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FRIEDMAN: This is Yoni Friedman, in Riga, Latvia with Ms. Una Klapakalne. If you could, please tell us a little bit about yourself.

KLAPKALNE: *I started working for the administration right after I graduated the university. My first positions were in State Civil Service Administration, which at that time was a newly created institution for the introduction of civil service in Latvia. Basically it meant that all the public servants of Soviet times were reevaluated and only citizens were allowed to stay in positions. Actually lots of people were newcomers and they were going through different tests and trainings and so on and so forth.*

So the civil service administration at that time was responsible for implementation of a new civil service law and for all the testing procedures and things like that.

I started as a person, not a civil servant but a person under the labor code in Civil Service Administration and within a few years, I guess half a year, I became Deputy Director of this institution. I worked there for two years and was responsible for the calculation of salaries, for the implementation of civil service in local governments, and the creation of concepts about pay and motivation for civil servants, and different other things.

Since the head of this institution changed, the new head was a little bit more cautious and it became a bit boring to me, so I was looking around at what else was happening. So I applied for the position of Deputy State Secretary in the Ministry of Defense and I got it, which was a real challenge. I was responsible for finances, budget procurement, real estate, all those things. It was kind of more in line with my education because my background is economics.

So I was working here again for two years. It was a tough time because it was at the moment when the Soviet army left Latvia. So we had to overtake all the properties. At that time there were all those people and those who wanted to use the situation so it was really a tough time and I was tired after those two years. Our State Secretary left for studies to the USA (United States of America) for a year. He got, I don't remember, some kind of scholarship, so I was left Acting State Secretary.

Unfortunately for everybody I said that I am leaving. I was, actually it was my initiative but I got the opportunity to work as Adviser to the Prime Minister in the Prime Minister's office. I worked for I guess half a year or something like that because government fell—I don't remember under what circumstances.

Then later on I was again for something like half a year adviser to the Minister of the Interior. Then by that time Gunta (Veismane) became Director of the State Chancellery. It was kind of clear that the State Chancellery is like a post box, and not an interesting institution and not playing the role it should actually play.

So Gunta took over this task kind of immediately. She dismissed something like twenty people, and created a pool of money to introduce a new unit.

FRIEDMAN: You were discussing potential reforms at the State Chancellery already many years in advance?

KLAPKALNE: Yes because you know somehow at that time, the School of Public Administration when Gunta was leaving (Gunta Veismane was Director of

Latvian School of Public Administration), it was playing a different role than it plays now. It was very actively working as a trainer of state secretaries and introducing new ideas about management, about change management,. They were actively communicating with the State Chancellery and all the state secretaries. So basically the view about what was happening in the center of government and the core public administration was very clear. It was clear as well that something was not going well. You could see it if you are not in, but you are a bit outside but you know everything that is going on inside. So she had to my understanding a very good position on understanding what should be changed.

FRIEDMAN: So from your perspective Ms. Veismane was a good selection to the government agency?

KLAPKALNE: Yes.

FRIEDMAN: Was it the decision directly of the prime minister?

KLAPKALNE: *Yes, it was the decision of that prime minister at which office I was working, Mr. (Andris) Skele. So yes. And yes—.*

FRIEDMAN: Did you apply for a position in the unit?

KLAPKALNE: *Yes I did. My job at the Ministry of Interior was adviser for procurement and things like that, it was not easy and not interesting especially if I am very honest. If I can choose I usually choose those positions where you can work with substance. If I am not that lucky then I can work with both substance and finances but just finances is not that interesting to me. So yes, I applied. It was very, very big competition. At that time we had like 120 people for six places I guess.*

FRIEDMAN: Why do you think there were so many applicants?

KLAPKALNE: *Hard to explain really but probably because maybe people felt that this is something really that should be done, probably. I knew that I wanted to be there, it was clear for me. I don't know about others, I have never asked my colleagues why did they apply. It sounded like the right idea at the right time really.*

FRIEDMAN: So then from the perspective of an applicant was the goal of the unit already clear to you? Was it clear what this unit would be doing?

KLAPKALNE: *Not so clear. There was some kind of framework and idea about what should be done but in reality every applicant had to submit his/her concept about how this unit should be developing and there were all those interviews and everything. Yes, I guess it came together as well strategically planned with the visit from Mr. Sir Robin Mountfield, you will hear about it or heard already, who told that there is emptiness in the center, in the heart of the government. It was an interesting way to put it.*

FRIEDMAN: Was his report central? Was that an important component in the creation of the— (Policy Coordination Department at the State Chancellery)?

