



INNOVATIONS FOR SUCCESSFUL SOCIETIES

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Interviewer: Elena Lesley

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LESLEY: So, I guess, starting off, it would be great if you could talk a little about your professional background and how you got to your current position and what your responsibilities are basically in your current position.

HÖÖVELSON: *Starting from what I'm doing now, as we call it in EU [European Union] slang, I am a European semester officer or, basically, an economic adviser here in the representation of the European Commission in Tallinn. This is a relatively new post. I mean, this is a general shift or change in the European Commission. This type of post was created only last year, so it is a new initiative. In fact, so far, representations in member states have been—having made the communication function, the communication role to be here, to communicate about your policies and things like that but have never been hands-on in policy development and in policy issues in the member state.*

This is what I am doing here now: I am following economic policies and fiscal policies in Estonia, reporting back to Brussels. I am basically the person who is supposed to be most aware of what is the status of different draft laws in Estonia, where they are, whether they are about to get updated or not, what are the tensions at the national level, who is pro, who is against something, things like that. Then also what the government initiatives are, what the government is planning to do. All those things—basically everything that concerns the economy, starting with fiscal policies and macroeconomic policies and ending up with energy policies, education, labor market, public administration in general. It is a little like a broad spectrum of issues.

Basically, how we do it in the commission is that there is a country team for each and every country inside the commission. Each team consists of experts from different fields. You probably know broadly the structure of the European Commission: it has a director general, four different topics, and policy fields. So, we have people from different policy fields focusing on one country. For the Estonian country team, most of the people are based in Brussels, of course. I am the one here locally.

LESLEY: So you're the only one based here.

HÖÖVELSON: *I am supposed to contribute with country-specific knowledge from here. Other people like Laura, let's say, are policy-field oriented. So, my role is to be more country oriented and to be aware of the situation in Estonia in my case.*

LESLEY: OK.

HÖÖVELSON: *We have similar posts and advisers in every member state now.*

LESLEY: How long have you been doing this job?

HÖÖVELSON: *Since last February, so it is a bit more than a year. As I said, it is a very new initiative. We are kind of facing it still, but now, after a year, of course, it is already functioning quite well.*

LESLEY: What did you do before this job?

HÖÖVELSON: *Before, I was in Brussels at the European Commission, and then I was focusing more on employment policies and also EU funding to Estonia. I have always been focusing on Estonian issues and also while working in Brussels. Basically I have been preparing—before I came here I was preparing some programs for*

Estonia's implementation of EU structural funds for the next period—2014 until 2020—and also making sure that this funding will be in line with like-minded reforms and policy priorities. This is what I did before.

Before that, actually, I came from Estonian public administration, and before that, I was also working with government office. So, I have been also on the other side preparing the documents and drafting the documents for Brussels.

LESLEY: So, you have seen it from both sides then.

HÖÖVELSON: *Yes, both sides: Brussels side to assess and follow up and monitor what is happening.*

LESLEY: Are you Estonian?

HÖÖVELSON: *Yes.*

LESLEY: I thought you probably were, but I wasn't completely sure.

HÖÖVELSON: *Yes.*

LESLEY: Can you give me a sense of which years you did which things, especially starting, I guess, around the time the strategy was created, which was around 2006. So, I guess, going from around that time, what your role was in your different jobs. That is the timeline for my case study basically.

HÖÖVELSON: *Because as Europe 2020 was in fact adopted in 2010.*

LESLEY: Yes.

HÖÖVELSON: *As far as that preparatory work, before that, I was not that much involved, but once because in 2010, it must have been 2010, member states including Estonia, but it is similar for all member states to prepare the very first strategy to be in line with the Europe 2020 targets and priorities. After that now, it has been a kind of update to the strategy. In later years, it has never been a new strategy but only updates and revisions and also reporting what has been done already in one year's time and what still needs to be done and so on. So, I was in service here in the strategy office when the first strategy was done. We did a quite comprehensive and long analysis before that. It involved also different stakeholders, interest groups. We really had almost a year, or seven, eight months, at least, of consultations, different versions of analysis. On the basis of the first analysis, we tried to identify the priorities, what were the main priorities for Estonia to focus on. We discussed it also with different stakeholders and interest groups. Then this is how the priorities were formed and how the strategy was drafted.*

LESLEY: I'm going to ask—I know it is probably going to be a little difficult to remember because it was a number of years ago, but I'm going to ask for as much detail as possible about some of these different processes because we're really interested in looking at the sort of breakdown of how the strategy was actually created and the people who were in charge of that. So, at that time, you were an adviser in the government office, would that be correct?

HÖÖVELSON: *Yes.*

LESLEY: As I understand it, the team that actually worked on making Estonia 2020 was Keit Kasemets and about five advisers or something like that?

HÖÖVELSON: *Yes, something like that. There we had a division of a top four main chapters in Estonia 2020: macroeconomic, microeconomic, labor market, and then energy issues. Then I was responsible for the labor market—the human resources chapter, as we called it.*

LESLEY: And Mart Loite was responsible for economic affairs. You did labor market and education, and then, as I understand it, there was also someone who did macroeconomic issues.

HÖÖVELSON: *Plus one who did energy issues.*

LESLEY: Energy issues as well. Then there was another person who did security but wasn't as involved or something?

HÖÖVELSON: *Yes, because security is not really a topic in the 2020.*

LESLEY: No, I didn't really think it was.

HÖÖVELSON: *We had it for the office, an extra person for security, but as you pointed out, she was not that much involved in this particular strategy.*

LESLEY: When had you started working in the government office, in the Strategy Unit?

HÖÖVELSON: *In 2009, autumn, August, let's say.*

LESLEY: Had you worked then on any of the previous action plans with the Lisbon Strategy?

