, should MEPRD choose to improve its management and organization of environmental programs? Which is the best approach to take? Which is the right organization? Those are questions only the Ministry can answer, based on the leadership's judgements about the future.

The USEPA team is not able to say what is best for the Ministry; we have offered our ideas, based on interviews, observations, feedback on our reports by the Ministry and based on our experience in managing environmental programs. We have started the process of weighing the alternatives. The REAL pros and cons about change come from the Ministry leadership, through discussion, analysis and decision.

Now, its time for some dialogue among the Ministry's leaders over the future for its environmental programs. And, if decisions are made to change, the Ministry will have to manage the change process.

The USEPA team is confident that the Ministry's political and civil service leadership has the ability to look to the future, anticipate what may come in that future, plan for it, and guide the Ministry employees to that future.

Shown below are our recommendations for the MEPRD leadership to begin the process of change. After that are suggestions about two systems that affect all employees in MEPRD; so, if properly addressed, these two systems (Resource Management, Employee Development) can help make the working conditions in a changed organization better.

Workshop

We propose that MEPRD leadership meet in a 2-day workshop led by the Minister or State Minister and facilitated by trained executive-level facilitator. The purpose for the meeting should be to reach a consensus on the need for and types of organizational and systems changes for environmental programs.

If substantial changes are determined to be appropriate, most of the who, what, when, where, and how will likely have to be sorted through a organizational change process (see below) that the Ministry leaders should also establish in the workshop.

We recommend that all Ministry employees be informed that the workshop is being held and that a summary of the results be provided to them (perhaps in supplemental meetings for those interested). One of the first communications to employees might use information from the design factors as part of an explanation about what the Ministry hopes to achieve by changing.

Organizational Change Process

To manage organizational change, the Ministry should establish a special organizational change workgroup. The workgroup should consist of senior level MEPRD executives charged with

development of implementation activities and oversight of the actual implementation. Members should meet on a regular schedule of weekly or biweekly meetings that are only for the purpose of managing the organizational change process.

To ensure high level attention and participation, the workgroup should be chaired by the State Minister or the Minister. For day-to-day coordination and follow-through, a senior person in MEPRD should be assigned; a copy of a position description for this senior person is found in Attachment E.

The workgroup will have to make assignments and monitor progress. There should be a plan for these assignments and for tracking of progress.

We also encourage communication with staff about the progress of the workgroup and participation of staff in workgroup assignments, as appropriate. The more open the workgroup is to the ideas and hopes of staff, the more likely that staff support will be there when changes are to occur.

Employee Development

As the Ministry creates new laws, policies and procedures, the Ministry staff needs advice and training to keep current with those new requirements. The pace of new requirements is unlikely to slacken, as the Ministry develops new environmental laws and standards to replace those from the former regime and to satisfy European Union membership conditions.

From another perspective, if the Ministry decides to improve its management systems or organizational structure, it must ensure that its employees are equipped with the skills needed to carry out the work assignments in the new setting. And, as the Ministry implements programs from the NEPP and action plan, it needs to ensure employees understand the changes underway and so they can plan for the changes in their work.

The USEPA review team recommends that the Ministry should consider how to ensure its staff are supported and developed. The importance of this recommendation is addressed in all our organizational options.

There are several possible approaches the Ministry can take to ensure that an effective training and development program is conducted. Some aspects of these approaches are already in use by MEPRD. Each approach should ensure assignment of responsibility, allocation of resources, and accountability for performance.

Possible Approaches

1. Develop the program using a Ministry staff person with task force support. The Ministry should budget for outside training courses as part of the annual budget. In-house training

should be the responsibility of directors, not just staff who provide it. All training should be evaluated by participants so strengths are captured for the future and weaknesses corrected.

2. Out source all or part of employee development programs to a university to put together a program with Ministry managers' advice and approval. Create a training coordinator in the Ministry to lead or oversee training with the university. All training should be formally evaluated by the Ministry training class participants and the university.

3. Request a donor to work with the Ministry to create an environmental training program. Again, the Ministry should be prepared to create an advisory group of employees and managers to guide the program.

Financial Management and Flexibility

In considering the option for restructuring/reorganizing the Ministry, we have assumed that there will be no significant increase in the State budget. This assumption requires that, to meet new requirements, the ministry should explore ways to maximize the effectiveness of their fiscal resources through cost savings measures, recapture of expenses, and increased flexibility in internal budget management.

a. Saving Resources

Current policies appear to create a disincentive for managers to aggressively pursue innovative and efficient options in the use of resources. It is clear from our interviews that both cost savings and greater efficiencies could be achieved by consolidation of some activities/facilities, disposal of outdated or duplicative equipment, and the realignment/reduction of some staff. However, many people we interviewed told us that any savings obtained by such activities could not be captured by the Ministry, except during the budget cycle. Instead, such savings would either go into the general fund or be subtracted from the currently budgeted level of resources. The perception is that greater efficiencies and cost savings are punished rather than rewarded and, thus are not worth pursuing. If this is the case, serious discussions should take place to review and reform these policies.

b. Charging Donors

Donor assistance, while vital to the Ministry, does impose significant costs on the Ministry -- costs which are both direct and indirect. These costs, if not recovered, are a drain on the budgeted resources of the organization. The Ministry should explore ways to assure that both direct and indirect costs associated with donor assistance are recovered. (Most accounting firms can quickly provide methods for this.) However, recovered costs should be retained by the Ministry and not assigned to the general fund or offset by the reduction of available moneys from the state budget.

The rationale for retaining these moneys is important. First, the Ministry does not have

funds available to cover the direct and indirect costs of donor assistance. Therefore, these costs must be covered by making less money available for purely Ministerial activity. Second, although it is tempting to argue that such costs are offset by the influx of funds /assistance from the donor side, that offset occurs for only a very short time. The need to continue the activity started with donor assistance requires that the Ministry build up the institutional infrastructure so that it can do so. Recovery of the direct and indirect costs in the near term, if retained by the Ministry, should allow it to enhance its institutional capacity to carry out these activities.

c. Budgeting Capital and Maintenance Costs

The Ministry, as a Technical/Scientific agency, will have some long-term needs related to capital expenditures, supplies, and equipment which are significantly different from and more costly than the needs of non-technical agencies. These needs are not limited to mere acquisition; there are significant costs associated with the operation and maintenance of such material which need to be recognized and funded. In addition, this same issue must be raised in connection with gifts and donations received from international donors. All parties must recognize, that in accepting such equipment from donors, the Ministry is, in actuality, assuming a long term cost related to its operation and maintenance. It is in the interest of both parties -- the donor and the Ministry -- to protect this investment by assuring that maintenance agreements are provided (either from the Ministry side or by the donor) and that adequate operating supplies are available. The caution here is that such operating and maintenance agreements when provided by the donors should not result in a loss of budgeted resources for the same purpose from the Ministry side.

ATTACHMENTS

ATTACHMENT A

Report by the Finnish Institute of Public Management on the Work Organization and Operations of the Latvian Ministry of Environmental Protection and Regional Development

FINNISH INSTITUTE
OF PUBLIC MANAGEMENT

3.5.1995

Senior consultant Katriina Pallas

AUDITING THE WORK ORGANIZATION AND OPERATIONS OF THE LATVIAN MINISTRY OF ENVIRONMENTAL PROTECTION AND REGIONAL DEVELOPMENT

FINNISH INSTITUTE
OF PUBLIC MANAGEMENT

CONTENTS

3.5.1995

AUDITING THE WORK ORGANIZATION AND OPERATIONS OF THE LATVIAN MINISTRY OF ENVIRONMENTAL PROTECTION AND REGIONAL DEVELOPMENT

	page
1 The objectives of the project	1
2 Auditing the work organization of the ministry	3
2.1 Organizational regulations	3
2.2 The structure and the division of functions	5
2.3 The division of the authority in decision making	9
2.4 Cooperation and coordination	11
2.5 The information exchange in the ministry	14
2.6 The need for resources	17
2.7 The need for technical assistance and services	18
2.8 The development of the management and planning of operations	22
3 Conclusions	23
4 Suggestions for development projects	24

38

FINNISH INSTITUTE
OF PUBLIC MANAGEMENT

Senior consultant Katriina Pallas 3.5.1995

AUDITING THE WORK ORGANIZATION AND OPERATIONS IN THE LATVIAN MINISTRY OF ENVIRONMENTAL PROTECTION AND REGIONAL DEVELOPMENT

1
THE OBJECTIVES OF THE PROJECT

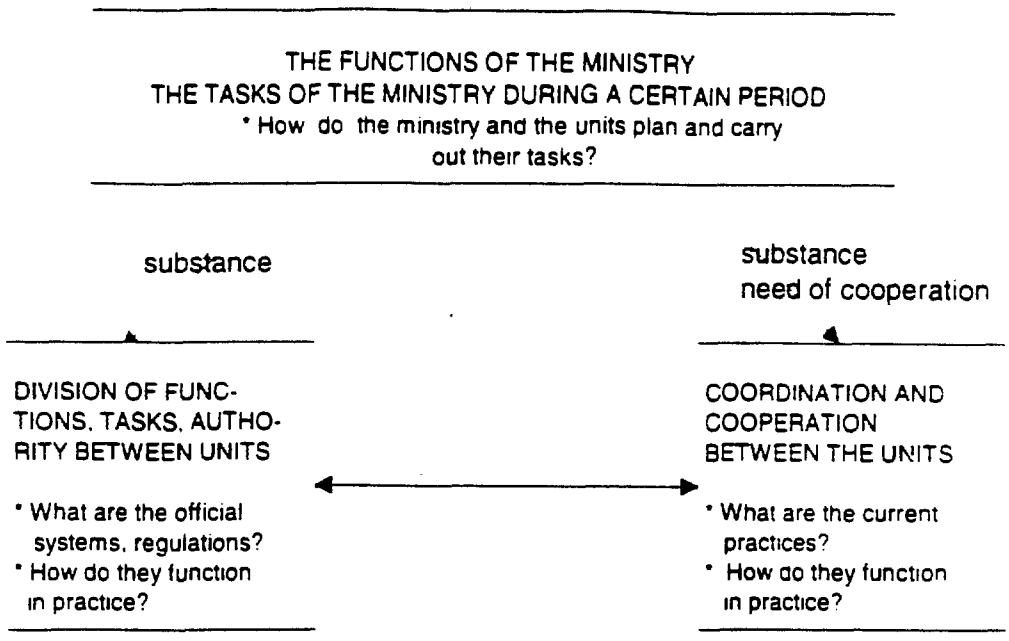
The purpose of the project is to audit the ministry´s internal work organization. The objectives of the project are

- to study the work organization, methods of dividing tasks, the ministry´s working methods, especially the cooperation and coordination in the ministry
- to produce suggestions to improve the ministry´s operations and to make recommendations for their implementation.

The managers of the Ministry of Environmental Protection and Regional Development (appreviated the MEPRD in the text later) defined the areas to be studied in December 1994. They are as follows:

- the structure and division of functions and authority in the ministry
- the cooperation between the departments
- the exchange of information in the ministry
- the amount of positions needed in the departments
- the need for technical assistance.

The theoretical background for the auditing is illustrated in the picture of next page.



The auditing bases on the fundamental ideas of organizational design: the division of functions into the structural units and the methods needed to coordinate the operations to balance the division. The need of coordination and cooperation is determined by the substance of the functions.

Because the MEPRD is quite new organization, one starting point for the auditing is the legalistic tradition of public organizations by Max Weber. According to this tradition, the functions, authority and operations of governmental organizations using public power have be based on written rules and regulations adapted in advance. This legalistic tradition is adapted eg. in Scandinavian governmental organizations.

The ministry has generally three kinds of roles and functions:

- functions "upwards": a staff for the cabinet eg. drafting laws, preparing cabinet policy and decisions
- functions "downwards": steering subordinate institutions
- steering itself as an organization.

The auditing focuses mostly on the third function. Improving the ministry's ability to steer itself as an organization provides a better capability to carry out other functions in the ministry as well.

The auditing of the ministry's work organization bases on following information gathering:

- the organizational regulations of the MEPRD which the state secretary translated and clarified to the consultant
- the interviews of the representatives of the departments. The consultant prepared a questionnaire in advance for the participants to get familiar with the questions and to answer the. The director of the department and the

heads of the divisions usually were the participants in the interviews carried out during the week 8 in Riga. The consultant got a few written answers to the questionaire. The interviews were recorded and the consultant has written a summary of the interviews for internal use in the MEPRD.

2
AUDITING THE WORK ORGANIZATION OF THE MINISTRY

2.1
Organizational regulations

The basic regulations concerning the Cabinet and the ministries are:

- Minister Cabinet System Law from 1925
- Minister Cabinet Regulation from January 1994

Minister Cabinet System Law defines among other things: the desicion-making authority of the Cabinet, the authority and political role of the minister and the state minister and the ministry´s right to give regulations to subordinated institutions.

Minister Cabinet Regulation defines in more detail the system of ministries: among other things the ministry´s right to represent the state, the ministry is a juridical person, the structural units of a ministry are departments and divisions, the leading positions and their authority. Minister Cabinet Regulation is a general rule. Every ministry should prepare a statute of it´s and adapt the Regulation.

The statute of the Ministry of Environmental Protection and Regional Development was submitted to the Cabinet for approvement in February 1995. **The statute of the Ministry of Environmental Protection and Regional Development** defines among other things:

- functions of the ministry: eg. elaborates state policy in its field, prepares drafts of law and regulations, defined tasks in the field of environmental protection and regional development coordinate other institutions in its field, to sign international agreements
- rights: eg. to control the implementation of regulations, to get information, to coordinate the activities of other institutions in its field, to sign international agreements
- responsibilities of the minister: eg. the minister has the political responsibility in the ministry, has the right to represent the ministry and to give orders to every person working in the ministry
- responsibilities of the state minister: eg. state minister is responsible for a certain defined field in the ministry, has the right to give orders to the personnel in his field
- responsibilities of the parliament secretary: the position of the parliament secretary is political, his task is to take care of the relations with the Parliament and defend the ministry´s law proposals in parliamentary committees
- responsibilities of the state secretary:
    - is a civil servant nominated by the minister
    - is in charge of the administration and organizes the work in the ministry
    - has a general desicion-making right if the right is not specially given to some leading position

- gives orders to the personnel in the ministry and also in subordinated institutions
- provides human, financial and legal resources in the ministry: adopts the list of positions and the personnel budget in the ministry, nominates the persons working in the ministry, makes financial decisions and is responsible for the ministry's budget
- represents the ministry in the field of his authority
- cooperates with the minister, the minister gives tasks to the state secretary but the minister has the right to restrain tasks of the state secretary to himself

- responsibilities of the deputy state secretary: civil servant, debuty state secretary is responsible for the administration of the subordinated institutions
- structure of the ministry: list of the departments and the divisions
- responsibilities of the directors of departments: they can give tasks to persons in their departments
- the institutions subordinated to the Ministry of Environmental Protection and Regional Development .