KLAPKALNE: *Yes, it was important. Of course, before this unit actually was set up the Prime Minister changed. Luckily Gunta had the Prime Minister with whom she had very good relations. But anyway she had to substantiate why she was doing such a change because nobody so far had ever in the State Chancellery done*

something like that. So basically this report was very important. I guess she as well managed to gather ministers for a seminar and then Mountfield introduced his ideas and everybody more or less bought it.

You know creating something like that means a shift of the power. Of course the ministries understood it straight away that it will be something like that.

FRIEDMAN: But they accepted it? Was there resistance?

KLAPKALNE: *Well, it depends. Formally of course everybody accepted like it is not a bad idea. In reality it was like this; those ministries that were weaker, they really were happy about it. The strongest power ministries were unhappy because it was somebody else with whom you had to talk or to have some kind of reaction, somebody took a part of their power away actually.*

FRIEDMAN: Whose support was it necessary, was it important to obtain for the unit to be successful in terms of other ministries or political leaders?

KLAPKALNE: *Of course Gunta was crucial, support of the Prime Minister was crucial. Then we tried to play more or less a smart game. We tried to be friends with the Ministry of Finance because they were resisting of course. They were a very powerful organization by that time. This is the most important ministry, the Ministry of Finance I guess. I guess the Ministry of Justice as well usually plays some role but at that moment they were weak. So Finance was crucial.*

FRIEDMAN: How would you characterize the relationship with the Ministry of Finance?

KLAPKALNE: *By that time?*

FRIEDMAN: Initially, back in 2000.

KLAPKALNE: *Initially? You know to a certain extent what we wanted was more transparency and better information about everything including finances, which was not something that was common previously and concerned every institution. Transparency was not at the level that it is now. So we tried to challenge them. I'm looking at everything from a learning point. It was interesting to understand how to really persuade them and how to find really good arguments to make change happen. This is all about argumentation. If you have good ideas why you should do this or that, actually it is not very easy to block them. Just do it.*

If I'm coming back to the very beginning I would say that the support of Gunta was very good but actually what she did, she left us alone. I mean the unit was creating its own vision about what should be done and how it should be done and Gunta was supporting the end results. She was not intervening at all. So we became six people together not knowing each other before and we tried to figure out what is the best way for us to work, what we will do, how we will do and so on. That was kind of a white paper.

FRIEDMAN: Did you get to play any role in selecting the other five?

KLAPKALNE: *No.*

FRIEDMAN: Ms. Veismane selected—?

KLAPKALNE: *Yes.*

FRIEDMAN: If I could just ask one more question about that earlier—why did reforms occur at this point? Was it the Mountfield Report? Was the timing of the Mountfield Report an important factor? You mentioned that some of these structural problems, weaknesses at the center of government were recognized by political leaders, by civil service leaders, already for a number of years. So why was it specifically in 2000?

KLAPKALNE: *I mean this is clearly because Gunta came into power. I don't think that anybody else would do such a change. Usually it depends on the person and his or her vision about things, how things should be done, because it could have happened earlier or later as well. Timing, from this perspective was not important; the leader of the process was important and later on I would say the team, the team that we had. It is still, somebody was calling us like dream team you know. Somehow it happened like that. It was a good selection of people especially from the perspective of very workaholic people and with very good brains.*

FRIEDMAN: It seems to be, based on the success that those officials have had in their careers since being in that unit, it speaks very highly of that group. If I could ask, so when the six of you were settled in and you had to start to design essentially a new system of policy analysis, policy coordination, strategic planning, it seems like any one of those, any component of the reforms that you put together would be enough work for more than six people and yet you did all of it. How did you begin? Did you have to—just for your own time management did you have to sequence—first we're going to work on this area and we'll put other things off for later. Just in terms of how you managed your time, how you prioritized?

KLAPKALNE: *First of all of course we tried to gather as much information about policy making as possible. So we were studying UK (United Kingdom) cases because of English language. Nobody from our side was able to figure out French or German so it was kind of clear choice we would follow English-speaking traditions in this sense. Secondly what we did, we tried to seek for friends and supporters outside of the administration and Latvia as well.*

So we were talking a lot with UNDP (United Nations Development Program) which supported us a lot, UK embassy. We managed to get the first person who really visited us was the person of—future studies unit (Forward Studies Unit) or something like that was the name. So we kind of tried to understand what really is our role because we could have taken as well a completely different way. This future of forward studies, it is abolished by now, but they were doing research about where Europe is going and how it should be and so on. It could have been that we could take this direction as well.

FRIEDMAN: How would you describe the other direction? What were some of the options you considered but decided not to do?

KLAPKALNE: *Like just doing research on certain topics, provide the results and then kind of recommendations what should be done.*

FRIEDMAN: So to be an internal think-tank.