HÖÖVELSON: *Yes, but as it was so much before, at that time I was still in the Ministry of Social Affairs. So in public administration here I had a labor market background very much. When it was still in the Lisbon Strategy, then I was in the Social Ministry and also organized the labor market [Indecipherable].*

LESLEY: Ministry of Social Affairs?

HÖÖVELSON: *Yes.*

LESLEY: Did you have an impression—going into the process of making Estonia 2020—that they changed the way they made the strategy from how they had previously done it with the action plans for Lisbon Strategy?

HÖÖVELSON: *Well, I think what was different with the 2020 strategy was that there was way more comprehensive analysis behind it. The idea was, we started from scratch, and we tried to really analyze everything under these policy fields to have a look at all the statistics available, all the studies available, and to also draw the main recommendations from different studies, different audits also, and try to collect everything which was a real [Indecipherable 00:11:52] time. Then to see where we had red flags and red numbers and then try to also find out—for example, if statistically there was something where Estonia did really bad in comparison with other countries.*

Then we also tried to go beyond the numbers and to see what is the actual reason because there might be different issues. Then anyway we did a quite

comprehensive analysis before that, and then we really put it on the table. We were talking to other ministries, to stakeholders, and so on. So it was in this sense I would say it was quite good preparatory work at that time compared to how other strategies were drafted maybe. Also, it had a wide consultation process behind it.

LESLEY: As I understand, the analysis would have started in the spring of 2010, when the Europe 2020 targets had been released?

HÖÖVELSON: *Yes, or even in the beginning of 2010, I would say.*

LESLEY: Right at the beginning?

HÖÖVELSON: *It was already announced that the EU strategy would come out, and we already were kind of prepared, anticipated a little bit because this was also clear that we decided we wanted to do it—a real paper, not just something for Brussels. This is also, especially now, working for the commission, I can see that this is very different in different countries, how this is seen. For some countries it is really something that is done for Brussels, and at the national level there is not much attention to it. But Estonia has taken a different approach.*

Estonia really, at that time also, and it continues also until now. We wanted this strategy to be really like a tool for channeling national policies, really a tool to set the national-level targets and goals. That is why we also made quite an effort to make it a good one and really to point out those fields which are really an issue in Estonia's context.

LESLEY: Why did you feel there was a need for that? Was it the Strategy Unit that felt that way or the State Chancellery, or where was the desire coming from to make it a more comprehensive strategy?

HÖÖVELSON: *I think the leader in this process has always been the Strategy Unit in the Government Office. As Keit Kasemets was the head strategy director at that time, he was very fond of this clear-cut strategy. I think he had a lot of capacity also to do it and to implement it like that. In a very positive sense, he was a good leader in these kinds of processes. We really worked well as a team. We discussed it, and this is what we decided finally: that it is worth it to really make it a good paper and a good strategy.*

Plus another ambition at that time was, there was a new government. So we wanted also to align this 2020 strategy with the government program and also to make sure that the two things are not very far from each other: the government program and the 2020 strategy. It would be very logical if they would interlink and they would be—I mean, the government should have the same priorities as Estonia 2020. This was also an aim: to make those two processes more integrated.

LESLEY: Sort of in terms of how you did the work, the work schedule—I would assume that the initial analysis would be just you and then the other people focusing on their particular policy areas. Did you have any assistance, or did you just do all the analysis yourself?

HÖÖVELSON: *We did it mostly by ourselves, plus we collected everything that was available in terms of studies and audits and analyses which were already existing. We tried to synthesize a little bit what was available already and then go a bit further where necessary and make our own analysis. So it was a kind of mixture.*

LESLEY: What were some of the main sources that you used to do the analysis?

HÖÖVELSON: *Very much statistical evidence, what we had—like Eurostat. We also did very much cooperation with other EU countries. In some cases, also with [indecipherable] countries, because [Indecipherable] is also very good analysis and statistics available and studies. But of course as Estonia is a very recent member and there is not much where Estonia would be included. But still there were just a few studies. So this is what we could use, some national-level think tanks, researchers who have done papers in certain fields. And European Commission studies as well were available in some fields.*

LESLEY: Were there studies that had been done, say, by the ministries or public opinion polls or anything like that?

HÖÖVELSON: *Not that much. Here also ministries themselves don't do much. They very often outsource from researchers. If they need some specific studies, then very often they are outsourced.*

LESLEY: So they might contract with an organization like PRAXIS [European Centre for Project/Internship Excellence] or something?

HÖÖVELSON: *Yes, or something.*

LESLEY: So it is a very professionalized process, it sounds like.

HÖÖVELSON: *Yes.*

LESLEY: I'm not sure if you remember, but when you were doing this sort of initial analysis, do you remember any numbers that were red flags for you that you looked at and went, "Oh, gosh, what is going on with that?"

HÖÖVELSON: *I should have had another look at these papers. I don't remember so concretely now. For example, one of the things, as health policies and health issues also belonged to my portfolio—.*

LESLEY: Oh, they did?

HÖÖVELSON: *Yes, the death rate in Estonia compared with other countries, this is continuously, still now, it is one of the lowest, actually. Then we also tried to look beyond what is the reason. Why is the life expectancy of Estonians so much lower compared with other countries. Then we basically could finally find out two main reasons for that. One is premature-death cases, which means different accidents, car accidents, also suicides, different, unnatural causes of death. That is one big reason. Also we have diseases, different diseases, like cancer or some heart, blood system diseases, things like that. Also there was a second big reason which is extensive alcohol consumption.*

LESLEY: I have noticed a lot of alcohol stores.