In February 1995, the Ministry of Environmental Protection and Regional Development has in force a regulation or a working order for the ministry as a whole from September 1993. There are also departmental working orders. The regulation is adopted by the ministry. **The regulation for the Ministry of Environmental Protection and Regional Development** from September 1993 defines among other things:

- functions of the ministry and duties of the leading positions (same as in the statute of the ministry)
- who has the right to sign the documents:
  - only the minister can sign documents addressed to the President, the Cabinet, the Parliament and to other ministries. If the Cabinet asks for the ministry's opinion, the answer is given by the minister. The minister can give the right to answer and to sign the document to the state secretary
  - the state minister can sign documents to the same institutions but only in his own field (environmental protection). If the minister is absent, state minister has the right to sign documents
  - the state secretary can sign the financial documents and he has the general right to sign documents
  - the director of the department can sign documents in his own field to equivalent units in other ministries or to subordinated institutions. In some cases, also the head of the division has the right to sign documents.
  - each person working in the ministry can sign, according to his competence, an information letter without any financial assignment, also to foreign countries
- circulation of documents:
  - the incoming and outgoing documents are registered by the office division
  - the division distributes the incoming letters directly to divisions if the addressee is clear, otherwise to the department
  - if the addressee is unclear, the state secretary decides the receiving unit(s)
  - if the document concerns several units, copies are taken and distributed to the units and also the names of other receiving units are given
  - in every department, one person is responsible for the correspondence and departments keep their own register of documents

- the letters must be answered within 10 days, if some consultation or correspondence is needed, the time frame is one month. The office division controls the time for answers
- each person in the ministry can start a project or preparation of a law according to his competence, but for the implementation he has to get the acceptance of his superiors (from the head of division to the minister, 5-6 persons in line)
- the specialist preparing issues is required to cooperate with colleagues from other units
- the meeting of the Ministry is held on Mondays at 3 p.m. The participants are ministers, state secretary, the directors of departments and the directors of subordinated institutions. The key functions of the units from the previous week and for the starting week are introduced mostly for information but also for discussion and desicion-making. The minister chairs the meeting.
- a meeting for special issues, eg. budget or law drafting, statute or regulation of the ministry is held on Wednesday afternoons. The participants are the directors of departments or key persons of the ministry according to the issue.
- working hours of the ministry.

There are also similar working orders for every department of the ministry.

Consultant´s evaluation

The regulatory base of the ministry is in good order after the statute of the MEPRD has been adopted by the Cabinet in spring 1995. The structure of the organization, the division of functions and the authority of the leading positions are defined. The working order gives more detailed instructions eg. for the right to sign documents, the circulation of documents and information exchange. The regulations for the whole ministry seem to steer everyday operations and to be more important than the departmental regulations, because neither the departmental regulations nor their content were mentioned in the interviews. Some changes in the contents of the working order are suggested in later chapters.

2.2
The structure of the ministry and the division of functions

The ministy´s structure consists of six departments which are divided into divisions. The units carrying out the basic functions of the ministry are:

- environmental protection department
- department of regional development
- building department
- division of natural resources and state cadastres.

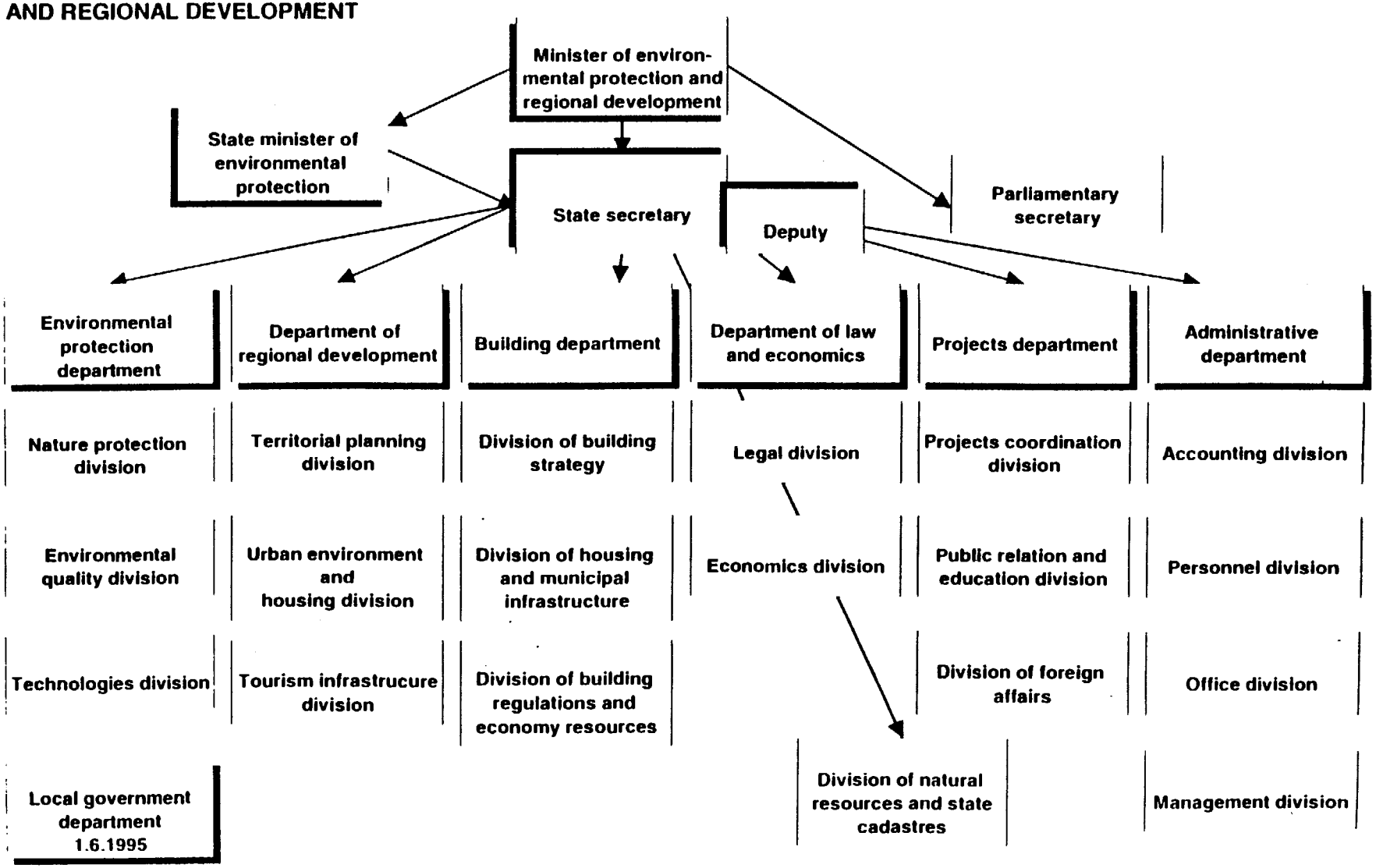
In June 1995, the fifth operational unit, local government department from the Ministry of State Reform, will be merged to the MEPRD.

Three other departments can be considered as supporting units for the others:

- department of law and economics
- projects department
- administrative department.

The structure of the ministry is illustrated on the next page.

MINISTRY OF ENVIRONMENTAL PROTECTION AND REGIONAL DEVELOPMENT



Opinions and ideas of the interviewed

too many (3) different fields for one organization; local government department will be a new field (4th)
- the conception of regional development and the functions on the ministerial level should be defined
- the conception of building needs reformulation: what are the tasks on the ministerial level, what is private business
- overlapping tasks concerning housing and municipal services in the departments of regional development and building
- the merging of two separate and different areas of law and economics to one department is artificial, the management of the department is difficult (the position of the director is vacant now)
- the economics division should be decentralized to main areas to help in budgeting; or the division should be merged with the department of regional development
- the experts of legal division could be separated and situated in every department; or the division could be a part of the administrative department
- the services from projects department in managing projects are not always clear; some of the projects are managed by the projects department, some by the substance departments
- new units needed: division of regional development (dep. of regional development), division of municipal services, division of building materials (building dep.)
- separate and independent state building inspection organization under the ministry is needed
- the administrative department is similar to other ministries.

Consultant's evaluation

The development history and the objectives of the government are to be seen in the structure and functions of the ministry. The units and functions of the former ministries have affected the structure and operations of the MEPRD but also the government's will to have some functions on ministerial level. The current tasks of many units of the ministry show the situation of the transition period: the infrastructure tasks dominate and the concentration on the strategic and policy matters is not yet possible.

The structure also shows a typical feature of ministries. The departments are quite independant. They are leaders of their own field in the administration and they usually have more contacts with the subordinate institutions than with other departments of the ministry. It is sometimes difficult to see the synergy of the departments although they are situated in the same organization. Especially in environmental matters, the cooperation in different expert areas and administrative sectors is most important, because so many different factors affect simultaneously the state of the environment. The same concerns also regional development.

The structure of the ministry consists of many small units. There are 19 divisions and the amount of personnel in the ministry is ca. 115. The size of most of the divisions is 2-6

persons. The largest division is the separate division of natural resources and state cadastres with 15 positions (as big as some departments, according to its size, the division could be a department). One fifth of the personnel is in some kind of leading position (the head of division -> the state secretary). In the interviews, establishment of some new units was suggested.

Some attention and cautioness should be paid to the structure of the ministry. Many small divisions may cause disadvantages for the cooperation and coordination of the operations, especially if the departments are not coherent enough. The structure with many small units may also become rigid and difficult to change. The proportion of leading positions may also grow too big even though at present the heads of divisions also participate in performing tasks. Establishing new units for new tasks is the normal procedure in the organizations and it´s not easy to break. Still new tasks could be organized also in other ways eg. separate experts not belonging to any unit, a permanent network or a periodic project of experts from different units performing new tasks simultaneously with their normal tasks.

An interesting unit is the projects department. Its functions are designing development projects, managing and implementing of the projects and finding international funding for the projects. The department supports other departments with project management and international funding expertise, the other departments define the contents of the projects. According to the interviews, the projects department concentrates more on environmental protection than on other fields of the ministry and also participates in defining the projects. The projects department with its special international expertise is a suitable solution at present when the international funding is very important. But also a problem may arise: the projects department may gain power also in substancial matters or other departments feel that their own decision making power is transmitted to the projects department. In the long run, when the expertise of other departments grows, the role of the projects department will change to be more technically assisting.

Consultant´s suggestions

1) The conception of the regional development

The suggestion is that the ministry should define the conception of the regional development in the government ie.

- the objectives of the regional development
- areas of the regional development (eg. environment, territorial planning, economic structure, industry, agriculture)
- administrative sectors and units participating in the regional development
- their organization, resources, cooperation and short-term and long-term functions.

Because the regional development is not only an environmental or territorial planning question, the definition work is suggested to be done in a working group with representatives from the MEPRD (the department of regional department, local government department), other ministries and interest groups. The MEPRD should be responsible for starting the work and leading it. Studying experiences and practices from other European countries could be useful for the working group. The time limit for the working group should be not be very long eg. four months.

This working group should also study the suitable location of the tourism infrastructure functions in the administration ie. should they be a part of the MEPRD or some other ministry (eg. the Ministry of Economy).

2) The division of functions in housing questions

The division of functions in housing questions between the departments of regional development and housing is clear in the organizational regulations. At the moment, however, there are overlapping tasks according to the interviews. The suggestion is to organize a working seminar or a working group chaired by the state secretary. The objective of the working seminar or the working group should be

- to define the current tasks and plan the tasks for the next year in the areas of housing, settlement and municipal services
- to decide the organization of the tasks, the units and their resources
- to define the cooperation methods between the different units.

If the method is a working seminar, the personnel of the urban environment and housing division and the division of housing and municipal infrastructure should participate. If the work is done in a working group, representatives of these divisions should participate. Participation of some representatives of the local government department or other departments might be useful in the work. The time limit for this work hould be short eg. one month.

3) The functions of the building department

According to the interviews, the functions of the building department are not clear or known to other departments. There was questioning whether some tasks belong to the government or to private business.

The building department has elaborated the state conception of housing ordered by the government. The suggestion is that the department organizes an information event (as it does for the subordinated institutions and interest groups every month) for the personnel of the ministry and presents the conception of housing and the tasks of the department.

Another suggestion is to organize a working seminar, where the building department together with the state secretary define the current tasks of the department, plan the tasks for next year and the development of the department's tasks in the future.

4) Separate units for law and economics

The suggestion is to close the department of law and economics and keep the legal division and the economics division as separate units under the ministers and the state secretary. The reason is that there is not enough operational synergy for the two divisions to form a department. The division can cooperate as separate divisions as well. The solution saves also money because the position of the director of the department is vacant.

Other options for the organization of these supportive services are 1) to merge them with the admininistrative department or with some other department ie. economics division

with the department of regional development or 2) to close the divisions and place the experts to different departments. The option 1) is not a suitable solution because the administrative department can't direct or support these expert services. If the economics division was situated in some other department, there could be difficulties in performing tasks for the whole ministry or its management. The option 2) would separate the few experts to different units and prevent the growth of expertise. The expertise grows better in close connection with colleagues in the same unit. The advantage of the option 2) would be that the lawyers and economists could become better specialised in the substance of the unit. This advantage could be obtained by dividing the departments between lawyers and economists ie. one expert concentrates on the questions of one agreed department or area.

2.3
The division of the authority in decision making

The top management of the MEPRD consists of following positions:

- minister of environmental protection and regional development
- state minister of environmental protection
- state secretary
- deputy state secretary.

The other managers are:

- directors of departments (6, one position vacant)
- heads of divisions (19)

The main functions and tasks of these positions are defined in the statute of the ministry (see chapter 2.1.) The authority to make decisions (right to sign documents) is defined in the regulation of the ministry. All managers listed above can act as decision makers. The state secretary is responsible for the administration of the ministry and only she can decide matters of economical significance. Also a civil servant may sign information letters or documents without a statement or decision of the ministry.

Opinions and ideas of the interviewed

- the division of the authority is now clear
- the right to make decisions has been delegated to lower positions, during the former Cabinet the decision making was more centralized to the top managers
- the authority and area of operations of the minister and the state minister should be independent so that the management relations would be clear
- the position of the parliamentary secretary is not neccesary because the civil servants can defend draft laws in the Parliament as experts in their own field
- the state secretary has too many small administrative tasks
- a state minister of building would be neccesary (there will be a state minister for local government affairs)
- more deputy state secretaries are needed to the help departments..

Consultant´s evaluation

The authority of decision making is clearly defined in the organizational regulations to meet the needs of the operations. The interviewed didn´t see any difficulties in the authority. The authority has been defined in the organizational regulations according to "external" forms of the decision making ie. the right to sign documents and according to the addressee of the document.The former uncertainty or disorder in management relations has vanished during this Cabinet. The delegation of authority to lower management positions is sufficient.

A system of two or more ministers is not very easy to handle, even though the operational areas of the ministers are independent. Political contradictions in desicion making and in strategic questions might arise. On the other hand, the civil servants may get different orders or tasks from the ministers. These difficulties should be solved on the cabinet level when defining the operational areas of the ministers and state ministers.

Establishing of new debuty state secretary positions would mean a new level in the management system and would make the management more complicated. Instead of strenghtening the deputy state secretary system, the position of the director of the department should be strenghtened.

Consultant´s suggestions

5) The definition of the authority in decision making

The definition of the authority in decision making in the organizational regulations is now based on the organization (ie. Parliament, Cabinet, ministry) and the hierarchy level (ie. ministry, department) of the addressee. The suggestion is to define the scope of the authority in organizational regulations according to the content (ie. operational area) and the importance of the decision. The expression "make decision " is also more informative and concrete in this connection than "the right to sign documents". The change will´ make the definition of the authority more directing, concrete and informative. If this kind of formulation is adapted, the scope of the authority of every position with the right to make desicions should be defined separately.

An example of the working order (draft) of the Finnish Ministry of Environment (General authority of every head of the department):

"The head of the department decides issues, which concern:
1) giving statement in issues in the field of the department if the issue is not in the authority of the state secretary
2) giving instructions in the field of the department if the instructions are not far-reaching or in principle significant

.

8) confirming the plan of the use of the appropriations assigned to the department
9) approval of the appropriations assigned to the department ...."

(Specified authority of one head of the department)

"The head of the environmental protection department decides on the approval of a water protection loan to an interest subsidy loan if the amount of the loan is less than 1 000 000 marks."

6) The role and functions of the state secretary

The suggestion is to develop the role and functions of the state secretary to be less administrative and more focused on leading the ministry as a whole also in substancial matters. The routine administrative tasks and decisions should be delegated to the director of the administrative department and the heads of divisions in the department. Also smaller financial decisions (eg. according to the amount of lats) should be delegated to the administrative department. Some of the administrative or financial decisions could be delegated to the operational departments. (See also chapter 2.8. suggestions 24. 25)

The role and functions of the state secretary could be eg. :

- to steer the planning of operations in the ministry
- to steer the ministry as a whole
- to support the cooperation and coordination between the units
- to develop the organization and working methods in the ministry.