KLAPKALNE: *Exactly, exactly. This was one option. But somehow we felt that there was a necessity, we wanted to build something that is lasting for long, then it was clear that we needed to make some systemic and strategic changes. So we decided that we are going to create a policy-making system. This was the first step of what we decided to do. So we started from there, understanding what is really*

happening in Latvia in this sense, what people were doing, what it looks like and so on.

FRIEDMAN: How did you go about that research? Did you consult with—did you just consider your own personal experiences or did you consult with political leaders or civil service leaders in other ministries?

KLAPKALNE: *Ourselves. But since we were in the center of government, we could access documents that were entering government. So what we did was we were trying to analyze what was really on the agenda. We also participated in one study, I remember now, about how transparent or what is on the agendas of government. It was a comparative study; I don't remember who was really ordering it. So this was one part of our understanding of what really is happening in the government, on what basis and what is the argumentation when Cabinet decisions are taken. Is it well substantiated or not? This was one part.*

The other part we were looking at all the documents to understand what type of document is this, what is in it, how it looks like, should it be like that or not? Because although the policy-making system was not announced and not present kind of, still—any country needs some policy documents. It doesn't matter whether it has or doesn't have a policy-making system at all in place. So there were documents available already. So we analyzed them and tried to create types of documents, what should be in those documents. So it started from that part.

Later we went to understanding that there is a necessity for strategic planning and performance measurements and all those things. That was like the later development.

FRIEDMAN: So that was the first step.

KLAPKALNE: Yes.

FRIEDMAN: Had any similar review ever been conducted? Had anyone done anything like this before?

KLAPKALNE: *In Latvia?*

FRIEDMAN: In Latvia.

KLAPKALNE: *I don't think so. It was like ten years after independence so I don't think they did it.*

FRIEDMAN: In making your selections you mentioned that you had one proposal to go in a different direction, become an internal, in-house think tank for the prime minister. Did you consult—did you get a sense of what was the demand from political leaders, from civil service leaders what they wanted you to produce, if they wanted you to work on the policy-making system or what?

KLAPKALNE: *We did it really internally. We were thinking what will happen if we are becoming like a tool for the Prime Minister. We decided that we will play kind of mixed roles because prime ministers were changing very often. Prime ministers usually don't support the State Chancellery because they have to be overlooking all areas. So State Chancellery usually is alone without political support really. Sometimes it can occur but it will not be—if State Chancellery goes with some document at a government meeting it is the Chancellery's document, not the Prime Minister's*

document usually. I'd say mostly. There are prime minister's initiatives but then it is different.

If it is about policy making or something concerning, I don't know, internal rules of procedures of government, it will be the Chancellery's document and not the prime minister's document. I went too far from the topic.

FRIEDMAN: That's okay. So when you took your first step of classifying the types of documents, are you referring to the classification of guidelines, programs, plans and concept papers?

KLAPKALNE: Yes.

FRIEDMAN: Did you remember—I know this was eleven, twelve years ago, do you remember about when you unveiled this new system, this new classification system?

KLAPKALNE: *When? I guess it was like a year later. What we understood is we need to be a role model to others. So we created Policy Planning Guidelines, which we created in accordance with our future system, how it should look like, how guidelines should be written. So we followed our structure of the document, which we wanted from others later on. So that is how it looked like. It was the first document I guess.*

Then luckily at that moment the legal department was working on internal rules of procedure so we immediately managed to implement all the system in internal rules of procedure of the government and everybody had to follow this because it was a legal document. Without legal documents nothing works here.

FRIEDMAN: So this was in early 2001?

KLAPKALNE: Yes.

FRIEDMAN: How was it received? What kind of responses did you get from political leaders, from civil service leaders?

KLAPKALNE: *I guess political leaders were not that interested because it sounded like a very technical thing. We had selling points, convinced about that, even at government meetings and so on. But with civil servants—you just can't pass a document like that. You have to go through harmonization process with everybody. So we had lots of debates, plenty of them.*

There were supporters who understood that it is really necessary and there were people who just resisted changes, like usual.

FRIEDMAN: Did you receive—were there substantive complaints, issues that you thought were genuine—?

KLAPKALNE: *I guess so, we didn't have problems with that, if there were some things constructive, of course.*

FRIEDMAN: Did you notice any—were ministries complying with the new system to your unit's satisfaction?

KLAPKALNE: *What else we did—all the time we were trying to think a little bit ahead. So already when we invented the system, we invented those internal rules that*

we(Policy Coordination Department) will follow every single policy document that is prepared by the ministries so we would give our comments.

FRIEDMAN: And there are hundreds.

KLAPKALNE: Yes, that's true. But anyway, we decided that we need to safeguard the system because it was clear that at the beginning the quality would be very poor because nobody was trained. We had to invent as well training courses and things like that to make people understand what they really should write.