HÖÖVELSON: *It sounds funny, but actually, if you're really looking into the numbers, it is a real issue because there are a lot of accidents which lead to death cases. They are caused because people are drunk, they have too high alcohol consumption. So we are looking for safe numbers of alcohol consumption. Estonia is actually one of the leading countries in the EU with low alcohol consumption per person; if you divide the population, it is the highest.*

LESLEY: It is the highest in all of the EU countries?

HÖÖVELSON: Yes.

LESLEY: Wow.

HÖÖVELSON: *So in this sense, this is also an issue. Of course as a government office, we had to look also because it concerns different policy areas. One is medical health, health services if it is available on time, and so on. This is one side of the coin. The other side is, again, also commercials. Maybe there are too many commercials for alcohol, or it is too available. Should we regulate availability of alcohol? And so on and so on. So there are a lot of different issues which might be behind. This is just one example.*

LESLEY: That's interesting, and that is something I had actually noticed: that in the action plan were issues related to tobacco and alcohol. Do you know what the life expectancy is in Estonia for men and women, the average life expectancy?

HÖÖVELSON: *If I am not mistaken, it is higher for women for sure; there are about 5 years' difference, even 10 years' difference, between men and women.*

LESLEY: Oh, wow.

HÖÖVELSON: *I think for men it is now about 68, something around that, and for women it is 77 or 78, something in that range.*

LESLEY: That is not particularly high for a developed country. Did you find that the issue was consistent alcohol consumption over time or sort of like binge drinking?

HÖÖVELSON: *This is my personal opinion, but I think it has something to do also with this transformation from the previous Soviet time, when drinking habits were maybe more Russian like.*

LESLEY: Yes.

HÖÖVELSON: *Vodka, strong alcohol, and the style of having parties and having drinks were totally different compared with what is now and what the rest of Europe is used to. Maybe this is one side of it also.*

LESLEY: It is bringing the habits from the Soviet time.

HÖÖVELSON: *Yes, tradition, habits. It is changing, of course. Now it is very much different than it used to be 20 years ago. But it also has something to do with generations. I mean, people who are already older and are kind of used to this more-Soviet type of tradition. Of course they are not likely to change their habits. Of course younger people growing up now, say, prefer wine, beer, and light alcohol, whereas older generations are still more fond of stronger alcohol.*

LESLEY: That is obviously a problem in Russia still. So then, you would look and see that there were statistics showing that life expectancy was low and you discovered there were a number of different reasons for this. What would be the next step? Would you take it to consultation meetings with different people, social partners who would be relevant?

HÖÖVELSON: Some experts in fields who could tell us maybe more to bring out more and more aspects of the problem and then, if we felt we had a more or less full range of information, what is available. Then we tried to also pick the most critical issues. Also then to propose a policy response to solve those critical aspects.

LESLEY: When you went into planning Estonia 2020, had you looked at the planning methods or models of any other countries in terms of how they had come up with national strategies before?

HÖÖVELSON: Not really, not really as a planning matrix, no.

LESLEY: It was just sort of decided that you were going to do thorough analyses and more consultations?

HÖÖVELSON: Yes, of course before doing anything, we were thinking through the whole process, how to approach it, how to come to the final paper. But yes, for us, we tried to set the process, but I don't remember that we used any models for that.

LESLEY: When you were starting the analysis, though, I assume you used as a starting point the targets of Europe 2020, the areas of emphasis of Europe 2020?

HÖÖVELSON: No, actually, we tried to—maybe this is also different in the case of Estonia compared with many other countries. We didn't really take Europe 2020 in front of us and then try to put something under those headings. We tried to do it from the bottom up, as a bottom-up approach. Basically, we took a really broad range of policy fields, also those which don't actually fall under Europe 2020 margins. We tried to analyze everything. So we have been through all the policy fields possible.

Then at some point, we limited—we still had priorities and still had analysis for other policy fields apart from 2020. Then those issues we channeled authority to the government work program. Those were still issues for Estonia, but because they didn't fall under 2020 strategy in the EU context, we had a different use of this analysis. Also those policy fields that were current with Europe 2020 we of course used for this strategy.

LESLEY: I know that—I believe that Mart Loite had said there were certain things that either were required or weren't required in Europe 2020 that Estonia decided to do differently. I wonder if you remember whether there were any key points at which the Estonia strategy diverged from what Europe 2020 wanted and if Estonia was basically given permission to do that?

HÖÖVELSON: Well, I don't know if Estonia really diverged considerably from something, but I think we had many things additional which were not specifically required by the EU, but we did it because we really—with all this approach—we wanted to have a really comprehensive and full picture in front of us, especially for us as a Strategy Unit and for people who were supposed to know where our country is heading to. Then this was the idea for us to really have a full picture, to really know what our weak points are, what our strong points are, and where we need to really do something and what we are good at. As all this was not covered by 2020, we did more than was actually required by the EU.

LESLEY: During the time you were preparing Estonia 2020, did you have any other projects, or were the people who were working on it working on it full-time?

HÖÖVELSON: It was a big group; this was for a full year—actually, a full-time job for us.

LESLEY: Then how would the work schedule usually happen in terms of how often did you meet, how often did you work independently, how often did you work as a team?

HÖÖVELSON: *Each of us had our own policy fields, and of course there was computer work that needed to be done by everyone separately, but then we had coordination meetings from time to time—say, every two weeks maybe, sometimes three weeks depending on how far we were with our work. After each phase kind of, I mean, first, once we had first role analysis available, we circulated among each other. We were reading also other people's parts just to have a fresh look and also to make them more similar because people's styles are different.*

LESLEY: Yes.