The tasks of the state secretary in the Finnish Ministry of Environment are described in the ministry's working order (draft):

"The duty of the state secretary is to lead operations in the ministry, to coordinate the functions of different result areas (=organizational units) and to participate, by giving his contribution to the minister, in planning, implementing and controlling far-reaching or otherwise important issues and to lead the resultoriented steering in the administrative sector."

An example of the decision making authority of the state secretary:

" The state secretary decides on issues, which concern:
1) giving statement of national or international legislation or proposals concerning decisions made in the EU to other authorities if the issue is not insignificant "

2.4
Cooperation and coordination

Some forms of cooperation and coordination are defined in the regulation of the ministry, eg.:

- every civil servant preparing issues is required to cooperate with the colleagues from other units
- the division of documents made by the office division supports cooperation: if the document concerns several units, copies are taken and distributed to the units and also the names of receiving units are given: the state secretary sometimes participates in naming the units

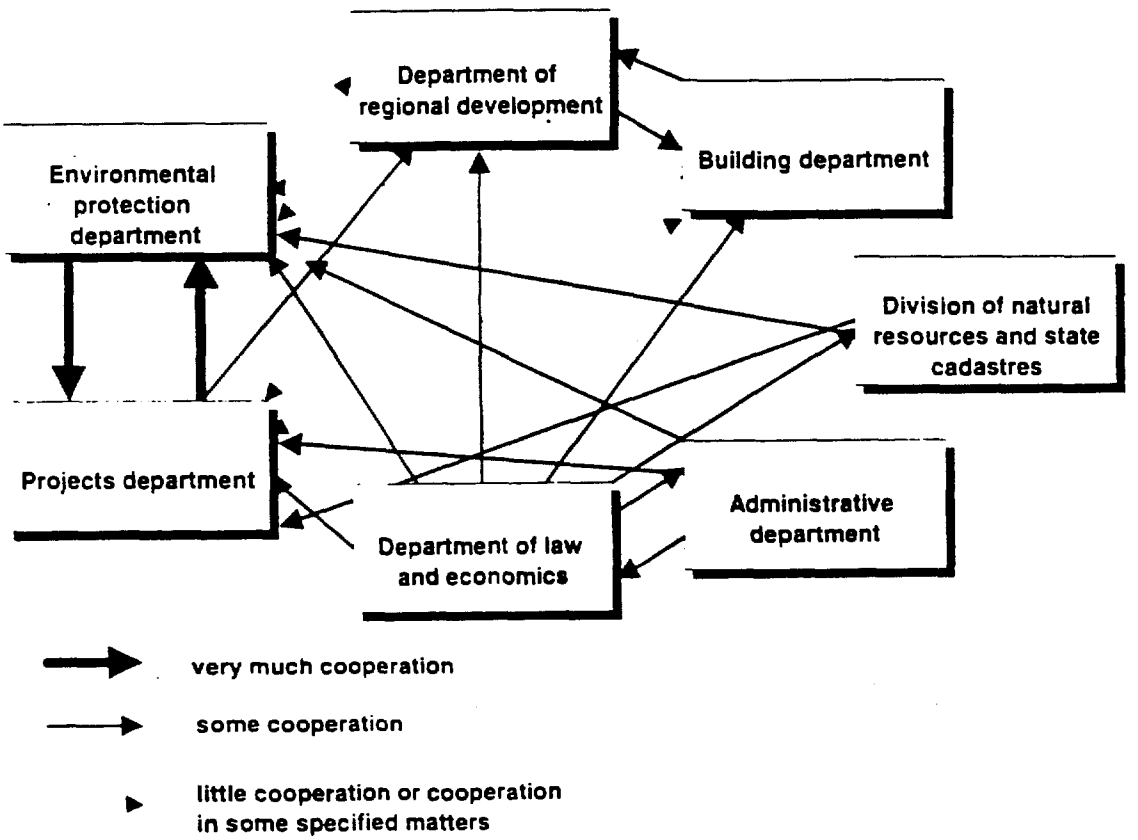
- a meeting of the directors of the ministry and the subordinated institutions is held on Mondays
- a meeting for special issues is held on Wednesdays (usually); directors of the ministry participate.

In the questionnaire for the interviews, there was a question about defining the substance of cooperation needed between the department in question and other units, the partner of cooperation and the classification of the cooperation type according to professor Metcalfe's coordination scale. Only a few answers were given to this question.

Opinions and ideas of the interviewed

- the forms of cooperation are common working groups and negotiations where representatives from different divisions or departments participate
- cooperation is easy, because the organization is small, people know each other very well and people are very friendly and helpful
- cooperation bases guite a lot on personal relations.

The interviewed told which departments their own department cooperates with. The next picture illustrates the cooperation between the departments according to the interviews.



Consultant´s evaluation

The organizational regulations and the circulation of documents ensuring the cooperation are in good order. Both official and unofficial working groups, negotiations and discussion are used in the cooperation between the units. The culture of the ministry seems to be dicussive.

According to the interviews, the cooperation seems to be in good order and everybody is willing to cooperate. However, the cooperation network shown by the interviews is not totally balanced. The network shows stronger cooperation (especially between the environmental protection department and the projects department) and weaker cooperation (eg. from the department of regional development and the building department to the projects department).

Still according to the state secretary, it can sometimes be seen from the results and documents that there has not been cooperation betweenthe necessary units. One reason may be that the civil servants don´t know enough the area or current tasks of other units or they don´t have enough expertise to take into consideration all factors affecting the object. The other reason might be "the danger" of cooperation. Although cooperation has a positive value, it´s also quite often power game. The other participants´ views may win in cooperation, but when working alone you can be sure that your own opinion will be put forward.

Consultant´s suggestions

7) The definition of cooperation and coordination when planning operations

The substance of the operations arises the need for cooperation and coordination. The suggestion is to define in the yearly or periodically planning of the operations in which issues, initiated by the ministry, cooperation between the units is needed. Also the cooperative units and methods of cooperation should be named at the same time. (See also chapter 2., suggestion 24)

8) The responsibility of the chiefs in cooperation

The chiefs of the units should be responsible for the cooperation concerning issues which are initiated by other authorities or interest groups. The suggestion is that the chiefs would control more actively that the cooperation defined in the document distribution will be carried out. They should also advice the civil servants to cooperate with other units while preparing issues.

9) Establishing permanent networks

Continuous cooperation and discussions between the departments is needed in some certain issues. The suggestion is to establish permanent networks upon the formal organization for cooperating in these issues. The managers should define in which issues the networks are needed, who will be the participants of the networks and who is the responsible person of the network. The objectives of the network are preparation of issues together, professional discussions, information sharing and growth of expertise. The network can organize its operations quite freely.

10) More information about other units

Inadequate knowledge about other units may prevent cooperation. The suggestion is that every department organizes a short information event for the personnel of the ministry The department should tell about its strategies, operations and current tasks and present its civil servants with their job discriptions. It is most important that the new department of local government organizes an information event very soon after it has been merged with the ministry.

Instead of having information events, it is also possible to send an information leaflet telling about the current issues of the department 3-4 times a year to the personnel of the ministry. The advantage of the information event is the possibility to discussions. The local area network could also be used for distribution of information (see chapter 2.7 suggestion 18).

2.5
The information exchange in the ministry

Opinions and ideas of the interviewed

- the most important method of information exchange in the ministry are Monday meetings; these meetings transmit important information from the Cabinet, other units of the ministry and the subordinated institutions
- the other important source of information is the departmental meeting, which is held in every department. The information of the Monday meeting is transmitted to the personnel of the department
- criticism against the Monday meeting: too many, small issues without any interest to other units are presented, the meetings are too long, only informative issues and issues which need to be discussed are mixed together
- personal relations are very important in getting information
- the important and stand taking decisions of negotiations or meetings are not documented
- minutes of meetings are not kept or they not published
- an internal information leaflet of the ministry would be useful because compared with the press release it can contain more detailed and concrete information
- the local area network should be used in information exchange
- many issues could be informed on a bulletin board
- too many documents coming from outside are copied and distributed to the departments; instead of distributing them they could be stored in some place (eg. library or office division) for everybody to see.

Consultant's evaluation

The ministry uses many advanced methods for information exchange eg. management meeting, departmental meetings, meetings on special issues, working groups, informal discussions and distribution of documents. Most of the interviewed were content with the

information they got, even though sometimes the information in the meetings can be already one week old.

The communication culture of the ministry bases mostly on verbal communication. The advantages of verbal communication are interactiveness, personal communication and discussion. One of the disadvantages of verbal communication is that it is sometimes ineffective. The meetings and discussions are ineffective if they are not well prepared, if agreements of the measures are not made or if the implementation of the measures is not followed up. If the important decisions made in the meetings are not documented, a common knowledge base for the organization will not be established.

A big, informative meeting like the Monday meeting takes time and resources. Distribution of information can be handled more effectively in written form or electronically. Other forms of information exchange in addition to verbal communication should be developed.

Consultant´s suggestions

11) The development of the Monday meeting

Current tasks of the unit concerned (the department of the MEPRD or the subordinated institution) are reported, issues interesting or common to other units are informed of and issues are discussed for stand taking in the Monday meeting at present. The Monday meeting should be developed to a method of management and steering of the ministry and the administrative sector.

The suggestions for developing the Monday meeting are:

- informative issues and issues requiring common stand taking should be separated from each other

- the presentation of informative issues should be restricted to issues which are important and common to several units

- an agenda should be made for every meeting on Friday afternoon (eg. by the secretary of the minister) and distributed on Monday

- the contents of the agenda could be:
  1. Information from the Cabinet and from the ministers
  2. Information from the state secretary
  3. Issues requiring common discussion and stand taking
  (Every director should inform of the issues coming on the agenda by Friday noon. Every issue gets an item of its own on the agenda)
  4. Information from every unit
  (The time limit for informative issues should be given for every unit eg. 10 minutes)
  5. Other issues

54

- minutes of the meeting especially concerning stand taking should be made and distributed to the units (or/and stored on local network server or on bulletin board).

It should be considered if the meeting for the whole adminstrative sector is necessary every week. In a stabilized situation, a meeting for the whole adminstrative sector could be held every other week or once a month and a meeting for the directors of the MEPRD every other week. The necessary reporting and information exchange between the ministry and the subordinated institutions could be taken care of with direct contacts or in written form in the meantime.

If there will be the meeting of the directors of the ministry every other week, there is no need for meetings on special issues. This kind of meeting could be developed to a ministry´s management board or a steering group meeting which handles eg. strategic issues, planning of operations and budget preparation.

12) Documentation and informing of decisions

The suggestion is that every important decision made or stand taken in the meetings should be documented (minutes, document or information leaflet). Written documentation is very important for a young organization because decisions and positions have to be found unambiguous also later. Only with written documents the common "corporate memory" can be formed.

The person responsible for documentation and informing should be named in the meeting (eg. a person in charge of this issue). The minutes, documents or information leaflets can be distributed to the departments or/and stored in the local area network server or informed on the bulletin board.

13) Internal information leaflet

The press release was distributed earlier also in the ministry but it isn´t any more. The suggestion is to start to publish an internal information leaflet in the ministry. The current tasks of the ministry, happenings in the ministry, discussion on interesting matters and administrative information can be transmitted in more detail in an internal information leaflet than in a press release. The information leaflet is also important in creating organizational culture and common organizational spirit.

An editor for the information leaflet is needed. The task can be part-time and handled at the same time with the person´s own tasks. The civil servants and the heads of units should be active writers, the task of the editor is more technical. There could be permanent topics or columns in the information leaflet eg. current tasks and decisions of the ministry, starting projects or working groups, list of new laws and regulations, happenings in the ministry, international events, opinions of the civil servants, news from the administrative department and news concerning the personnel. The information leaflet should be published at least twice a month otherwise the news become too old. The leaflet could be distributed to every person or to every unit in order to save copying cost. The leaflet could also be distributed to the subordinated institutions.

14) Bulletin board

The suggestion is to establish at least one bulletin board, preferably one bulletin board for every floor in the ministry. The bulletin board can be used for document and information distribution instead of distributing many copies to everybody. It's on everybody's own responsibility to follow the information on the bulletin board. Both official information and unofficial information concerning eg. hobbies and associations can be distributed on the bulletin board. The board should be divided into different topical sectors and everybody is allowed to attach documents or advertisement on it. The board should have a person responsible for taking old papers off.

More information about other units (see chapter 2.4 suggestion 10)

The utilization of the local area network (see chapter 2.7 suggestion 18)

2.6
The need for resources

According to the interviews, 2-5 new positions are needed in departments. The reasons for the the new positions are new tasks or increase of current tasks. The need of new positions are:

- environmental protection department: 2-3 positions, secretary or assistant for the director
- department of regional development: 5 persons for urban housing and settlement and information gathering, funding of international contacts for tourism infrastructure division
- building department: senior advisers and specialist, system engineers needed
- projects department: additional personnel is financed by project money, secretary or assistant for the director is needed
- division of economics: if the local government department brings new tasks, additional resources are needed
- legal division: 2 more lawyers
- administrative department: 2-3 new administrative postitions are expected from the local government department in June.

Those departments, which have international projects, have had the possibility to employ some persons with project money.

Consultant's evaluation

It is very normal that when asked, organizational units always need more personnel. The reasons are usually the increased volume of operations or new tasks. It is very difficult for the consultant without more detailed study in the MEPRD to confirm the resource needs mentioned above. Facts about the volume of operations were not given in the interviews.

The ministry's personnel structure is dominated by experts and specialists. The assisting personnel is centralized in the administrative department (office division and

management division). Only the ministers and the state secretary have assistants. One assisting person per 7-15 experts (depends on the character of operations) has been the rule for effective work of experts and managers. When experts and managers themselves have started to use personal computers, network and modern office software tools (eg. wordprocessing, spreadsheet, electronic mail, database), the situation has changed and the need for assisting personnel has diminished. Still some assisting personnel is necessary for optional division of labour, but the job descriptions of assisting persons have become more demanding (eg. advanced computer skills, more knowledge of the substance of operations).

Consultant´s suggestions

15) Additional positions

The suggestions is to present an appropriation for needed additional positions with their argumentation in the budget proposal´s development level. Because the state budget is quite tight, it is not very propable to get new positions but the needs should be known in the Ministry of Finance. Also other solutions for the deficiency in resources could be considered eg. to prioritize the functions of the ministry and to close unnecessary tasks or to delegate tasks to the subordinated instutions. If possible, the additional positions could be financed by international project funding.

16) The structure of the personnel

Some assisting positions are needed in the operational departments. Assisting personnel can be replaced with modern information technology, but still a few assisting positions might provide more effective working conditions for the experts. An appropriation for both new positions and new information technology should be presented in the budget proposal´s development level.

2.7
The need for technical assistance and services

The administrative and technically assisting services are centralized to the administrative department eg. registering of incoming and outgoing documents, wordprocessing (which also done in other departments), sending and receiving telefaxes, copying, purchasing, storing and distributing small office equipment and devices, transportation and organizing tasks. The library and the archive give services also to the administrative sector and institutions outside.

The division of foreign affairs in projects department provides technical services concerning international operations to other departments eg. organizes business trips abroad and participation in international conferences, takes care of the correspondence and helps in preperation of agreements with foreign organizations.

Opinions and development idea of the interviewed

- every expert should have a personal computer
- all computers should be connected to the local area network
- the strategy of information technology for the ministry should be defined in order to ensure the compatibility of devices and applications

- the local area network could be utilized better even in the current situation, if people knew how to use the computer and the network better and if their attitudes were more positive
- information systems and databases for different sectors are needed eg. in building regulations and standards
- the library should have connections to foreign databases and information services
- the ministry should have connections to the databases of the Environmental Data Center

- the wordprocessing services are not sufficient enough, the experts must write their own letters; on the other hand, own computers would help the situation
- more telefax and copying machines are needed and they could be decentralized to the departments, then the experts could use them by themselves
- a new switch board is needed in the ministry and als more lines to the city and abroad

- information of all incoming documents from the document register is needed in the departments, the information list or the control sheet should be distributed through the local area network or be stored in the server
- the personnel needs more information about the document register system

- civil servants need more information about the ministry eg. job descriptions, telephone numbers, the tasks of the units and happenings in the ministry
- the information distribution of new laws and regulation should be organized
- can the legal database be used also by others than lawyers?