FRIEDMAN: Was the training conducted by the School of Public Administration?

KLAPKALNE: This I don't remember, but I know that to a certain extent we were ourselves trying to explain, at least to the ministries what we are waiting for from them and how it should look like and things like that, to explain and explain. Later on by example saying that this is not the correct way to write a document or it is not written clearly or—it is lacking some substantiation. It is just blah, blah, blah.

FRIEDMAN: Do you remember, can you estimate, percentage-wise, what percentage of policy documents that you received say that first year 2001 were more or less acceptable, what percentage did you have to send back to the ministries and ask to be redone?

KLAPKALNE: [laughing]

FRIEDMAN: I guess it is a range.

KLAPKALNE: Within a range, that way, because we never sent back without comments. We did thorough comments. It doesn't matter how good the document or bad the document, we were just commenting on everything that we could find. Policy documents always have comments. Even if it is written a brilliant way you can still debate if the idea or if options are really good ones or maybe they are with some kind of hidden intentions to support somebody or something whatsoever. Policy documents are always with comments.

FRIEDMAN: That leads to my next question, which is in reviewing the documents what were you looking for?

KLAPKALNE: It depends, if you are talking about concept and guidelines than usually first of all how rational is the idea and how good are the proposed options. Always it is very important. Then later on one of the biggest fights where we actually came together with the Ministry of Finance was about finances. By that time, by 2000 people used to say it would cost nothing or it would cost such amount of money that you can't do it anyway. So there were two options, both of them wrong actually.

We had to do a lot of work to really persuade ministries to learn how to calculate really the cost of the policy. That was really a tough part. I guess it is getting better and better; it was becoming better and better and now it is better.

FRIEDMAN: Did the Ministry of Finance review these policy documents as well for financial purposes?

KLAPKALNE: Yes.

FRIEDMAN: So did you divide responsibilities in a sense?

KLAPKALNE: We were trying to look simultaneously usually. But I guess, from the financial perspective we didn't have—it was clear that—I am an economist and we had one more guy who could actually understand something from finances. By that time, and I guess it hasn't changed, there are very few people in public administration who really have some kind of financial or economic background. Which makes policy documents really great ideas, splendid ones, but nobody can understand how to implement them and how to calculate how much it will cost really. I guess it is something that has improved.

FRIEDMAN: What was the next step in a sense?

KLAPKALNE: The policy-making system was the first, which is clear. I guess the second thing that we started to work on was because this financial thing was so poor we invented an annotation system to legal acts because then it was the stage when policy was clear and you really need to know how much it will cost. So we created an annotation system. That was second. I guess then we started to move on—we had experiments about how to make government programs better, interesting experiments. They didn't work because we are civil servants. We created I guess two good programs but it didn't help because there is usually this contradiction between what politicians have to do and what they really will.

They have to promise everything. So government programs usually are a huge list of hundreds of tasks to be done and unfocused. We were trying to help a few governments to deal with this and it didn't work. We still, I guess, have some work to do.

FRIEDMAN: What were you trying to improve? Were you trying to limit the number of—priorities?

KLAPKALNE: To set the priority areas and to be clear about what should be done,—by that time there were 900 to a 1000 tasks in the government program, especially taking into account the government at that time was like lasting a year. So it was useless, totally useless. So we tried to do something. At this part we understood that we can't change because it depends on politicians and political culture. So at least we tried.

Then later on we tried to do this performance management system. We had structural adjustment loan (from World Bank) from well back at that time, I guess at that time, in Latvia. We had very good consultants from New Zealand. So we really had good connections with them and we were speaking in one voice. So they wanted, I guess, to sell the idea about strategic planning to the Ministry of Finance, which didn't work. We took that idea and started implementation of the strategic planning system.

FRIEDMAN: This is, what year is this? Was this about 2003, the pilot programs?

KLAPKALNE: Probably, I don't remember really, but I can just print out my CV where everything is written and give it to you because it has real names of those documents so you will be more clear about how it went and the sequence.

FRIEDMAN: Can I ask about the changes to the policy analysis? There was the introduction of a variety of new tools, ex-ante, impact assessments, ex-post evaluations. Do you remember when those were introduced in this process?

KLAPKALNE: When I am talking about annotation system it is ex-ante actually.

FRIEDMAN: Okay.

KLAPKALNE: *For draft legal acts. Ex-post, we tried to implement in the sense that reporting about policy documents had to be in place, like I don't remember what was the timing about every program in the middle of the program and end of the program were guidelines, something like that. How good it is I really don't know. It is still in place I guess.*

FRIEDMAN: Do you—the ex-post?