HÖÖVELSON: *Then, after we had collected the first round of comments from ourselves, we elaborated again and then we met after that. So basically, after each more important phase we were coming together, we were discussing and this is how it—only once analysis was already quite advanced and where we ourselves didn't have any comments anymore, then we distributed to a wider circle of stakeholders outside our house.*

LESLEY: You mentioned that the team worked well together. I'm wondering why you thought that was—if it was a question of leadership or just the different personalities of people at the time?

HÖÖVELSON: *I think in terms of personalities, actually, we fit very well together, all of us who were working, so in this sense, we were a very good team, I can say. Yes, we had also strong leadership, but we didn't have too many diverging opinions on substantial issues, not really. There was a baseline for everybody that was quite similar. Also, later on, once we had done our work inside our unit, then of course there were the ministries coming into play. Of course then we also had to be quite convincing with our ministries because the line ministries who are responsible for, say, particular policy areas, of course they very often had different opinions.*

LESLEY: Yes.

HÖÖVELSON: *Also, as you know, every unit in every ministry wants to make its own field the most important thing. This was quite a big argument, much convincing to actually get the ministries in the same line. But it is also a natural process, because one ministry, whatever it is, for economics, for labor market, for whatever, they are focusing only on their own policy field. This is the whole world for them. But we as a government office, we had to have a nationwide picture to really have a balanced view on all policy fields and then also decide what is more important and what is less important to deal with. Of course on this basis there are naturally differences.*

LESLEY: Yes, I can imagine. How would you go about—actually, first I'll ask, did these meetings at first with the ministries take place—would you meet with one ministry at a time or—?

HÖÖVELSON: *No we did it policy field by policy field. So basically if it was for labor, I think we had three different groups: one for employment issues and labor market issues; a second one for education—including vocational education, higher education, preschool, and general education—all education fields; and a third group for health issues.*

LESLEY: Then there would be several ministries—representatives from several ministries in each group or—?

HÖÖVELSON: *In this particular example in Estonia there is only one ministry for the health labor market; it is social.*

LESLEY: One ministry.

HÖÖVELSON: *Sorry, but there is someone from education, one for education and one for employment and health.*

LESLEY: Would the other one be the Ministry of Social Affairs?

HÖÖVELSON: *Social Affairs is included in the Social Ministry; it is labor, social, and health; it is all one ministry.*

LESLEY: So then you would meet with the representatives at the ministries who were responsible for these policy areas?

HÖÖVELSON: *Yes, and of course as they are different units, people from different units but coming from the same ministry.*

LESLEY: OK, I understand. Then how would you work to convince them?

HÖÖVELSON: *We could base some on our analysis and the evidence available. Also, as I said, it wasn't only our analysis but also what other researchers had done and what was available. If there were any additional papers the ministries could additionally provide, of course we were happy to receive them, but more or less we had an overview of what is available. So one is evidence-based argumentation that we could use. Of course the other one is also—I mean, if later on it came to policy options and policy choices, in these cases, of course, we could also base ourselves on the government program. It is not really meaningful to include some measures, some policy actions, into the strategy if we already know that the current government is never going to implement it if it is not in line with the government program.*

LESLEY: In terms of chronology then, throughout, say, the spring of 2010, you would have been doing these sorts of meetings with the ministries?

HÖÖVELSON: *Yes.*

LESLEY: Also, were you meeting yet with social partners?

HÖÖVELSON: *Yes, also that.*

LESLEY: How were the social partners chosen, the different people who would be included?

HÖÖVELSON: *Also according to topics, which were more economic topics. Of course, we had more employers' organizations and then a number of different unions or organizations for different employers. If more social and labor market issues were discussed, then there were more trade unions for sure, but also some different NGOs [nongovernment organizations] that might be more active in social service areas. It depends. Also in the health sector there are quite a large*

number of different interest groups, also NGOs, different doctors, medical doctors organizations, hospitals, and so on.

So we tried to approach it topic by topic. But Estonia of course is a small country so there are not—I mean, the number of partners is not really endless.

LESLEY: Yes.

HÖÖVELSON: *It is quite limited in fact.*

LESLEY: Would they then join in the meetings, the same meetings with the representatives from the ministries, or would they be in different meetings?

HÖÖVELSON: Yes.

LESLEY: Same meetings?

HÖÖVELSON: *Yes, same meetings—only in our later phase. Because the very first meetings we had were restricted to ministries, to officials. Then later on, once we had sort of consensus with ministries and then we extended and also invited the partners. Also by then we already had a more mature document on the table to discuss with them because, if I remember correctly, we didn't involve the partners in the analysis phase but only in the policy—when we were discussing the policy options. This is the most important part, of course, also for partners. What are the policy options, and how should we approach different problems we identified?*

LESLEY: As I understand it then, at the end of May 2010 is when a large meeting was held that involved a lot of social partners to get their feedback?

HÖÖVELSON: Yes.

LESLEY: Would that be the first meeting that would have brought in the social partners, and up until that point it was working just with the ministries, or would they have been brought in before that?

HÖÖVELSON: *I'm not so sure I remember the precise timing correctly.*

LESLEY: OK.

HÖÖVELSON: *But if Mart found it out, then I probably trust him. He probably had some old documents in front of him because it should be available in the government office. I didn't have a chance to look at them recently.*

LESLEY: That's OK.

HÖÖVELSON: *So it is just I can't recall exactly how it was. I think the deadline for us to have the paper ready and submit it to Brussels also is somewhere in the autumn, in October, I guess. That is why I think it sounds quite logical in May at least; we had to have a bigger meeting already because summer break is in between. We always calculate that in that summer break nothing happens. To be in time—.*

LESLEY: As I understand it, what happened was that in June there was a European summit.

HÖÖVELSON: Yes.

LESLEY: And that the initial sort of targets were approved?

HÖÖVELSON: Yes.