- the personnel should get more training eg. in computer skills, English and business correspondence in English

- more office rooms, meeting rooms for smaller groups, cafeteria

- more money for expenditure: renovation of the house, furniture, transportation

- the money for small office equipment should be distributed to the departments so that the department knows how much it can spend and prioritize its needs

- the library or information service concept should be developed
- the storing and common use of international material (eg. EU-material, conference material) should be developed.

Consultant´s evaluation

The current technical or administrative services are not very much criticized. The weakness or the absence of the services is clearly caused by the lack of money. The

ministry has not got appropriations for expenditure on technical services and equipment on improving the working conditions. The personnel understands the situation quite well Still the investment in technology and technical services is necessary to make the operations more effective. The projects department has better equipment than the others because of the international projects and their funding. Quite many of the personnel know very well the advantages of the information technology and the chances of reorganizing the work practices.

The registering of documents is computerized and quite advanced. Information for steering and controlling operations can be produced from the register eg. a list of incoming letters and a control list of unanswered letters. The problem with the register is that the computer system is a sigle-user system and other computers or users can not be connected to the system. Also the sorting features are restricted.

The need for technical assistance can be divided into four areas:

- information technology and its utilization
- other technical equipment and devices and the changes they bring in decentralizing the services and making them more effective
- the development of information service
- information about the ministry.

Consultant´s suggestions

17) The definition of the information technology architecture

At present the ministry gets computers and software from different sources. A problem will arise: the computers can not be used together in their full capasity. The suggestion is to define an information technology architecture for the ministry in order to ensure the compatibility at present and also in the future. The architecture consists of the technical platform: hardware, network, data communications and software. International standards or products are chosen and defined for the base of the technical platform in the architecture. The architecture is the strategy which steers the ministry´s acquisitions of information technology. Outside expertise - national or international- may be necessary in defining the architecture (see also chapter 4). Persons who know the ministry´s current information technology should also participate in the work.

If the information technology architecture for the Latvian government organizations has been defined, it can be utilized and adapted to the ministry´s situation. If the definition for the government organizations has not yet been made, it should be made most urgently. It is very important that the ministries and other institutions follow the same guidelines in their information technology to ensure the data communication between the organizations in the near future.

18) The utilization of the local area network

Less than 30 computers are connected to the local area network. Many good ideas of using the network came up in the interviews (eg. information exchange between the units, distribution of administrative information, information leaflet, storing of minutes and decisions). The suggestion is to establish an internal working group in the MEPRD to make proposals of how the current network should be used in distributing and storing

information and documents.The objective is to utilize the current information technology as widely as possible, to start a new working culture and to change the personnel's attitudes towards the information technology. It will take a few years before everybody in the whole organization has changed his or her attitudes and working practices. The advantages of the information technology can be reached only by collective use of common tools eg. electronic mail. On the other hand, this kind of work may create strong pressure for more technology.

The working group should also make a proposal of the implementation of new working practices, especially how to ensure the position of those who don't have access to the network. The group should also plan an infomation campaign and training of the personnel. The proposals of the working group should be ready for implementation in autumn.

The advanced users from different units of the MEPRD should participate in the working group. The network administrator should also participate, because he knows best the possibilities and restrictions of the current network.

19) The improvement of computer skills

The suggestion is to improve the computer skills of the personnel by organizing in-house training and knowledge exchange. Instruction in basic computer and software skills can be organized in small groups. The teachers can be found in the own organization. Also user-groups of certain software (eg. some wordprocessing program) could be established. The users can teach each other and tell about the new functions they have learned and applied in their work. The information exchange can be organized in small meetings or via the network. For the implementation of the new use of the local area network, training should be organized for the personnel.

20) The improvement of the access to legal information

The suggestion is to study and make proposals about how the information of new laws could be transmitted to the civil servants as rapidly as possible eg. who is responsible for the information gathering and distribution and what are the methods. The possibilities of the legal database use by others than lawyers should also be examined. The responsible unit for the work is the legal division together with other units.

21) The registering of documents

Several proposals, mentioned above, were made to improve and widen the information distribution from the document register and to use the local network. The suggestion is to study whether the implementation of these proposals is possible. The responsible unit is the office division.

There is overlapping document registering in the departments with the office division. The new information in the department registers is, among other things, the person responsible for the preparation of the issues, incoming and outgoing dates. It should be studied if this information is necessary and if it can be added to the document register of the office division. The objective is to close the departmental registers in order to save some resources in the departments. Without an own document register, the departments should give the information to the office division for storing into the infomation system.

When needed, the department can get the information from the office division. As soon as it´s possible to develop the register system into multi-user system working in the network, the departments can save and look for the information by themselves.

22) The development of information storing and information service

The ministry has plans for the development of the library and its international contacts in order to improve the information service.

The other field is the organization of the information material which comes from different sources to the units eg. international and national reports, EU-material and conference material. The suggestion is to study what information should be gathered and organized and to plan how and where this information could be stored. The objective is that this information material would be the information bank of the whole organization and in everybody´s use. If the library hasn´t got enough space, the information could be decentralized to the departments, but there should be a plan for it.

23) Training of the personnel

The need for training the personnel in English was mentioned in the interviews. An other topic for training needed in the governmental positions is law drafting. The reasons are, among other things, that many civil servants with different basic education participate in law drafting, because the transition period requires new legislation and its very difficult to get skilled lawyers to the public sector. Having the basic knowledge in law drafting would lessen the need for lawyer support in the governmental organizations. The ministry should study its own possibilities to organize training for the personnel.

2.8
The development of the management and planning of operations

The planning of operations and the management system were not objects of the auditing. Still the study brings up some observations and suggestions concerning them.

There are no instructions in the ministry´s regulation of how the planning of operations in the ministry as a whole is carried out. In the regulation, there is one instruction concerning the civil servant´s right to start a project or a law drafting. But there are several instructions about the circulation of incoming documents, the deadline for the answering and the control system for follow up has been developed. The interviews gave the impression that some large development projects are going on in the departments but the daily operations are mostly reacting to outside initiatives. The interviews also showed that there are overlapping tasks in housing questions at the moment.

Consultant´s suggestions

24) The planning system

The suggestion is that the ministry starts to develop the strategic planning system of operations for the ministry as a whole eg. the scope and objectives of the yearly planning system and its connection to the budget preparation and the operative planning system for shorter time period and daily operations. The objectives of the planning systems are to

emphasize important areas of operations and allocate resources to them, to coordinate the operations of different units, to determine the cooperation needed and the methods of cooperation.

25) The management system

The planning of operations is a vital part of the management of the organization. Some suggestions concerning the management has been made above (eg. the role of the state secretary and the development of the Monday meeting). The suggestion is that the ministry's management system should be examined and developed as a whole eg. the steering group of the ministry, its scope of operations and working methods and the steering of subordinated organizations.

3 CONCLUSIONS

The organizational regulations of the ministry are in good order. The statute defines the functions and structure of the organization and the scope of authority of the leading positions. The regulation defines the above mentioned issues in more detail; the right to sign documents, starting of projects, circulation of documents, coordination obligation and meetings of the management. These regulations give a good base for the work organization in the ministry.

Some of the consultant's suggestions may cause changes in the regulation of the ministry and should be documented in the regulation eg. suggestions 4) separate units for law and economics. 5) the definition of the authority in decision making, 6) the role and functions of the state secretary, 11) the development of the Monday meeting, 24) the planning system and 25) the management system.

According to the interviews of the directors of department and the heads of divisions, big changes in the ministry's work organization and its regulatory base are not needed. The proposals concern mostly the development of everyday working methods.

The background for many of the development suggestions made by the consultant is the situation of the ministry: the operational field of the ministry, the work organization and the working methods are still taking shape because the organization is only a few years old.

A few of the consultant's suggestions concern defining and emphazising the operational area of the ministry eg. suggestions 1) the conception of the regional development, 2) the division of functions in housing questions and 3) the functions of the building department. Other suggestions are more practical and they focus on the ministry's working methods eg. suggestions 7) the definition of cooperation and coordination when planning operations, 8) the responsibility of the chiefs in cooperation, 9) establishing permanent networks, 10) more information about other units, 11) the developmen of the Monday meeting, 12) documentation and informing of decisions, 13) internal information bulletin, 14) bulletin board, 17 the definition of the information technology architechture, 18) the utilization of the local area network, 19) the improvement of computer skills, 20) the improvement of the access to legal information, 21) the registering of documents, 22) the development of information storing and information service and 23) the training of personnel.

Most of the suggestions can be prepared for implementation with the ministry's own resources eg. in internal working groups without additional expenses. Only suggestions concerning additional personnel (suggestions 15-16) and the development of information technology and some devices (suggestions 14, 17) may cause expenses.

The managers together or the state secretary of the MEPRD should decide which suggestions are approved and will be put under preparation. The proposals of the preparation phase should be presented for the managers or the state secretary for approval and implementation order.

4 SUGGESTIONS FOR DEVELOPMENT PROJECTS

According to the auditing, two suggestions for larger development projects can be made. Both projects aim at the improvement of the public administration which is set on the priority list of the Ministry of State Reform in the Latvian National Indicative Programme for 1995-1998.

The first suggestion is that the development of the management and planning systems, described above in chapter 2.8, would be organized to an internal development project in the ministry. The goal is to develop the management steering group, its operations and working methods and the planning of operations in a yearly circle and for shorter periods to meet better the needs of the ministry and also the needs of the Latvian governmental systems eg. budget preparation. The project should be organized to a participative process where the managers of the ministry develop their own activities. The project needs an outside consultant who will create the process, lead it and bring management expertise to the process. The funding for the project could be applied eg. from the EU Phare programmes.

The second suggestion is to develop the information technology, information systems and modernize the work in the ministry by using information technology. The long term goal would be to make the Ministry on Environmental Protection and Regional Development for a Latvian example of advanced use of information technolgy. The first phase of the project is the definition of the information technology architechture, the information systems architecture and the information management for the MEPRD. This phase is wider than the suggestion 17, because it contains also the plan of the information systems and the information management. The second phase is the acquisition of the technical platform and the office information system and the implementation of the office information system. The third phase is the building and implementation of the information systems. The first phase should be organized as a planning project and apply funding for it eg. from the EU Phare programmes. The second and third phases are investment projects and also international funding should be applied for them.

ATTACHMENT B

Report by Jan de Vreugd of the de Vreugd Consulting Company on the Organizational and System Issues Covered at a June 1995 Seminar of the Latvian Environmental Protection and Regional Development Ministry

REPORT

Introduction:

The idea for this project was born in the beginning of December 1994. At that time Jan de Vreugd worked a whole week with the State Secretary of the Ministry of Environmental Protection and Regional Development in order to develop a training program for her. During that week, the State Secretary expressed her idea about a seminar for the complete managementteam of the Ministry. Her idea was strongly supported by the State Minister and also by her collegues, the directors of the departments. That is why Jan de Vreugd interviewed some of the directors to find out what they expected from a seminar for the managementteam. At that time a few topics where identified and later on elaborated by the State Secretary and the Deputy State Secretary. The eleboration of the topics was done in June this year when these two officials visited the Netherlands. The agenda for the seminar was established and the different topics are expressed below under the next headline.

In the week from Monday, 26th of June till Friday, 30th of June 1995 the seminar was realised for the managementteam of the Ministry of Environmental Protection and Regional Development in Latvia. This managementteam consists of:

- the State Secretary
- the Deputy State Secretary
- the Director of the Administrative Department
- the Director of the Building Department
- the Director of the Environmental Protection Department
- the Director of the Housing Department
- the Director of the International and Projects Department
- the Director of the Legal and Economics Department
- the Director of the Municipalities Department
- the Director of the Regional Development Department.

On Wednesday the 28th of June the Minister, Mr. Juris Jeselnieks and on Thursday the State Minister, Mr. Indulis Emsis participated in the seminar.
During the preparation in Holland the State Secretary selected two managers from the Province of Overijssel to participate in the training program as well. These two managers were Mr. Jan Arink, director of the Environment and Watermanagement Department and Mr. Wam Bles, head of the Personnel and Organisation Division.

The agenda and information exchange-process.

On the first day the agenda for the seminar was presented and it consisted of the following topics:

* Information exchange within and outside the Ministry.
* Planningsystem.
* System for personnel management.
* Role and function of the State Secretary and the Deputy State Secretary.
* Relation between political level, i.e. the Ministers and the civil servants.
* Teambuilding i.e. feedback, making use of one anothers' qualities.

* Trainingaspects.

The selection of these topics was justified by the fact that the Ministry is changing from a pioneer to a professional organization. Every topic refers to all kinds of organizational problems within the Ministry.

Jan de Vreugd, the facilitator of the seminar delivered a brief introduction into some aspects of organizations. He divided these aspects in visable and invisable ones. The invisable ones are:

a. History.
b. Values.
c. Mission.
d. Vision.

ad a. History:

Every organization has its own history. Things that happened in the past can influence actions in the present. Sometimes the history of an organization stimulates the employees, because there were famous moments in the past. However, sometimes the history has a very negative impact on the behaviour of employees because of cases that occurred which harmed employees. The only way to get rid of negative historical events is to talk about it and to repair the harm that is done.

ad b. Values:

Most of the values in an organization are implicit. You have to experience them once you are appointed as an employee. It is necessary to update the values that exist in an organization periodically. Actually the values have to do with the question: "How do we do the things together in this organization". Nowadays one of the most important values in organizations is client-orientation. It means that the clients are treated like kings and that the employees of an organization are willing to do everything that's possible to serve their clients.

ad c. Mission:

The mission means: "This is what we stand for". You can count on us for .... An organization without a clear mission cannot offer the employees a guideline for their work. It seems that everything employees do in such an organization is either right or wrong. Therefor a clear mission is very important because it offers employees a necessary framework for the actions they realize in the organization.

ad d. Vision:

Vision has everything to do with the direction in which the organization is going. Where will we be in let us say the year 2000. This is also an important aspect, because employees need to know where they are heading for. A clearly defined vision offers employees security and that is one of the basic needs human beings have.

On the visable level of the organization you can define the following aspects:

e. Structure.
f. Culture.
g. Means.

ad e. Structure:

Structure is not the same as an organigram. Structure means the marking out of tasks, competencies and responsibilities. An organization with an unclear structure has a lot of overlap in tasks and responsibilities. This leads to frustration among the employees because they do not know for which tasks they are responsible.

ad f. Culture:

Culture has the same meaning as values of course. By culture however, is meant the visable side of the values. Some organizations use dynamic logo's, to demonstrate how fast they are. State institutions usually use very formal language in their letters to citizens. Most of the time this language is not understood by the addressee. These are all characteristics of culture. Sometimes the visable features do not correspond with the values that are implicit. That also lead to frustration.

ad g. Means:

Means includes equipment and people. Every organization needs adequate equipment and qualified personnel. If not such an organization cannot realize it's mission and vision. For instance, if an organization wants to be very client-centered and the personnel do not believe in this value, nor demonstrates behavior that is in line with this value, the organization can not realize it's mission.

The conclusion is that an organization should be aware of all these aspects and try to get them related to one another. If not it means that the employees will not put their energy in the organization they work for.

This introduction forms a silver thread for the seminar. All the things that will be discussed during the seminar will be related to the above mentioned aspects.

After this introduction the participants made an analysis of the information exchange within the Ministry and outside the Ministry. They made this analysis by answering the following questions:

- Which information do we need.
- How should the information be delivered.
- With which frequency.
- Who is responsible for the delivery of information.
- How do we define the relevancy of the information.

The analysis showed the following problems:

o The information exchange between the Ministers and the State Secretary is inadequate.
o The information exchange between the departments can be improved.
o The information exchange between the Ministry and the subordinated institutions should be delivered through the directors of the departments.
o The strategic information is not always in line with the operational information.
o There is a delay in time.
o Sometimes there is a shortage in information.
o Sometimes there is too much information for which is no need.