KLAPKALNE: *Yes, the ex-post. The problem with ex-post usually is nobody has money really to evaluate it so the same civil servants who were writing the policy document make the evaluation and who will make a bad evaluation on his document? This doesn't go very well together but at least some evaluation is—sometimes it is, it just came to the conclusion that there was no money to implement this policy or money was too little or something like that.*

FRIEDMAN: Were the annotation notes, the ex-ante impact assessments, were they all reviewed by your unit?

KLAPKALNE: *Our unit was responsible for one part. There were several responsible institutions: us, Ministry of Finance, Ministry of Welfare about social impact I guess and Ministry of Environment, the Ministry of Justice. Five ministries were reviewing those annotations. So basically when we invented that system all the legal acts with annotations came to us as well.*

FRIEDMAN: Was this an important step in the policy-making process in terms of increasing the quality of policy proposals? Was this one of the key [indecipherable 00:37:47]?

KLAPKALNE: *I would say it is still the key—all kids which are mine are—but I guess the beginning was really this Policy Planning Guidelines was the key because other things derived from that. I even guess that we already wrote in Policy Planning Guidelines that a strategic planning system should be introduced, I assume so. We gave all the tasks, what we should do in that document.*

FRIEDMAN: I think most areas of reform were already in the guidelines.

KLAPKALNE: *Yes, what I forgot to say really is that we participated as well in the writing of the Public Administration Reform document, which we actually did in accordance with how we saw public administration reform. So all the necessary reforms that we needed including strategic planning and all those things were in that document as well. So it kind of gave tasks to us in many places so that we are clear that we have a mandate to do that really.*

FRIEDMAN: I'm wondering if there is some duplication from your perspective in terms of the annotation notes and some of the requirements and the policy documents. For example, the programs, plans, per the guidelines they were required to contain information, financial information and essentially elements of an impact assessment. So what was your thinking? In terms of what requirements were embedded in the policy documents and then what was required in the annotation notes?

KLAPKALNE: *Annotation was more precise you know. In any policy document usually it consists of options. So you make a kind of rough estimate what it will cost. Then*

when you have really, the choice is made and when it is clear what you will do then it is different. So it is just that to understand how roughly policy will cost and then later on you know more or less precisely what will happen. So I don't think it is really duplication. It is and it was kind of a learning process to really understand that the policy will cost something.

FRIEDMAN: Did you see an improvement over time in terms of the quality of the policy documents?

KLAPKALNE: *Of course.*

FRIEDMAN: How would you measure that? Did you have measures that were used?

KLAPKALNE: *We did, yes. We introduced this performance-measurement system. We had indicators for ourselves as well and I guess there were certain indicators like how many, I can't say evaluations, how many documents reviewed were sent back without objections. We counted really. We had a complicated system. If there is just a recommendation or an objection to something in the document. So we counted them out to understand how the system is improving.*

FRIEDMAN: So from your perspective fewer objectives meant that the quality was improving?

KLAPKALNE: *Yes.*

FRIEDMAN: And the numbers supported you, do you remember?

KLAPKALNE: *I don't remember exactly but I know we did it. At least we started it when I was still in the office. You know how we understood—there was one measurement which I remember. We had to calculate some kind of percentage because the number of documents was growing so you can't just compare how many objections you have in total, you had to divide it by documents. I guess we didn't do that by that time but we were trying to calculate how much time we spent on debates about policy documents, this was one perspective. It was reduced. Actually the length of the cabinet meetings was much smaller.*

Before I entered the office—of course there was the gaining of the independence, Cabinet meetings could last to 2 o'clock at night sometimes, not eight hours but much more. Later on the government meetings were like just two hours.

FRIEDMAN: How did you calculate the length of meetings, did you actually count time—?

KLAPKALNE: *Yes it was done so. In the protocol they are usually writing government meeting started that time and ended that time. So it was clear that it was not unnecessary debates.*

FRIEDMAN: How was this achieved? How did you manage to—?

KLAPKALNE: *It was kind of—to my understanding it was very clear that if the documents are more clear then you don't have debate. At the very beginning all the discussions were really held in the government meeting. This was the selling point for government. We said that really you are working too much. You should not be doing what civil servants should be doing. All those technical details should be solved at the lower levels.*

FRIEDMAN: That was an effective selling point?

KLAPKALNE: *It was, and actually it turned out that it's true.*

FRIEDMAN: So I guess perhaps this leads into the policy coordination reforms. Improvements of the policy analysis, I can see how that can cut down on the length of cabinet meetings and they would be provided, handed better quality documents. What kinds of changes did you make to the policy coordination system and what was your aim in those changes?