LESLEY: Then there was more fine-tuning in consultation in the fall, and the parliament saw it in October, I think? Then maybe you're right, and the parliament approved it and it went back to the European Commission?

HÖÖVELSON: Yes.

LESLEY: So you would have set initial targets then by June, I guess.

HÖÖVELSON: Yes, it might be.

LESLEY: Mark had mentioned something about a challenges report. Was that the analysis?

HÖÖVELSON: Yes, we called it in Estonian language like an analysis of Estonian challenges. This is the rough translation of it. Yes, we called it challenges.

LESLEY: So the challenges report came first basically before setting the targets?

HÖÖVELSON: Yes, exactly. This is what I called analysis when I told you.

LESLEY: I just want to make sure I have all these things.

HÖÖVELSON: Yes, the same thing.

LESLEY: There were something like 17 challenges identified, something like that?

HÖÖVELSON: Yes.

LESLEY: Were there any things that came out of the analysis that were surprising in terms of challenges that Estonia had?

HÖÖVELSON: *Maybe yes. Well, I don't know if it is surprising but still a bit unusual. Some were health-related challenges because it hasn't—maybe policy makers and people were not so aware of this issue. But if we really backed it with statistics, with relevant numbers, and so on, then the picture looked quite awful in the first place. This is also why I remember it so well. We had quite a lot of discussion about it because health is not really fitting under the Europe 2020 targets; it is a bit far away. Labor market, yes; human resources, yes; but health issues, not that much. But Estonia has a little bit of an exceptional situation because people really are having poor health, which again has an impact on the labor force. So we decided to keep it, to have it as one of the challenges. I also know that there have been quite a number of discussions with the European Commission or between the commission and Estonia to discuss why is this health issue, this alcohol consumption issue one. So it is of course not very usual.*

LESLEY: But the European Commission apparently was OK with it and approved it ultimately?

HÖÖVELSON: Yes, because it is certainly related to labor market and sustainability of labor force. We also managed to actually find data on how much or how big is the effect on the availability of labor force, considering also sick-years people have

and early-death cases and so on. Also in economic terms, the country is losing a lot of labor force with health problems people are having.

LESLEY: That makes sense. It is interesting that in this planning process there was also an interministerial committee of deputy secretaries-general. How did that fit in?

HÖÖVELSON: *Yes, once we had finished with lower-level discussions with the ministries and so on, then the final product, so to say, the final challenges and the wording of challenges and the number of challenges and so on had to be approved by the high-level group of deputy secretaries-general.*

LESLEY: OK.

HÖÖVELSON: *The idea was, one thing is to discuss with experts or advisers or just specialists, but they shouldn't take the responsibility; it is the responsibility that should be taken at the higher levels.*

LESLEY: OK.

HÖÖVELSON: *Why we introduced this high-level working group is exactly to also give the ministries some ownership for the strategy and also to commit some to implement it in fact. Even if we have a very good strategy, it is not enough if the government office alone is aware of it and knows what needs to be done, because in the end, it is ministries and their agencies that need to do the work to implement the strategy and to deliver results in fact.*

LESLEY: Yes.

HÖÖVELSON: *So we also wanted the line ministries to really take ownership and to be on the same line with us. This is why we wanted to have such extensive consultation also with ministries to just make sure we understand it in a similar way. We make sure that everyone agrees that these are challenges and this is what we should tackle and this is where we should move to.*

LESLEY: Was a representative from the Ministry of Finance also involved in most of these discussions?

HÖÖVELSON: Yes.

LESLEY: Just because I know that that was one of the major goals as well—to better align the budget basically with this.

HÖÖVELSON: *Exactly.*

LESLEY: So, was it the same person from the Ministry of Finance who was involved, or would there just be different people who would come from the Ministry of Finance?

HÖÖVELSON: *It was the same unit because the Ministry of Finance has one particular unit which deals with the state budget. They also have division of tasks. Some people are in policy fields, so there were different people from different policy areas. Depending on the topics, the relevant person was present from the Ministry of Finance, but it was still the same unit that coordinates the budget.*

LESLEY: In terms of the 17 challenges, are those available online or something? Is there someplace I can actually look up what the 17 challenges are?

HÖÖVELSON: Yes, because it was 2010, they were online at least on the government office Web site. I haven't checked now recently, but I can check it of course. I hope they still are.

LESLEY: Then when the strategic document, or a draft of the strategic document, went to the parliament, did the parliament actually have to approve it before it went to the European Commission?

HÖÖVELSON: I think the parliament didn't approve it—I mean, according to the formal procedure—but we discussed it with them. So we wanted actually the opinions from the parliamentarians to take on board. We had a draft version. I think it was even before the government adopted it. We actually went with the draft version to create discussion at the parliament level and to collect their comments. Then we finalized the document, and then the government approved it. If I remember correctly, it was like that.

LESLEY: OK, also as I understand it, the online general public consultation ran from something like the very end of December to the end of January 2011.

HÖÖVELSON: Maybe, the timing—I really can't recall exactly what was the timing. I hope Mark said something about that.

LESLEY: I was able to look it up online. Actually, someone helped me look it up online when it was posted for online consultation, so I'm pretty sure about those dates.

HÖÖVELSON: OK.

LESLEY: Then it seems that there were 13 different expert working groups.

HÖÖVELSON: Yes.

LESLEY: This was in February, around February 2011. Do you know how those working groups differed from the previous meetings? As I understand it, these working groups were by policy field and involved something like 160 people altogether.

HÖÖVELSON: Yes, but those were still the same. They were working groups according to policy areas.

LESLEY: So were they just bigger than the previous groups?

HÖÖVELSON: Yes, because previously, if it was only the analysis phase or the challenges calculation phase, then we had only ministries and a few experts in some cases. Later on, yes, we had more stakeholders and more NGOs, more partners.