To solve some of these problems, the following proposals were made:

1. The Ministers' meeting on Monday should be attended only by the state secretary (SS), the deputy state secretary (DSS) and the directors of the departments.
2. For the employees of the Ministry a weekly information meeting should be organized.

ad 1. <u>The Ministers' meeting:</u>

Purpose of this meeting is:	Developing the strategy of the Ministry.
Participants are:	The Ministers, the SS, the DSS and the Directors.
Chairman is:	The Minister.
Time:	Maximum 1.5 hours.
Frequency:	If necessary, but usually every week.
Preparation:	The assistant of the Minister. She invites every participant to deliver points for the agenda. In some cases these agendapoints should be prepared in a very brief statement. Such a statement can be prepared in the following way: - What happened before. - What is the context, i.e. political, strategic or technical. - What is the problem. - What are the alternative proposals. - What are the necessary means. - Which are the following steps to prepare.
Minutes (protokolls):	Yes and worked out by the assistant of the Minister.

This meeting is so important because there is no elaborated political program in the Ministry. There is only an agreement on the level of the Cabinet of Ministers, but this agreement is too global to work with. Therefor this meeting can help to define in more detail the program that should be carried out by the Ministry.
Besides that, this meeting also offers a great opportunity to share problems and to help one another to find solutions.

ad 2. <u>The information meeting:</u>

Purpose of this meeting is:	Information exchange.
Participants are:	The SS, the DSS, the Directors and employees who have to share information that is relevant for the whole Ministry.
Chairman is:	The DSS.
Time is:	Maximum 1.5 hours.

68

Frequency: Weekly.
Minutes (protokolls): No.

After the discussions on Wednesday and on Thursday with respectively the Minister and the State Minister these proposals were accepted. The implementation starts immediately. After the holidays, regulations will be designed for these meetings.

We also discussed in some detail the tasks and responsibilities of the chairman. The tasks are:

o Introduction of the agenda.
o Rewarding the participants who are in time and punishing the ones who are not.
o Inviting a participant to introduce a certain point.
o Interfering in the right time, this means if arguments are repeated by a participant, the chairman has to interfere.
o Summarizing what has been said so far.
o Concluding.
o Guarding the time that is set for each point.

Another point in the discussion about the information exchange is the relation between the Ministry and the subordinated institutions. This relation is not elaborated and one of the suggestions was to bring the subordinated institutions under the authority of the directors of the departments. This means that directors of the subordinated institutions have no direct contacts anymore with the Ministers, but they do their business with the director who is responsible for their organization.
Direct contacts with the Ministers are not necessary because the tasks of these institutions have no political impact. However, this change in the structure of the Ministry takes time, because all the directors of these subordinated institutions should be informed. Besides that regulations have to be written in which the division of tasks, competencies and responsibilities are defined. This includes also a report system by which the exchange is information is guaranteed.

Managing the Ministry:

The directors were invited to write down what they expect from the SS and the DSS. On the other hand the SS and the DSS were invited to write down what they expect from the directors.

The expectations of the directors towards the SS and the DSS are:

* Define tasks and responsibilities between Ministers, SS, DSS and directors.
* Provide a mandate for solution of concrete problems, areas (including the right to sign).
* To define the relation between Ministers, directors of depts. and subordinated institutions.
* Weekly meetings with the SS and the DSS.
* Flow of information.
* Division of the development budget.
* Preliminary selection of civil servants.
* To keep an open and benevolent attitude.

Expectations of SS and DSS towards the directors are:

- o To organize preparation and development of policy in your field (if necessary in cooperation with leading persons in the Ministry).
- o To organize the work in their department.
- o The responsibility to realize the above mentioned tasks.
- o To realize directives of leading persons in time, without burocracy.
- o To involve other structures, i.e. other departments, subordinated institutions in problem solving process.
- o To accept that tasks given from SS and DSS-side are not without background and therefor it is necessary to do it (of course SS and DSS need to clarify tasks...).
- o Directors should delegate tasks to employees.
- o To understand that it is also necessary for employees of department to get information and they should be involved in preparation of the decision-making process.
- o To understand that SS and DSS cannot work without information.
- o Do not tell outside the Ministry opinions which are different from Minister's opinion. (We can solve our problems at home).
- o If you don't like something, please come and tell.
- o Try to solve your problem, taking into account also others.
- o Remember that the department is not a separate kingdom, the kingdom is the Ministry.

After an extended discussion some decisions were made. First the directors will meet on an individual basis with the SS and the DSS once per two weeks. This meeting is meant for sharing information and for solving problems. Besides that the SS and the DSS will make a proposal for the division of the development budget. Also a planning system for budget preparations will be developed by the SS and the DSS.
Finally the SS suggested that each director should appoint an assistant. This is absolutely necessary because of the workload. Although there is no budget for additional personnel, these assistants have to be found among the employees who are already working in the Ministry. Every participant agreed on this suggestion and they promised to realize it as soon as possible.

Delegation:

During the seminar there were intens discussions about the problem of delegation. First of all the SS is the civil servant in the Ministry who carries the final responsibility for all the things that happen in the Ministry. The SS is the one who has the right to sign all documents which have a political dimension.
We divided the problem of delegation in four aspects:

1. Strategy.
2. Finance.
3. Personnel.
4. Information.

The directors of the departments will be held responsible for the implementation of the political strategy that is developed by the Ministers. A basic condition in this matter is that the Ministers are willing to develop a political program which is tailor-made for the issues in the Ministry.
Mainly the realization of a strategy has to do with the planning of actions and the evaluation of the performance. Planning actions can only be realized if there is a political program. If

not than all the work that is done in the Ministry has an ad hoc character. Periodically the results should be evaluated. This is the only way to adjust the planning that has been made. Measuring the performance is also a very good instrument to find out whether the department is heading in the right direction or not.

The directors of the departments are also responsible for the preparation of the budget and for the realization of actions with the budget. To give a mandate to the directors is a matter of establishing regulations in which is written what the limitations are, how frequently reports have to be deliverd, to whom the directors have to report about the finances.
A major condition in this matter is discipline. If a good system is developed for budget planning and realization, the ones who are responsible should stick to the regulations that are confirmed by the SS and the Administrative Department.

Personnel management consists of:

o Recruiting of employees.
o Selection of employees.
o Introduction.
o Education and training.
o Evaluation of performance.
o Firing of employees.

The SS will be involved in the selection of personnel. Candidates will be selected by the director and the SS. Consensus is needed, otherwise a candidate cannot be appointed. During the discussions we found out that job-descriptions are very necessary. That is the only way to recruit and select qualified personnel. Also about the education and training of employees we had extended discussions. Several employees study abroad and contracts are needed to guarantee that these employees will return to the Ministry after their studies. If not they can get penalized for not returning. In such a case, the employee will have to pay back the money he received from the Ministry while he or she was abroad.
Appraisel of performance is not done yet in the Ministry. The introduction of such a system takes time, particularly because the labourmarket in Latvia is in bad shape. It is very hard to find the right people. Nevertheless everybody agreed that an appraisel system is necessary because it is a very good instrument to identify trainingneeds, etc.

Directors of the departments are responsible for the gathering, distribution and exchange of information. The core business of a Ministry of the production of information and that is why this is a very important task. When it comes to the exchange of information a report system is a necessary condition. In the coming period the SS will make a proposal for such a report system. Questions in this case are, what should be the content, how frequently should it be delivered and for whom is the information meant.
During the discussion the document circulation system was mentioned. There is a need to extend this system with the outgoing mail as well. Now the system can only be used for incoming mail and documents. The province of Overijssel will be asked to give support for the extension of the system and also for money to buy the necessary software.

The overall conclusion of the discussion about delegation was that the most basic condition is trust. If we cannot trust each other, how can we delegate. Trust can only be acquired by giving feedback and by doing the things that should be done within the given time restraints.

To develop trust, one should have an open mind and not be ashamed to tell the mistakes that have been made. Analyzing mistakes is a very good way of learning, but if mistakes are never revealed then there is no possibility to learn. On the other hand each teammember should analize and critize his or her own actions, to found out whether he or she has the ability to take over responsibilities from the SS. A firm self-analysis is also necessary in this case.
Next to that the managementteam as a whole is responsible for motivating and stimulating their employees. The development of motivation starts with example behavior.

We concluded that in the next period to come, the SS and the DSS will think about the design of a mandate in which is established which tasks can be delegated to the directors.

Structure:

During the seminar the managementteam discussed several times the issue of the Ministries structure. For instance the legal and economics department are in the line of the Ministry, while actually it is a staff department. This also counts for the international and projects department. This department is meant to support the other departments in acquiring projects and foreign aid.
The managementteam made the proposal of dividing the legal and economics department over the four policy departments, namely the Building department, the Regional Development department, the Environmental Protection department and the Municipalities department. By doing this, every director is responsible for hiring lawyers and economists in his or her department. On a central level, one lawyer could be appointed to the State Secretaries office. In the State Secretaries Office the final checks can be made on the documents which have legal aspects.
The conclusion was that the SS and the DSS will think this over and will make a decision after the holidays.

Evaluation:

All the participants agreed that this seminar has given a very good opportunity to get to know each other. Everyone appreciated this and there was also consensus on the fact that it is very good to look together in the problems of the Ministry. Such a seminar should be repeated regularly and of course without foreign expertise. We should do it ourselves. A very good opportunity is the appointment of new Ministers after the elections. A seminar like this could be very interesting, because then in cooperation with the Ministers a political program for the Ministry could be developed.
Minor points were that the Ministers should have attended this seminar not only one day, but at least half of the time. Another point was that the SS had no opportunity to attend the whole seminar. These are of course lessons for the future. The planning of a seminar like this, takes time and it should be done at least three months before the realization.

Conclusions:

This seminar was the first step to the exchange of personal and business information. Hopefully the result of this seminar will be a closer cooperation between the members of the managementteam. A lot of things still have to be done, namely:

- Regulations for the meetings.
- A system for budgetplanning.
- Regulations for a mandate.
- Clarification of the relation between the subordinated institutions and the Ministry.
- Elaboration of the task division between the SS and the DSS.
- Extension of the document circulation system.
- The making of job-descriptions.
- Model contracts for employees who want to study abroad.
- Adjustment of the Ministries structure.

During the seminar some directors were invited to develop proposals for some of these items. Inga Linda for instance will make proposals for regulations for meetings and regulations for a mandate. Gita Rutina will elaborate a proposal for a system of budgetplanning. In cooperation with the State Minister a new structure will be implemented between the Ministry and the subordinated institutions. The Province of Overijssel will be asked to assist in the extension of the document circulation system. After the elections in October 1995, the structure of the Ministry will be adjusted to the requirements of the actual circumstances.

This list implies that phase 3 of the project proposal cannot be realised in the foreseen period. A good evaluation can only be held at the end of this year or the beginning of next year. The Dutch partners in this project will make arrangements with the state secretary after the holidays. In these arrangements attention should be paid to the way in which the evaluation could be held. On behalf of the managementteam the Dutch partners will be asked to delay the date of the evaluation. According to the projectproposal this evaluation should be held in the beginning of October. According to the situation that has been described above, it would be more effective to execute an evaluation in the beginning of 1996.

ATTACHMENT C

Core Questions to be Used During the Phase I Interviews of the Management Assistance Project

As part of a cooperative project between US Environmental Protection Agency (USEPA) and Republic of Latvia Ministry for Environmental Protection and Regional Development (MEPRD), a US team of management specialists will arrive in Riga on February 13, 1996, to start the Phase I interview activities. Below, there is a set of core questions that have been developed to guide the interviews with the selected Ministry of Environmental Protection and Regional Development officials.

The purpose of the questions is to elicit information regarding the existing structural and functional organization of the Ministry, as well as its supporting systems. Persons selected to participate in the interview sessions may wish to prepare for the interview by reviewing the core questions in advance of the actual interview and by collecting information that can help make the interview successful. Please note that the listed questions represent only a general guide for the interviews (other, similar questions dealing with organization, functions, communications and supporting systems may be raised when appropriate). Certainly they will solicit your thoughts and suggestions for improvement.

The US team will also be reviewing MEPRD documents about organizational structure and internal management systems. They may ask additional questions, based on their document reviews.

Core questions

- Briefly describe your position in the organization and your service background.

- Describe the role and functions of your organization and who you report to.

- How does the work of your organization contribute to the rest of the Ministry and outside the Ministry?

  - Who
  - What
  - How
  - When
  - Where

- a. Is the current structure as effective as it should be?
  b. Is the current function as effective as it should be?
  c. Is the current working relationship as effective as it should be?
     - How do you judge its effectiveness?

- Can it be improved?
- Do you have any suggestions?

o How does your organization obtain resources for its work?

o How are you held accountable for the work of your organization and the resources that have been provided to handle the work? What do you have to report? How frequently? To whom?

o Is the Ministry getting the best from your operation? What could be done to make your contribution better?

o Is there any organizational structure, function, or management system issue you would want the team to consider?

ATTACHMENT D
Suggestions Received from MEPRD Leadership during Phase I Interviews

During the interview process with MEPRD senior managers, a number of suggestions were made regarding how the organization of MEPRD might improve. The USEPA team has summarized those suggestions for use by the Ministry leadership. (The number on each line indicates the number of individuals who made that suggestion; those without a number indicated, were expressed by one person.)

MAJOR ORGANIZATION CHANGES
Develop EPA idea - 8

EIA could be in EPA

Place Project Department role in EPA

Integrate HM Service into Ministry - 4

Regions should be subordinate to EPA

Resolve placement of the Natural Resources and Cadastres Division

State Inspectorate could be an implementing organization

Privatize laboratories and EIA - 2

Combine or resolve overlap in laboratories (HM, Regions, Env. Health) - 5

Move HM data and monitoring functions to EDC

Uniqueness of Hydrometeorological Service should be recognized - 2

Move Personnel group to Law Dept.

Ministry should reduce excessive number of organizations - 5

Decentralize Ministry functions to Regions - 5

Decentralize operational activities from Ministry

Building Department should be an Agency

Regional Development should be an Agency

76

EIA could be an agency

Assign all Regional laboratories to Environmental Data Center

OVERLAPS OUTSIDE MINISTRY
Environmental Health activities appear to duplicate Environmental Protection - 3

Eliminate duplication in inspection work done by regional inspectors and Forest Ministry's staff - 3

Eliminate duplications between Regions and Ministry of Agriculture over agricultural chemicals and fish inspections - 2

IMPROVEMENTS WITHIN ORGANIZATIONS
State Inspectorate functions related to Regions need clarification - 9

A unit needed for abandoned Army site projects

Create organization to deal with Conventions

Create staff to develop implementation requirements after policy approval - 2

EPD should have standards unit

State/ECAT monitoring should be clarified

State Inspectorate should do methods and training (not inspections) - 4

Public information activities should be expanded

Fix legal overlaps and linkages - 5

Policy group should do policy, not control

Provide Legal counsel positions to advise Regions - 3

GENERAL MANAGEMENT SUGGESTIONS
Ministry needs shared vision for responsibilities 2

Develop a method for transferring regional authorities to municipalities - 3

Need work planning - 5

Clarify reporting system - 3

Improve internal communications and feedback - 9

Regions need information on workgroup efforts in the Ministry - 2

Need employee training and development - 6

More space

The government should not provide services for pay

Office remodeling

INFORMATION AND EDUCATION
Create an Information and Strategy Council - 2

Need access to environmental information - 3

Environmental education should be expanded

Relate environmental protection to mass media, other ministries, enterprises, local governments and citizens

Expand computer network within the Ministry - 3

RESOURCES
Projects should reimburse time spent by Ministry's employees - 4

More money for salaries - 7

Deal with capital and maintenance requirements in budget

Develop better budget and resource use framework - 2

Budget for related activities needs to be coordinated by involved parties

Do not change structure/systems without related resource changes

Restore budget flexibility

Fix Project competition with Ministry's work

ATTACHMENT E
Chart of Pros and Cons, Based on Types of Organizations

GROUPING	DEFINITION	MEPRD EXAMPLE	PROs	CONs
Function	Group by similar work activities	Law and Economics or Central Laboratory	• economies from specialization • less duplication of staff and equipment • employees part of homogeneous group	• employees part of homogeneous group • can lead to narrow point of view
Product or Service	Group by output	State Inspectorate of EIA Board	• promotes coordination of functions on service • focuses attention on products or services • enhances staff identification with mission • accountability for all facets surrounding product • easier to control deadlines • multiple functions grouped together	• multiple functions grouped together • possible duplication, as similar functions go to different places/products
Place	Group by where work is to be performed or area to be served	Regions or State Reserves	• can apply intimate knowledge of local conditions • provides basis for decentralization • actions may differ among places	• actions may differ among places • increases cost by duplication of facilities and overhead • may produce competition
Customer	Group by Customer or Stakeholder	Tourism	• requires deep knowledge of stakeholder • assures knowledge of stakeholder problems	• can create pressure groups on behalf of stakeholder

ATTACHMENT F

POSITION DESCRIPTION

ORGANIZATIONAL CHANGE COORDINATOR

The process for organizational change is an ongoing, moving process. The coordinator will insure that a working process to achieve organizational change is in place. It is the responsibility of the coordinator to see that the organizational change proceeds in an orderly manner. The MEPRD leadership will develop and establish the framework for the organizational change and set time lines. The coordinator will be the person responsible and accountable for helping the MEPRD leadership achieve the established time lines and objectives.