KLAPKALNE: *Well, of course what we usually were doing, we were not looking at the document or problem as separate. We were trying to see how it linked with other things. Usually ministries were looking just from their own perspective. We were in the middle to trying to help, they wouldn't perceive it as help but anyway—. To see the issue is broader and some other things should be taken into account. So this was the coordination. Always we were actually in between if there were some kinds of disagreements or we participated in all the harmonization meetings and talking with ministries and trying to reach some kind of consensus about issues.*

FRIEDMAN: Was this system of harmonization meetings, was that already in place before you came?

KLAPKALNE: *No.*

FRIEDMAN: So you created the system?

KLAPKALNE: *Yes, well when I was still working in the Ministry of Defense, harmonization happened like now it is happening in some other former Soviet Union countries. Somebody was walking around the ministries and asking for signatures of state secretaries or deputy state secretaries, which meant the document is harmonized. So nobody saw the document, the last version really together. So we changed the system together with introduction of different functions for state secretary's meetings as well.*

Yes, we actually, what we did as well is we said there is necessity to solve every problem at the lowest possible level. So we invented these harmonization meetings where everybody should look at the document, the last version of the document together and it can't be allowed that some changes are made that are not, I cannot say approved, not at least seen by all interested parties. Interested parties meant ministries who wanted to see the document and some NGOs and others.

Then if agreement couldn't be reached at that stage of harmonization then the document went to the State Secretaries' Meeting and the state secretaries tried to reach agreement. If then you couldn't reach agreement then it went to Cabinet Committee. Then yes, it can be some documents with debates remained for government meeting but they are rarely looked at. So we took this pressure from government to lower levels.

FRIEDMAN: So there was a reduction in the number of policy documents debated at Cabinet Meetings?

KLAPKALNE: *I would say that every document not only policy documents because this system is applied to legal acts so yes. One of our aims was that at the government meeting there were as few unharmonized documents as possible.*

FRIEDMAN: So you created this forum, or several forums for civil servants to try to harmonize or work out differences over a variety of documents. Did you provide advice, methodological advice, to help to assist them in identifying the types of issues that they can resolve amongst themselves? Was there an attitude that well, we're not sure what the right answer is so let's let our superiors—to defer decisions to their superiors?

KLAPKALNE: *They were kind of bold enough to think that we knew all the right answers to any policy. I don't know, it's just you know common sense usually about policy documents and legal acts. You ask normal questions.*

FRIEDMAN: Were the state secretaries and officials beneath state secretaries, were they clear on what types of issues they had the authority to reconcile?

KLAPKALNE: *Yes, usually it is understandable. Usually they knew. For example, there have been situations where a state secretary says, I can fully understand your arguments but our minister thinks different so I can't help it. Then the question goes to the Cabinet Meeting and then it is debated on political level.*

FRIEDMAN: Can you give an example, either a real one if you can remember or just something plausible, an example of a type of disagreement that could have been worked out, that was worked out at a civil servant level as a result of this new system?

KLAPKALNE: *I can—this will not be exactly the example you are asking for—we were not usually used for that, but there was one situation where I had to lead a group creating policy about changes in pension policy. This group was created because the Ministry of Labor or—Ministry of Welfare didn't agree that the changes were necessary at all. So basically Prime Minister said you are going to write this down involving Ministry of Labor and Welfare and some pensioners and NGOs and others who were interested. You are going to do it because they are not doing it.*

This was on the political level you know.

FRIEDMAN: He asked you to write a policy document on a very sensitive issue in Latvia.

KLAPKALNE: *Yes. There are situations where a minister is in a totally different position or he or she says the policy is totally different.*

FRIEDMAN: So this is an example of something that could not have been worked out; this had to go to a ministerial level.

KLAPKALNE: *Yes, but there have been many cases where still there are appearing from time to time about some sensitive issues, how they should be resolved. There is some kind of topic about the insurance system. It is really a political debate. Should it remain like it is now, like health insurance, everybody is responsible for their own or should it be some kind of system invented where the state plays really important role. That is a political debate; can't do it both ways.*

FRIEDMAN: What would be an example of a disagreement over something, more administrative, less a political factor that could be involved? Perhaps how to cost problems, how to assess the cost of programs?

KLAPKALNE: *This for sure. Many things could be resolved at the ministerial level. To make more clear the calculations, or take into account something that has been forgotten for example, or you just don't know that in the other area there is*

something which is really influencing your policy or a legal act you have forgotten that and then you saw that it will.

FRIEDMAN: Can I ask you a bit about the Public Administration Reform that you helped initiate. What was your goal in that reform?