LESLEY: Then in those sorts of sessions, is that when they would try to brainstorm actual initiatives for the action plan and that kind of thing?

HÖÖVELSON: Yes. These were of course more-serious discussions also: which policy measures should be picked and then what should be the main things. It is still online; it is on the government site. I see it.

LESLEY: Is it in Estonian or English?

HÖÖVELSON: Now I am checking this. The Estonian one is for sure, but let me see if it is in English as well.

LESLEY: I can always use Google Translate. It is just a question of finding it.

HÖÖVELSON: *I can send you the link; it is not a problem.*

LESLEY: If you can e-mail it, that would be great.

HÖÖVELSON: *I see it is—so also the strategies are available in English from April 2011.*

LESLEY: Yes, I think I saw that one.

HÖÖVELSON: *The later updates, here it is called Goals of Estonia 2020 in English.*

LESLEY: So are the goals like the challenges?

HÖÖVELSON: *No, it is just a summary; it is not the document itself. It is the main targets actually—like employment rate, education targets, and things like that. Overview of preparations of Estonia 2020.*

LESLEY: I've read that part. That gives a sort of general outline of some of the timeline and the different consultations. It doesn't go into detail about who was involved and how the consultations differed.

HÖÖVELSON: *OK, then key challenges, it still seems to be available: 2020 analysis about key challenges related to increasing competitiveness as a pdf file. I will send you the link later on so you can find it. It should be available in English.*

LESLEY: These larger sort of stakeholder meetings where they were going over different policies and initiatives, were there any major points of disagreement in terms of what the focus should be or how the country could actually get to a particular goal?

HÖÖVELSON: *For sure, I'm sure there were different opinions, but I don't know a very concrete example right now.*

LESLEY: How would you usually resolve those issues? Would the Strategy Unit facilitate the discussion?

HÖÖVELSON: *Yes, for sure, facilitate and also try to bring some arguments and discuss what are the weaknesses and strong points of the policy options. Of course, usually the discussion was about funding, the money. Sometimes there were very good ideas and very effective ideas also, but which cost too much, which the country could not afford. It is very easy to propose something which costs a million or whatever but which is not realistic in terms of expenditures. So discussions like that were quite often.*

LESLEY: Do you know if the Strategy Unit conducted any sort of survey after this process of the stakeholders to see if they were pleased with the process? I know some of the different country ministries have done that after their consultations.

HÖÖVELSON: *No, this was not done after the process.*

LESLEY: As I understand it, the strategy was approved by the government office in April 2011.

HÖÖVELSON: Yes.

LESLEY: Was that in time for a particular deadline that had been set by the European Commission?

HÖÖVELSON: *Yes, I think it was. I think—I'm a bit confused now because at that time, my memory is that the deadline set by the commission was autumn, so that is why I thought it was October or something like that. It was only changed now with—maybe, this is my fault, I'm mixing up, maybe it was autumn or during the Lisbon Strategy, but with 2020 maybe it has always been the springtime because also now it is springtime. It is mid-April that is actually the deadline for countries. Maybe already then it was already April; it might be again; it is my—.*

LESLEY: So basically then, every year, Estonia has to submit progress reports to the European Commission?

HÖÖVELSON: *Yes.*

LESLEY: Once a year?

HÖÖVELSON: *Once a year, yes. This is the European semester cycle which is now established in the EU that every year, April, member states deliver or send to the commission their national reform programs we call them, which is basically an update to the 2020, the national 2020 strategy. And also a report of the previous year's paper: what has been done and what will be new challenges and so on. So, yes, it is an update. Later on, the commission analyzes it and comes up with the country's specific recommendations.*

LESLEY: Then the country-specific recommendations: is the country required to adopt those recommendations, or are they just recommendations?

HÖÖVELSON: *They are first proposed by the commission, and then there is a—this year it will be the second of June when the commission will publish recommendations. Then there is almost a month of June when the member states can discuss it in various working groups, in various settings, also including the ministers' level. If there is something that is not precise or where a member state can't agree, then this can be raised in those working groups. Then the final version of recommendations will be adopted end of June by heads of government—heads of state and government—basically prime ministers' level or presidents depending on the country.*

Then they are final and then with this final adoption in the European Council, prime ministers' level. Also the prime minister for each and every country takes ownership of these recommendations and also the obligation to implement those recommendations in their own country to make sure the recommendations are implemented. This is also like a symbolic way whereby the prime ministers also agree that these are challenges for my country and I need to take action on that.

LESLEY: I'm not sure if you remember, in the process of actually creating the Estonia 2020 strategy, were there any obstacles that came up or challenges that were unexpected in the actual process and if there were any, how did you resolve them?

HÖÖVELSON: *Well, for sure, some parts, some analysis took more time than we expected. First, if you look at it, it seems OK: a few weeks' time and we are ready. But then of course there is more work that needs to be done, and you discover it during the process.*

LESLEY: Yes.

HÖÖVELSON: *So slight delays were there which we couldn't foresee in the beginning, of course. Some things took some more time. Also, because the working groups included so many people, it was also difficult to get all the people at the table at the same time. There were also constraints of time and in the availability of people and so on. Of course it is not an easy task to coordinate it so widely.*

LESLEY: That was actually one thing I was going to ask about. I was wondering if you had any issues getting people to take time off to be parts of these working groups and how you created the incentive for them to do that?

HÖÖVELSON: *Yes, not really—everything had to be done besides normal work. In this sense it was extra.*

LESLEY: Why do you think people participated? Was it out of a sense of obligation to the country?