The coordinator is designated by the State Minister to insure continuous operation of the Ministry's process for organizational and management improvement. The State Minister will also create a senior level workgroup to manage the change process and guide the coordinator

Based on directions from the chairperson of the senior level workgroup the coordinator:

- prepares agenda for the meetings based on the results of previous meetings, discussions with the State Minister, State Secretary and Deputy State Secretary; insures that appropriate matters are discussed

- maintains documentation of decisions reached during meetings; items covered ; future issues/items to be reviewed/resolved

- schedules meetings

- informs participants of discussion results. Facilitates the flow of information on organizational change within MEPRD

- maintains record of assignments made; work to be done ; work accomplished

- coordinates work activities

- prepares documents for management decision

- insures that implementation plans are prepared and follows work assignments and work progress

- reports group accomplishments to the State Minister, State Secretary, Deputy State Secretary

- if required, represents the MEPRD at organizational change functions within and outside MEPRD

- develops an information and coordination system on the organizational change project within MEPRD. Ties in related efforts with the ongoing organizational change process

- serves as consultant to organizational change sub-projects undertaken by other MEPRD teams in the MEPRD departments and sub-ordinate institutions

KNOWLEDGE REQUIRED FOR THE POSITION

General knowledge and understanding of organizational development and group dynamics. Specific knowledge of MEPRD structure, functions and programs.

Skill in planning and managing an organizational change process. Ability to translate and integrate various approaches into a comprehensible, practical implementation program.

Ability to establish and maintain effective personal contacts and working relationships with MEPRD executives and program managers.

Skill in gathering and analyzing data, drawing conclusions, and devising creative solutions to organizational problems.

Ability to express and present ideas and recommendations clearly, concisely, forcefully, and effectively.

GUIDELINES

Work performed is in direct support to the State Minister and the chairperson of the senior level organizational change workgroup. The State Minister and the chairperson will give broad policy direction concerning overall priorities and objectives.

ATTACHMENT G

Excerpts from Chapter 6 of USEPA manual "Reinventing EPA - Steps Toward a Stronger Workforce"

How Reorganizing Can Help

An organization's structure provides a framework for achieving its vision and goals. Optimum design of your organizational structure should enable your organization to effectively meet your vision in the most effective and responsive way. Restructuring enables you to realign functions (e.g., combine complementary functions/activities, eliminate duplicative and/or unnecessary functions/activities, and/or create new functions/activities, etc.) to:

- Facilitate more efficient operational processes;
- Improve communication paths;
- Become more flexible in a changing environment;
- Become more responsive to customer needs;
- Achieve the most appropriate number of organizational layers;
- Utilize resources (people and dollars) in the most efficient manner.

However, restructuring is not an end in itself. Without looking at the organization as a total system for reinvention -- examining management practices, cultural changes, communication, and operational processes for improvements -- reorganization alone will only provide marginal improvements at best. The arrangement of the boxes is not as important to excellence as the organization's capacity for solving problems through collaboration, sound management and a culture that places high value on people and quality.

Organizational Factors to Keep in Mind

Certain factors will come into play regardless of the type of reorganization you undertake. These factors include the degree to which functions are centralized or decentralized, and your ability to

82

redeploy employees to direct customer service.

Centralization versus Decentralization

One factor you will have to consider if you decide to reorganize is the degree of centralization/decentralization for each function. Complete centralization is when all decisions are made by one person in the organization. The extreme form of decentralization would be an organization in which each individual shares equally in decision-making. Most organizations are somewhere in between. When weighing the degree of centralization, compare the amount of time and money used sending information to a central place, against the loss of control and coordination when decisions are made by employees at lower or geographically separate parts of the organization. An example of the balance organizations play between centralization and decentralization is the extent to which EPA's regional offices have authority. Decentralization gives individual decision-making units in the regions the opportunity to meet local needs. However, there are costs associated with coordinating the activities of the regions to ensure national policies are applied consistently. The following describes benefits of centralized and decentralized functions:

Centralization

- Minimizes duplication of functions. Assures uniformity and consistency of decisions and actions throughout the organization. This has important legal ramifications.

- Requires the decision-making unit to have the information necessary to make the decision (information must come from lower levels).

- Creates economies of scale, or cost savings from full utilization of a central facility, supply, or expertise.

Decentralization

- Increases employee innovation and creativity, encourages autonomy and responsible decision-making.

- Increases decision-making close to the source of the issue by people with direct knowledge of the issues involved.

- Creates opportunities for a wider span of skills, training, growth, teamwork, and management experience throughout the organization, providing a dispersed base of expertise.

- Reduces time that centralized functional units apply to routine operational issues, leaves more time to concentrate on goals and strategic direction while decentralized functional

units concentrate on operational activities.

Placement of Functions/Activities

Factors to think about when considering where to place functions include:

- To the extent that close coordination is critical, activities should be assigned to the same organization.

- For placement of miscellaneous functions; a good possibility is the organization that utilizes its services.

- An activity that acts as a control on another activity must be separate from it,

- An activity that might otherwise be overlooked can be given emphasis by giving it its own organization (separating important but easily overshadowed ancillary activities from principal operations helps to assure they get done).

- Motivation can be increased through reducing layers and providing opportunities for recognition.

- Organizations have points of view that develop from the type of work they do. Inserting an organizational element that is inconsistent is usually unsuccessful, for example, mixing quick turn-around and long-term activities;

- Organizational units should be clearly enough defined that everyone can easily identify which is responsible for any given activity (otherwise valuable energy is consumed by "turf" battles and assignment of work, and customers dependent on services or products from the organization become frustrated); and

- The structure should be free of gaps and overlaps.

Designing Organizational Options

When you are at the stage of actually designing organizational options, it is helpful to revisit the baselines your organization developed, and list the work that the organization performs and the major processes through which this work is carried out. This information can then be considered in different structural groupings.

Establish Organizational Considerations/Criteria

Each organization needs to determine its own specific considerations, criteria, and needs that they

84

want a restructured organization to meet. Organizational considerations should be kept in mind while developing options, and are useful for qualitatively evaluating these options; they are rarely amenable to quantitative evaluations. Each organization will have different considerations based on its need for change and the vision of what that change will brings. Examples of typical considerations are:

How will the design -

- Address problems inherent in the current structure (some problems can be addressed through organizational structures, some cannot);
- Address the organizations vision, mission, values and goals;
- Meet customer needs;
- Maximize employee empowerment and accountability;
- Facilitate cooperation, coordination, communication, and teamwork within the organization;
- Facilitate delegation of authorities to the lowest appropriate levels;
- Achieve the flattest, most appropriate levels of review and signature;
- Enable the organization to react in a changing environment.

Creating Organizational Options

Once you have established organizational baselines and determined the considerations and criteria you want the new organizational structure to address, you are ready to start creating organizational options. It is very important at this stage to look broadly at your organization and its major areas of responsibility: designing structures should proceed from the macro to the micro. The process should begin with determining macro organizing principles such as broad categories of groupings. These principles will be shaped and determined by the organization's functions, goals, and values. Application of these principles should then be repeated as you move to lower levels of the organization.

When creating and comparing the organizational design options, it is critical to get input from the stakeholders. Looking back at the criteria can help you balance the costs and benefits of each option or combination of options.

Your first task will be to look at how best to departmentalize, or group, your work and responsibilities into macro organizational units. Generally, there are four major ways to group work, by: product, function, place, and customer.

Choosing Among Organizational Design Options

Once you have determined where you are, your vision of where you want to be, and what the organizational options are for getting there, you are faced with choosing an option. There are no easy formulas for making this decision, but there are a few guidelines which may be helpful.

- Involve employees, customers, unions and other stakeholders in this decision. All affected parties should have a chance to review the options and discuss the impacts they believe would result from each option. Only through this input can each option be fully understood. This information will improve the quality of the ultimate decision.

- Look at the criteria you developed earlier in the process. Check to see that the options meet the criteria your organization established.

- Look at the vision your organization developed, and determine whether each option would move you toward that vision.

- Evaluate the options for the amount of disruption they will cause and for how long this disruption can be expected to last. Any change causes disruption and associated costs such as decreased productivity. It often takes, twelve to eighteen months to make a complete transition. It is important to find ways to maximize employee morale and productivity during this time. This does not mean that the least disruptive option is always the most desirable; it is just one factor among many to consider and weigh.

- Look at the supervisor to staff ratio and the number of layers of supervision required by each option.

- Look at what the management system and accountability chain would look like under each option.

- Think about how delegated authority could be effectively managed/tracked under each option.

- Look at the flow of communication on decisions, products, and services as well as on the work environment.

- Ask what economies of scale would be realized in organizing each way.

- Examine whether functions are duplicated within or outside the organization.

- Look at the skill mix needed to accomplish the mission of each substructure in the options,

and ask how this differs from the existing skill mix.

- Examine each option for developmental opportunities for employees.

Remember: it is not possible to design an organizational structure that optimizes everything. There are always tradeoffs. The objective is to organize around the most important or frequent considerations and plan to mitigate the negatives.

Checklist for Implementing and Evaluating New Structures and Common Pitfalls

Implementation

Once an organizational design has been chosen, there are several things to think about and plan for, including:

- Assignment of employees to jobs within the new structure;
- Disruption;
- Employee feelings of instability and insecurity; resistance;
- Training and developmental needs;
- Reorganization paperwork (e.g., functional statements, organization charts, staffing patterns, position descriptions and performance agreements);
- Budget allocation and financial system changes;
- Telecommunications, computer and LAN needs and changes;
- Space and equipment needs and transfers;
- Directive changes (e.g., delegation of authorities, guidance, policies); and
- Approval process and union review.

Evaluation

Once the new organizational design is firmly established and operating, you will want to evaluate it too determine whether it has met your needs, or whether additional changes are necessary, either due to evolving organizational needs or to fine tuning your structure to meet previously identified needs. As always be sure to involve employees, customers, unions, and other stakeholders. Ask

87

questions such as:

- How well is the organization progressing toward the vision?
- Are the stated values of the organization being incorporated into the day- to-day work and decision-making?
- What are the customer and stakeholder responses to the effectiveness of the new organization?
- Has the organization empowered the employees and built-in accountability to the desired level?
- What is the level of employee satisfaction and productivity?
- Does this structure enable the organization to respond effectively to changes in the organization?
- During this process of change, are there historical patterns of resistance or dysfunction, and has the resistance been reduced?

Common Pitfalls

Restructuring an organization is a complex and lengthy undertaking with much at stake. Following is a list of common mistakes made during reorganizations which make the process more difficult and the result less effective:

- Lack of timely involvement with union representatives;
- Too little or inadequate communication at all levels;
- Organizing around "personalities," and losing sight of the function and mission objectives;
- Forcing too much into too short a time frame;
- Not clarifying roles of those involved in the process and how decisions will be made;
- Creating a perception of preselection; and
- Not enough attention to employee issues such as: when will the change take place, what will my job be, where will I sit, who is my boss, will I keep my grade, and will I have career opportunities in the new organization.

88

ATTACHMENT H

Organizational Charts and Related Materials from the Swedish Environmental Protection Agency and the Danish Environmental Protection Agency

Swedish Environmental Protection Agency (SEPA)

The SEPA obtains funding for operations, grants and contracts from the Ministry of Environment. The SEPA (480 employees) operates as an independent agency except for the annual budget control exercised by the Ministry. The Ministry has a relatively small staff (80) for environmental activities (liaison with the Cabinet of Ministers, budget operations, planning). The SEPA does not have any subordinate organizations. It obtains required assistance (monitoring, laboratory work, etc.) by using contracts and agreements. The SEPA does not delegate any of its functions to other organizations. SEPA does give specific recommendations to the Cabinet of Ministers (via the Ministry of Environment) for assignment of functions/responsibilities. SEPA works closely with the county governments and municipalities in the execution of its environmental responsibilities.

Summary of SEPA Organizational Functions

Director General; Deputy Director, General Executive Staff: general management; liaison with Environmental Monitoring Council, research Council, Ministry of Environment, Cabinet of Ministers.

International Secretariat: coordination of international activities; development and management of aid programs to other countries (China, India, Latvia, etc.).

Administrative Department: administrative services - accounting, personnel, etc.

Infrastructure Department: this is one of three departments dealing with countermeasures to pollution. It handles municipal sewage, transportation, energy, water protection issues.

Monitoring and Assessment Department: environmental status reports; evaluation of monitoring work done by counties; special monitoring efforts (Baltic sea, North sea).

Research and Development Department: manages a program of research grants given to universities and research institutes; reviews research results; publishes and distributes reports.

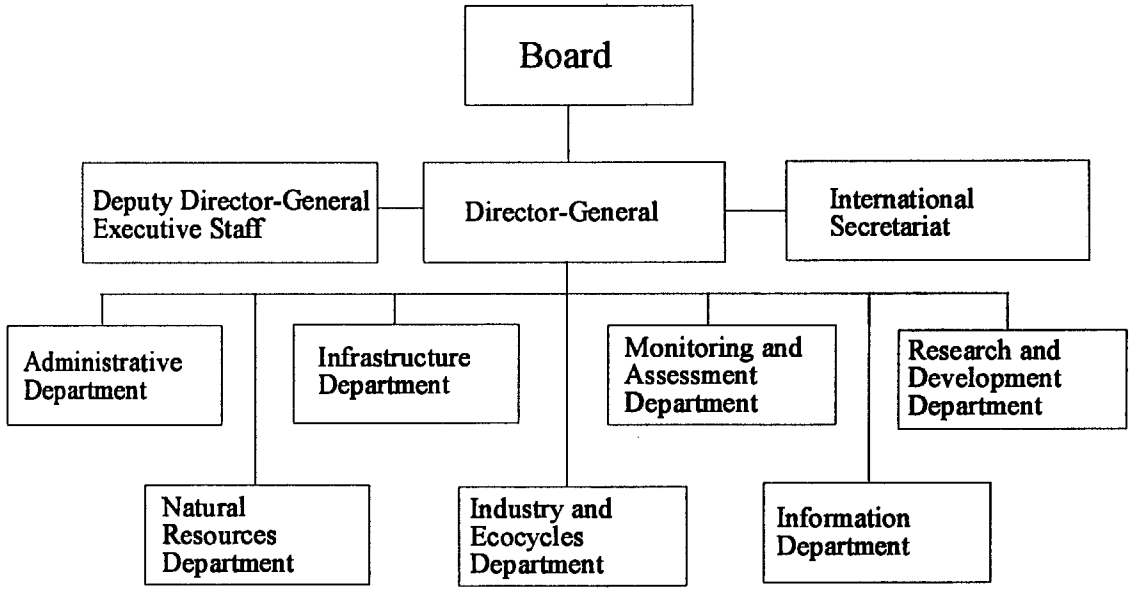
Natural Resources Department: one of the three pollution countermeasures departments. Manages protection and controls use of natural resources. Joint responsibility with other governmental structures in the areas of fishing, hunting, forestry (SEPA covers the environmental aspects of these). Manages programs designed to maintain biological diversity.