KLAPKALNE: *Our idea was that we were kind of very ambitious and we wanted to implement changes that the public administration is really a good one. So we were looking at all the possible aspects, which was starting from strategic planning, how to better make state budget or introduction of medium term expenditure framework. Then how to motivate personnel and introduced a new system of competence-based civil service.*

Then we understood that institutions and structures should be created soundly and at the right places. Institutional reform as well was part of that. Then there was some kind of legal aspect. So we were trying to look at all of the possible aspects so that really they are not just focused on one thing like policy making or something, but we look at all the spectrum of issues which are in public administration and which don't belong to somebody particularly.

FRIEDMAN: Did you attempt to implement at the range of these tools all at once?

KLAPKALNE: *It was during say three, four years maybe. Yes, we did it all at the same time. Of course at the very beginning we were six; at the end when I left we were twelve or something like that so we could do more. There was more specialization within the unit as well. There were people working more on strategic planning. There were people working more on HR issues, on institutional issues. But still what we had in common all of us, we were all responsible for certain ministries. Like if a policy document from Ministry of Interior came, it came to, I don't remember, me let's say. So we had this matrix. We had themes and we had ministries. This was the way we were working. So we had to know actually as well all the other issues.*

FRIEDMAN: One thing that stands out perhaps about the strategic planning system is the way in which you introduced it, pilot programs at the Ministry of Agriculture and then a couple of the other ministries. Why did you decide to begin with a pilot project as opposed to some of the policy-making reforms, policy formation across the board?

KLAPKALNE: *That was—we had a feeling that we had to prove that it can make some benefits and we had to figure out ourselves what are the benefits. When we started this it was good, we can't get any benefits. The idea is right, you should do it, but just to compile one more paper on top of all the papers ministries had to produce was a very hard selling point, you just can't. So we had to go through this pilot to understand ourselves how it works, what are the benefits and how we really can sell this later on to the ministries and we got done from that. We started this very gradually with all the ministries who wanted to be champions. Agriculture, later on it was Culture, I don't remember whom else. But yes, I guess it was really the right approach because later it was very easy to make the other ministries understand that really it is necessary and it is useful because we got those benefits like reduction of number of programs and things like that which really helped them later on.*

FRIEDMAN: You mentioned one thing, what did you learn from the pilot programs? From the pilot stage to the standardization stage, what did you learn along the way?

KLAPKALNE: We learned that the process was very important. Just the creation of one more paper is not the key. Really you need to go through and really work together as a team with this ministry or institution to make this document really a helping one. Of course you could do it differently as well. In the ministries where we went with our help it was a good process, I don't know about others really, I can't assess that. But the documents were good actually and later on and now even when I am abroad and working on some projects, I have the basis of information our ministries have on their web page, they are good ones.

Still now—and really this is what shows the system was right. It was right and it works still. This was one of our goals at the very beginning when we started to work together. We saw that maybe we should be a terminated project for three, five years and then we just end working here and then the system will work itself. It works. Now it is again like new policy unit (Inter-ministerial), coordination center. If the idea is right it will continue working. This is after a painful process how this unit was destroyed I would say so. Maybe it is not necessary anymore as it was. But the ideas are right. Nobody has abolished them and I don't think that somebody will.

FRIEDMAN: What were some of the challenges in standardizing the strategic planning system, perhaps the development of—the identification of proper indicators and targets and—?

KLAPKALNE: Exactly.

FRIEDMAN: That was the hardest part?

KLAPKALNE: Indicators. Every single institution said it was so unique that—public administration in general is so unique, it's not a business, nobody can set up indicators. Nobody can measure something and it is just impossible. We went with all this terminology in Latvia both for policy making and strategic management and for classification of indicators and all those things. It was really a mess as well because at the beginning in Latvia nobody would say that there is policy making because we have this one word for policy and politics so it confuses everything. Now it is totally normal, every day vocabulary. But indicators were really tough. That was one of the reasons we had to be in the ministries, to help with the indicators.

FRIEDMAN: Did you look for outside help, sector experts, to help you develop proper indicators?

KLAPKALNE: No, what we did in Agriculture, at certain points we had still Graham (Scott) and Lynne (Aileen McKenzie) from World Bank to help us but no, we didn't have this option because we didn't have money for that so we did as we did. I guess we had some projects with UNDP but they were about different things. They were helping but they were different things.

FRIEDMAN: I've taken a lot of your time so if I can ask just one or two final questions.

KLAPKALNE: Yes.

FRIEDMAN: You led this unit through several transitions of government. Do you have any reflections on the sustainability of the reforms? Do you have perhaps any advice on how to sustain reforms through transitions of government, things that worked, things that didn't work?

KLAPKALNE: *One thing which I guess is always, it was kind of rotation which is good at the State Chancellery. At one government—the Policy Coordination Unit was a loved child to the Prime Minister and his office, and to the next one the Legal Department, so it was changing all the time. I guess that the most important was just to be professional and to give the best advice you can. It didn't change from government to government. What was good in our sense was that we didn't have very severe shifting in politics. So all the governments were kind of rolling in the same direction. If it would be different I don't know what would be our advice but just being professional. Sometimes having a really good backbone.*

FRIEDMAN: Were there transitions of government when you feared that the reforms that you put together were going to be dismissed?