HÖÖVELSON: *Well, actually, I think most people at least were self-motivated really to be part of these discussions. It is also a way to influence the future of the country. I think people are all aware of it, feel it, and feel motivated by the fact that they can really give a contribution to influence the future and make choices.*

LESLEY: Have there been any—I know that it is revised annually. Have there been any major revisions to this strategy, would you say, in terms of some goals or targets or things that just weren't realistic or maybe something that was forgotten that needed to be added in later?

HÖÖVELSON: *Nothing major. There were very small functional things. Also now, when Estonia just had a government changed in March this year and now recently, already with the new government Estonia submitted its latest update the beginning of May this year. Even then there were no major changes. The coalition is slightly different, but still it is—the bigger coalition broadly is still the same, so no major changes in the goals or targets.*

LESLEY: So it seems that the initial goals and targets that were set were pretty accurate?

HÖÖVELSON: *Until now at least. Until 2020. There are still a few years to go.*

LESLEY: That's true.

HÖÖVELSON: *So it might still happen of course, but now it is four years after, and it is still more or less valid. But especially in terms of numerical targets, there might be a need at some point to revise them depending also on how the economy is going, things like employment rate and poverty rate. Those things very much depend on the economic situation also. If there is a crisis, it becomes more severe, or more recovery is coming, or whatever the situation.*

LESLEY: Since you have obviously been keeping up with all of these areas in your new position, in what areas of the strategy has Estonia performed well, and in what areas has it not performed well?

HÖÖVELSON: *In the 2020 strategy?*

LESLEY: Yes.

HÖÖVELSON: *If I now look in the year perspective—like from the commission's side.*

LESLEY: Yes, yes.

HÖÖVELSON: *Then of course Estonia is a good pupil in the class in terms of macroeconomic issues, budget. The ministry has the lowest government debt level in the EU—only about 10%—whereas here it averages somewhere around 80%, 90%. So let's say sound fiscal policy, sound public finances, these are certainly strong points for Estonia. Also budgetary balance: there is no real budgetary deficit in Estonia—also very different from many other countries.*

What are the weak points? Maybe they are in social policies, labor market, human resources. In general, human resources policies. In general, benefits are very low in Estonia—like value of person, individuals, people, maybe this is something that could be improved. Also there are all kinds of social services and labor market services to help people cope with crisis, also to get back to labor market, to find jobs. All the supporting issues. It is developing, but compared with other countries there is still room to improve it.

LESLEY: How about the health issue that we mentioned before. Has there been any progress in that area?

HÖÖVELSON: *Well, statistically, actually it is also getting better. The annual statistics are showing that life expectancy, for example, is growing. So it is getting better. But of course in terms of—actually, yes, there are some policies, some initiatives that have been taken at the government level as well. For example, there was no one dedicated task force to deal with accidents and early-death cases to find the reasons and to improve the work of the police maybe in some cases to avoid—. For example, car accidents are caused mostly by drunk drivers, so also to improve police work, to avoid drinking and driving, and so on. So these things have been done in fact.*

LESLEY: I guess I've been in only a very small area, but it is hard to imagine because Estonia seems so peaceful from what I've seen. I haven't really seen crazy driving or anything like that.

HÖÖVELSON: *Normally, during daytime, it is not the case, but—not in Tallinn because in Tallinn, I think it is very much controlled by police, but those things happen often in the countryside, small villages.*

LESLEY: Yes, there is less regulation and oversight.

HÖÖVELSON: *Exactly. So people feel more free probably to just drive home after, say, a party. Then the accidents happen.*

LESLEY: The task force, was this created—is this an interministerial task force?

HÖÖVELSON: *Yes, and also including experts, also covering all possible policy areas which are related to this issue—like police, for example, like health, medicine, different things.*

LESLEY: In the actual way that Estonia 2020 was set up as a strategy, do you think it has strong points and weak points in terms of the framework, in terms of incentives for people to meet their targets, in terms of flexibility, responding to changing needs?

HÖÖVELSON: *Well, as a framework, certainly it has flexibility. The other question is whether there is a will to revise it.*

LESLEY: So theoretically—.

HÖÖVELSON: *Theoretically, it is a possibility I would say, but maybe just the moment—maybe next year will be the perfect moment in fact to revise it. Now we have to wait to see if it will be done. From the EU side, we have actually initiated the Europe 2020 revision.*

LESLEY: OK.

HÖÖVELSON: *Also, to revise the whole process and make it even more efficient, effective. This also should be motivation for national governments to revise national processes maybe. Also now, by next year, it will be five years from the drafting of the strategy, and maybe some targets have been changed, plus Estonia will have its next regular elections in March. Then actually, considering all of the different aspects, it would be a good time to revise the existing strategy, and maybe this will be done.*

LESLEY: How about in terms of, like I said, incentives and compliance? As I understand it, the Strategy Unit can't—the ministries are very autonomous in Estonia, and the Strategy Unit can't necessarily say you have to do this.

HÖÖVELSON: Yes.

LESLEY: So, how do you get people to actually do what they're supposed to do and make their targets and everything?

HÖÖVELSON: *Well, one very good carrot for such units is proximity to government and to the prime minister.*

LESLEY: I see.

HÖÖVELSON: *Actually, this is what we also—because also for ministries, I mean, for some it is also important if they have government support or not. At the official level also, it is not possible to do anything meaningful without government support; it still has to be in line. So yes.*

LESLEY: It is a balance.

HÖÖVELSON: *Yes, it is a balance.*

LESLEY: They want to be on the good side of the prime minister. OK, that makes sense. And it is a small country.