Industry and Ecocycles Department: the last of the three pollution countermeasures departments. It handles toxic and dangerous waste programs; municipal waste programs; pollution from large industries (paper mills, steel plants, mining operations) - point source pollution; a program for the environmental control of new products/processes.

Information Department: environmental education; liaison with counties/municipalities in the area of environmental education; development/management of seminars, exhibits; development of environmental education ideas, approaches for use in the school system; publication of reports, brochures, etc.

90

Swedish Environmental Protection Agency



Danish Environmental Protection Agency

The Danish Environmental Protection Agency (DEPA) has a staff of about 350 and is a part of the Ministry of Environment and Energy. The DEPA generally develops guidelines and regulations designed to protect the environment against pollution. It also provides grants to developing countries. The DEPA also serves as the first level of appeal in the case of decisions made by counties or municipalities in the area of environmental protection.

The DEPA is organized as follows:

Management: Office of the Director General and Deputy Director General provide general management and liaison with the Ministry and other governmental structures.

Administration: International cooperation; personnel; office services.

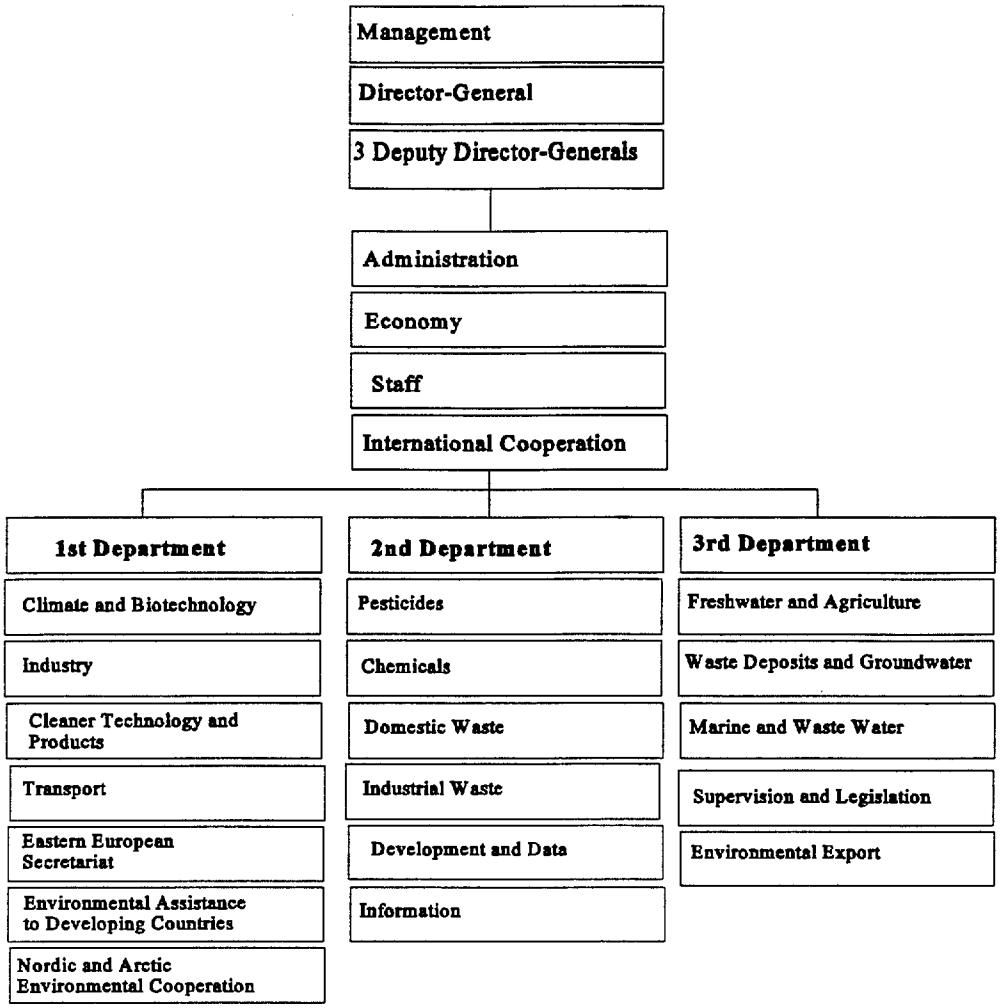
1st Department: handles assistance programs to developing countries, the Nordic and Arctic environmental cooperation program, includes the Eastern Europe secretariat, and is the location for programs dealing with climate and biotechnology, cleaner technology and products, transportation and industry.

2nd Department: handles industrial waste, domestic waste, industrial waste and chemicals programs. This department also provides information services and various environmental data.

3rd Department: covers waste deposits and ground water, freshwater and agriculture programs, marine and waste water programs. It also handles inspections.