KLAPKALNE: *Actually the problem was not about reforms. If we would be just sticking to reforms, we would still be living there. The problem is that this unit, since we were analysts, we managed to analyze maybe too deep which was kind of something that we were blamed for. It means that actually we were reading very carefully*

When a couple of such cases came up, the next government really wanted to dismiss everybody. Then it was a question of going to [indecipherable] how long we will stand this because the pressure was really hard. Only policy making system, as a system it is clear, it's good, but when you go into substance and when you really dig what is behind good phrases you can find something that nobody really would like you to find. So the question of gut is important in this place.

But I guess, you know, in spite of everything we were not biased somehow—therefore we didn't have a bad reputation, although every next government saw that we had been servants of the previous government to their government. We were servants of any government but this makes a tension really.

FRIEDMAN: There was a perception that you were working—.

KLAPKALNE: *For political goals. We tried not to, of course. All the—not all but some of the prime ministers' offices wanted us to serve the purposes which are political ones and we tried to resist that one. It is a tough position being in the center.*

FRIEDMAN: You were pressured to provide positive analyses, policies, perhaps that the government supported?

KLAPKALNE: Yes.

FRIEDMAN: Things of that nature?

KLAPKALNE: *Yes. Different interests. Being in such a core position. We have lots of quarrels with certain ministers about some things and shouting and things like that. Yes, very interesting position but you need patience and balance and a good system of nerves.*

FRIEDMAN: I'll ask you one final question. Looking back on your six years in the unit—?

KLAPKALNE: Yes.

FRIEDMAN: I may have a better sense of your CV.

KLAPKALNE: Yes.

FRIEDMAN: Looking back at your six years at the coordination department, do you have any sort of lessons that you learned, anything that you knew in 2006, 2007 that you wish you had known in 2000 when you started that could have made your job easier? Perhaps something you wish you had done differently?

KLAPKALNE: *You know it's—since I'm trying in every place to do the best I can at a given moment, I usually don't have these kinds of thoughts, what I could have done better because I had done all I could. Of course, actually, if I knew in what kind of trouble I will be when I would agree to start to work for a certain position (I wouldn't do it). I never knew that but when I was already in that position then I understood and it was too late, I just start to do something about it.*

So if I had my brain of 2006, I would never start 2000; that's how it looks like. Because yes, it was not an easy time. It was lots of work. My colleagues who overtook from me later on, they were continuing, you have to work during weekends because documents are for Monday. You just can't help it. Late evenings and so on. But we were passionate about that idea and we thought it was a good one. When you have this feeling you don't ask questions.

FRIEDMAN: How would you gauge your own success? Your successes and your failures, what do you think were some of your most important successes and some of your failures or things you wanted to achieve but didn't get to achieve?

KLAPKALNE: *Success was really that the team was very good. It is very important. We had terrible quarrels between ourselves, extremely hard ones because all of us were different, with different backgrounds, different ideas how things should be done and very strong personalities. Doors were shut down and pens were flying around the office and all those things. But then we went out and the quarrel was done. All of us were behind that idea fully and totally, all. Not like somebody said ah, more or less you can do or what you can't and I can think differently now. Everybody was onboard. This is I guess a real success. It was not easy but we still have good relations between ourselves. We are still connecting with each other. If somebody has a question we ask each other. So the team is still there actually.*

To a certain extent the failure is that we are not still there. On the other hand things are changing and Latvia is changing. We all are in different positions. We had a very good Christmas party at one of my colleagues from that time's team and there was one person who was observing all the time how this unit is developing, not a person from our unit but from aside. She said, actually it should be so that this unit is dissolved because good people are needed in many places, not only in one place. So I guess this was really a good conclusion she did. I don't know what are the major failures.

Major failures usually are not failure, but what is hardest to go through is when some people are offended by politicians and you just can't protect them and it has happened in our unit. We had to ask a few people to leave because otherwise the unit would be dissolved. This was a tough decision but of course we all understood why we are doing that and what were the consequences and we were behind the idea so we said it is better for the sake of the idea, which was really hard that you can't protect your people.

Then somebody really politically is saying either them or you all are going. That, is it really a failure? I guess that decision was right. Tough? It was a very tough

time. I guess the hardest point really is how to balance being a civil servant and being still under the most politically influenced place where all the interests are coming together, how to manage working in this position. You have a very different set of skills needed in this situation.

FRIEDMAN: Thank you so much for your time.