HÖÖVELSON: *It is a small country, exactly. It is very reviewable in effect. Also, I think, in Estonia, the ministries have a quite strong ownership. If you discuss, for example, the issues, then the education minister still feels his ownership. They are motivated to be there and to really discuss. So even—we didn't need to really motivate ministries. The same goes for partners actually. This is historically a problem for stakeholders and partners—I mean nongovernmental partners that feel they are not very well consulted. Often the consultation times are too short, and they don't have enough time to prepare their points and so on. So they have*

always said they want to be more consulted, and they want to be more involved. This is very well working with the partners available.

LESLEY: With hindsight, looking back at how the strategy was created, is there anything you would do differently now if you were to do it again?

HÖÖVELSON: *Always you can make even more, better analysis. There is not—you can never say we have found the final truth about challenges or about policy mixture. Considering the timing, considering the information available, we did our best, but of course there is always room for some extra study, some extra impact analysis, and maybe this can always be improved I think. It can never be too good.*

LESLEY: How about the level of consultation? Do you think there could have been more or less consultation?

HÖÖVELSON: *If there had been more time, of course there could be more time for consultation and also to let the partners talk more and then involve them more. Of course it may be that looking back they were still consulted in a later stage of the process. Of course, idealistically, it could be from the beginning on that they could be involved, but this requires again more time. This is also how to find the right balance between the time available and the resources available to deliver the best possible product.*

LESLEY: Also, in terms of the number of priorities that were in the strategy—because, as you said, Estonia actually included things that weren't included in Europe 2020—do you think that was the right decision on Estonia's part, or would it have been better to stay with a smaller number of initiatives?

HÖÖVELSON: *I think it was a good idea for Estonia to also make sure Estonia didn't draft a paper only because somebody from Brussels asked for it. It really looked at the challenges at the national level, what the country is facing and needs to tackle. In this instance, I think it was a good idea to look at the broader picture and broader range of policy areas, not only those which are covered by 2020. There were still interlinkages between different policy matters as well.*

LESLEY: In addition to the health issue, I think Mart Loite had mentioned that productivity was also something that was not really included in Europe 2020, but then in Estonia 2020 they focused on it.

HÖÖVELSON: *Yes, which is also similar to the health issue, also a very low level of productivity in Estonia compared with other countries. This also was an extra thing for Estonia 2020 we identified—like two key challenges, also key messages. One was productivity—the need to raise productivity—and the second was the employment track.*

LESLEY: For Europe 2020 it was just employment.

HÖÖVELSON: *It is just employment, and productivity is actually not an issue in Europe 2020.*

LESLEY: I guess health is also somewhat tied to productivity.

HÖÖVELSON: *Yes, also.*

LESLEY: Because if the population has poor health—

HÖÖVELSON: Yes, and since the population is relatively small also.

LESLEY: There are fewer able-bodied people who can go out and work.

HÖÖVELSON: Exactly. The other side for productivity of course is also the level in the value chains economy, because Estonian companies are still doing quite low-value jobs, low-value work, which doesn't give much to statistical productivity, higher value-added, and so on. Actually, the Estonian economy will need to include more innovation and more high-tech science and to transfer this to the real economy and see if there is a way to raise the level in the value chain.

LESLEY: Are there any issues also in terms of gender differences in employment? I would assume that if it is a small population and you want as many people working as possible, I don't know if female employment has lagged behind male employment at all.

HÖÖVELSON: Not really. Actually, Estonia is doing very well in terms of female employment and also in terms of elderly employment.

LESLEY: Really?

HÖÖVELSON: Yes, those numbers are really high, among the top five in the EU. But Estonia is actually having a particular issue with gender policies. Statistically, Estonian women are much better educated in relation. Women more likely have higher education than men, whereas there is a very wide change of pay cap.

LESLEY: Really?

HÖÖVELSON: It is about 30%.

LESLEY: The women are?

HÖÖVELSON: Earning less.

LESLEY: That tends to be the way it works. It would be interesting if it was the opposite.

HÖÖVELSON: Exactly. This is not a strange phenomenon in Estonia.

LESLEY: It is also in the United States.

HÖÖVELSON: Yes.

LESLEY: It is about—I think it is 23% or something.

HÖÖVELSON: Also quite large.

LESLEY: Yes, it is a large gap. I'm wondering, though, the high levels of female employment, do you think that any of that is a holdover from the Soviet period? I know in the Soviet Union there was more of an emphasis on both men and women working.

HÖÖVELSON: Yes, for sure, because Estonians don't have those traditions where women need to stay at home like in many west European countries. It is also a cultural issue. This is also quite normal in Estonian society: women work. The same goes

actually for the elderly because pensions are not very high in Estonia. This is also—the pensioners actually work, which is more beneficial for them.

LESLEY: What is the usual retirement age in Estonia?

HÖÖVELSON: Right now it is—actually, we are in a transition period. It comes from Soviet times: there were different retirement ages for men and women. Now it will be equalized. The idea is to have it for both at 63 years. But at the same time, just a few years ago, the Estonian government already decided to raise the retirement age to 65. There will be also a long transition period, and I think 65 will be applicable only beginning in 2021 or something like that. There is a long adjustment period.

LESLEY: So people would theoretically start collecting their pensions at the age of 63, but then they continue also in some other job?

HÖÖVELSON: They can continue, yes. Also in terms of taxation, pensioners who work can have both their pension and a salary. So, it is, in terms of—they wouldn't lose anything, any pension or any part of the pension, so it is quite beneficial for elderly people to work. This is on purpose for that, to encourage them.

LESLEY: To encourage them.

HÖÖVELSON: To stay in the labor market.

LESLEY: I think those are all my questions, unless you have anything else to add.

HÖÖVELSON: Not really.

LESLEY: This has been very helpful.

HÖÖVELSON: I hope it was a bit helpful, but maybe it would have been more if I could refresh my memory to give you more-precise answers.

LESLEY: From talking to different people, I am trying to piece it all together.