92

Danish Environmental Protection Agency

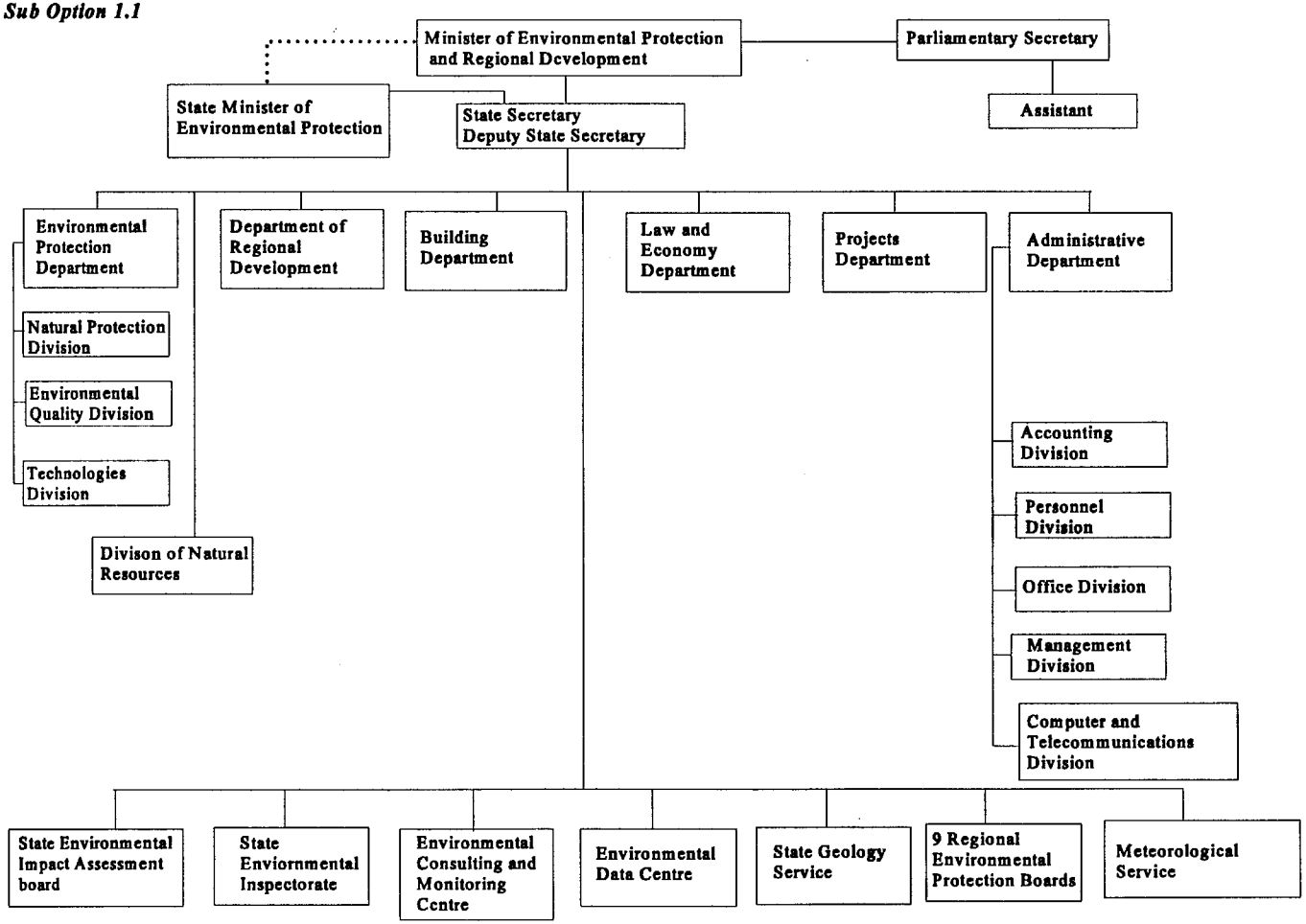


93

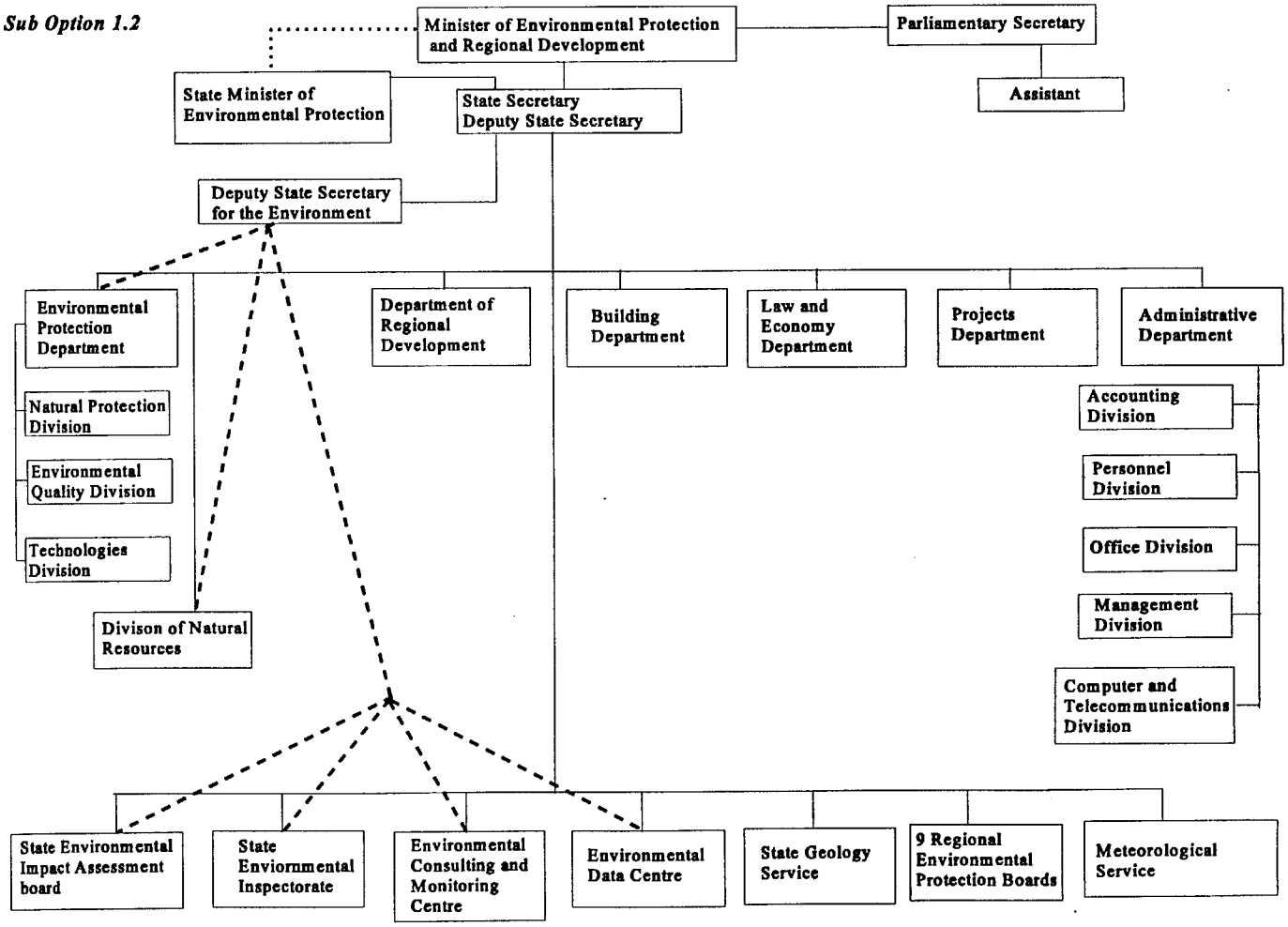
ATTACHMENT I

OPTIONS FOR ORGANIZATIONAL CHANGE

Sub Option 1.1

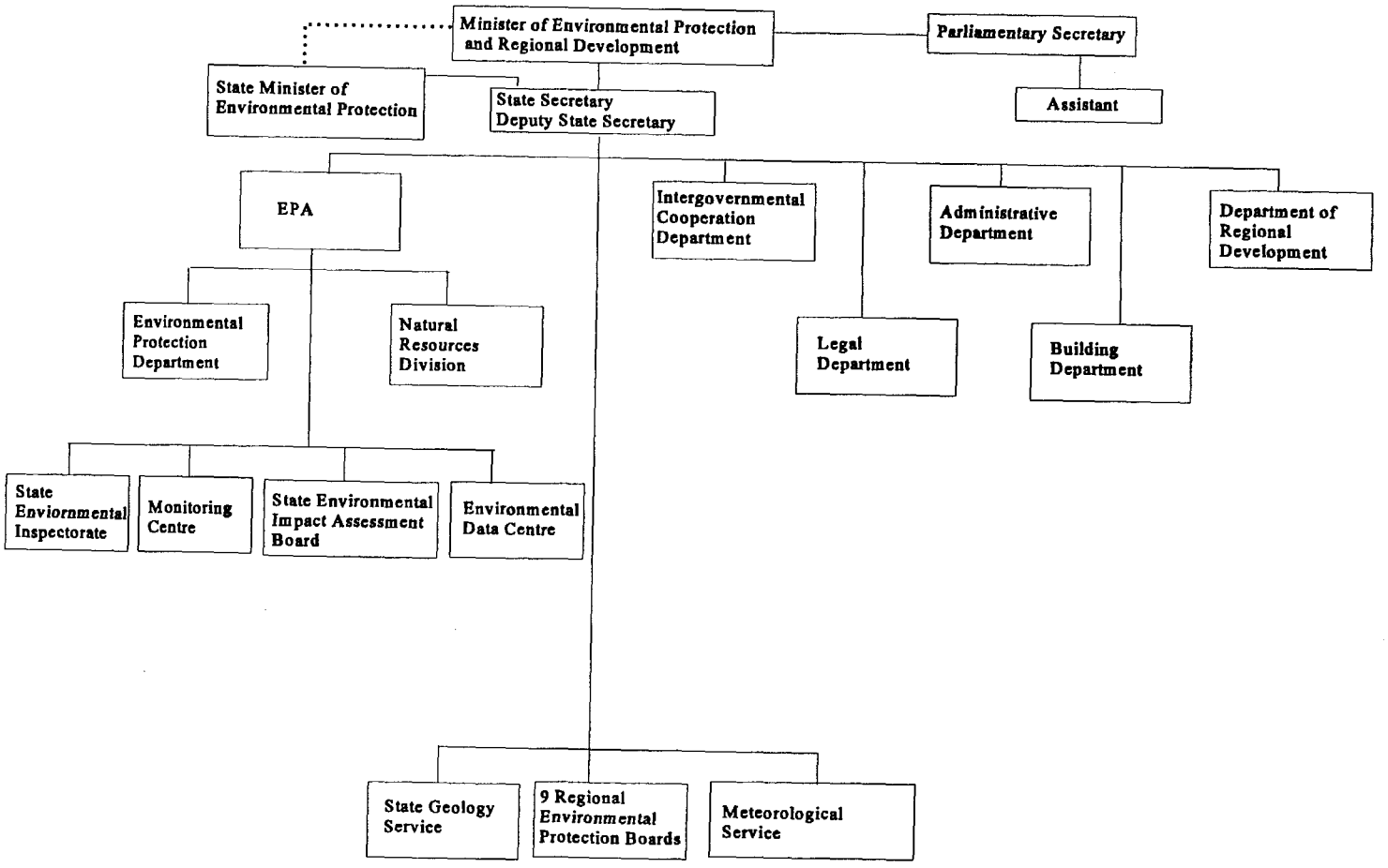


Sub Option 1.2

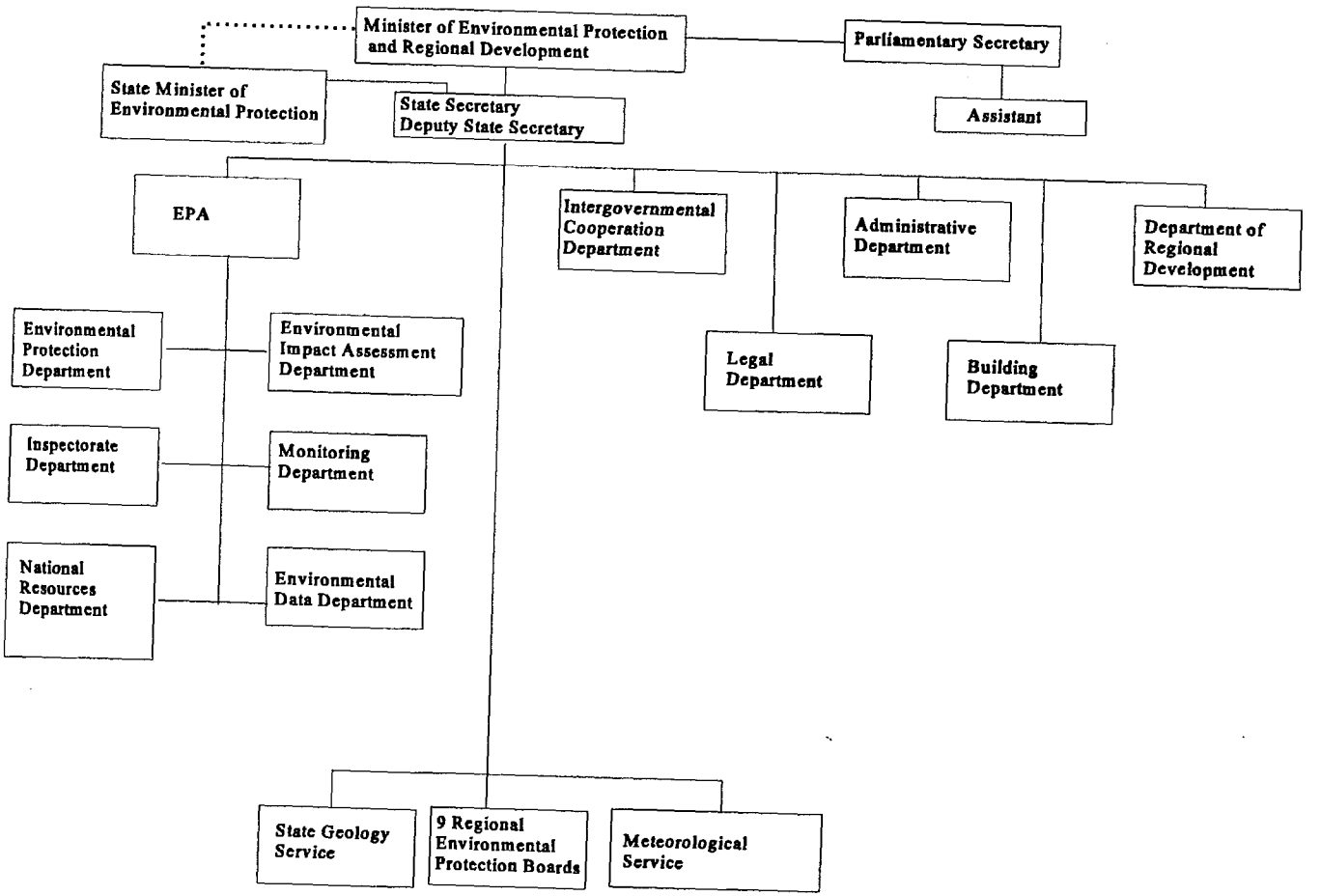


Legend: Solid line = formal reporting relationship
dashed line = coordination relationship

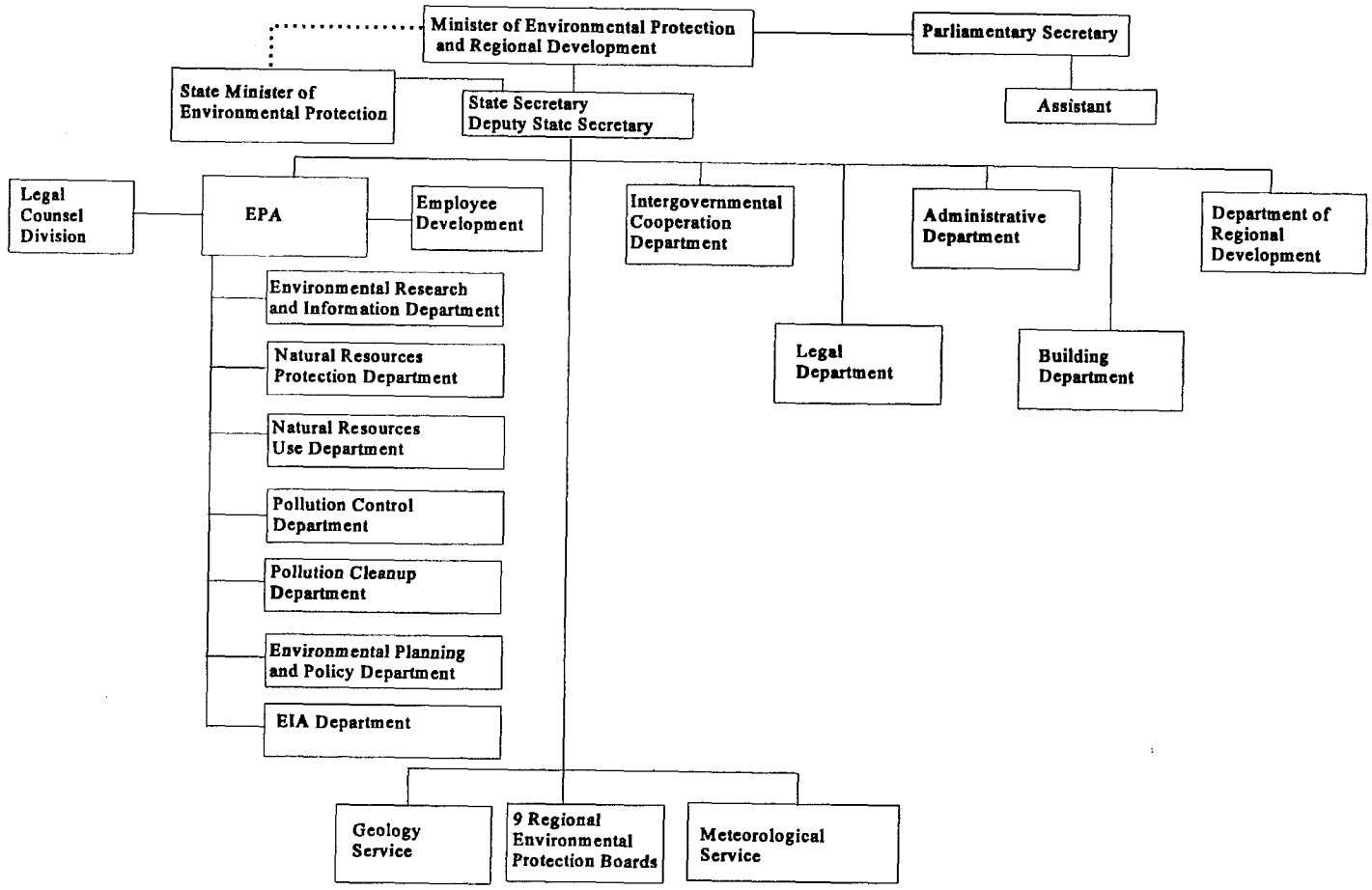
Sub Option 2.1



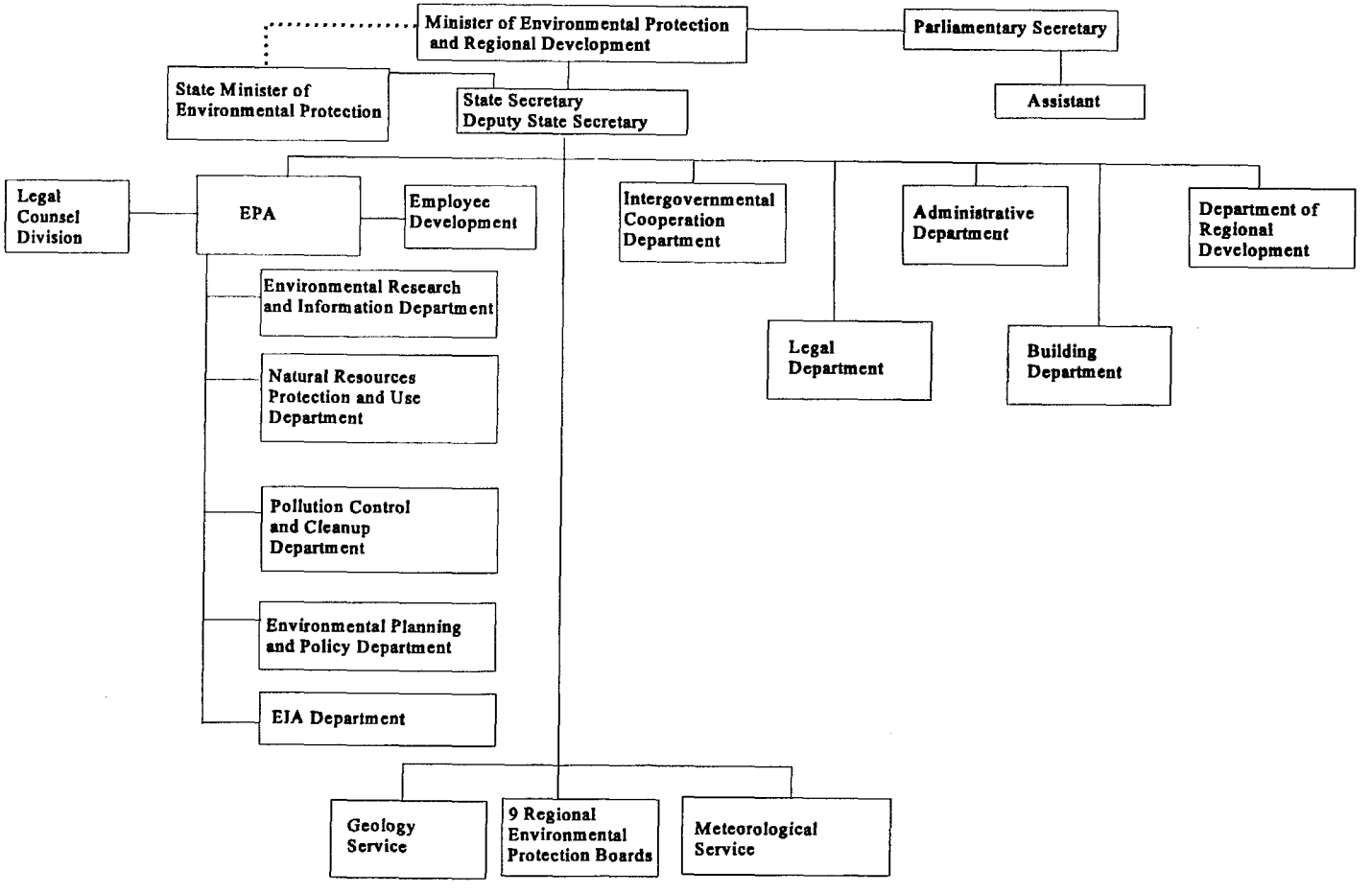
Sub Option 2.2



Sub Option 3.1

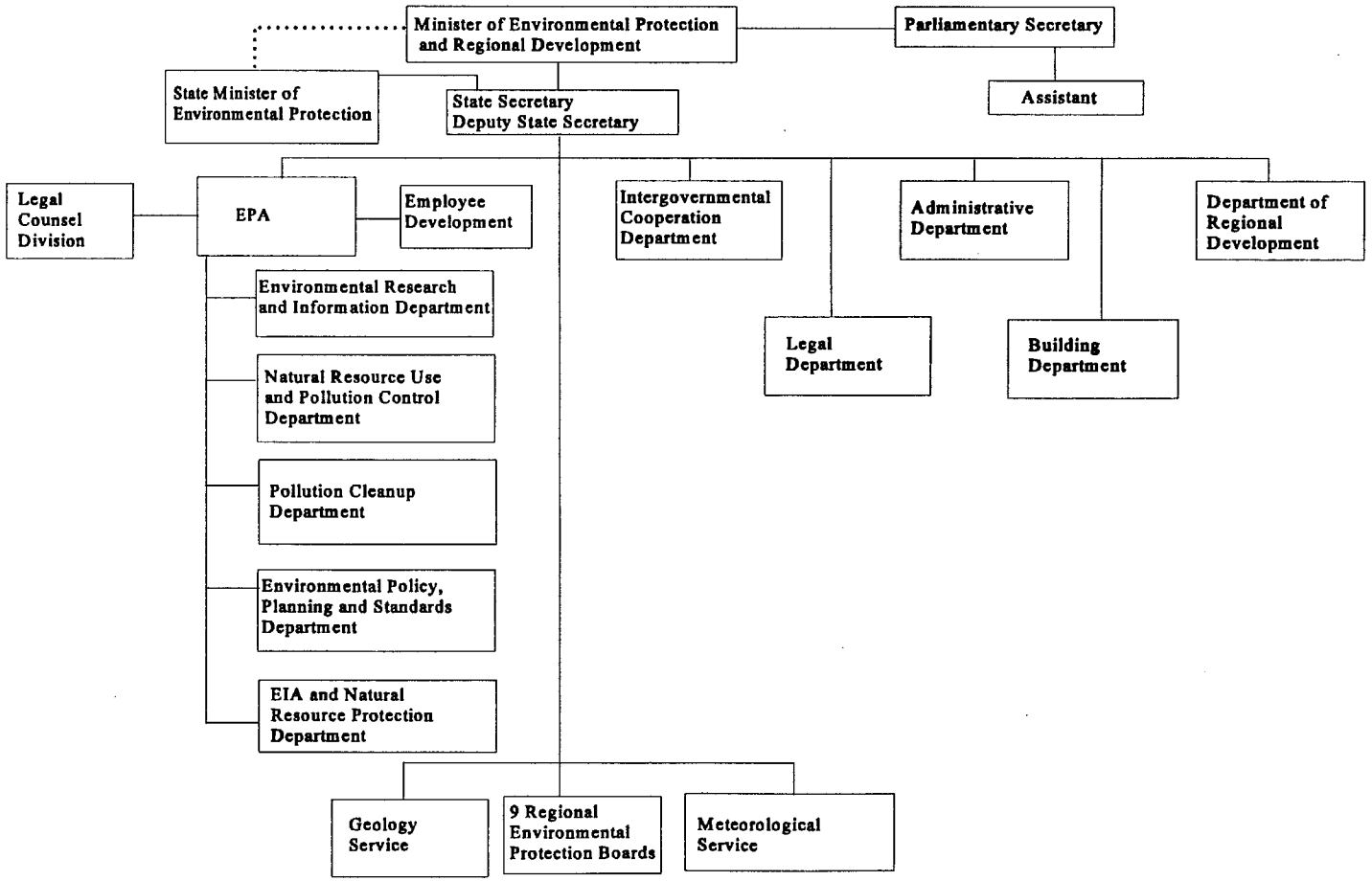


Sub Option 3.2



183

Sub Option 3.3



101