

# **Coordination of Territorial and Sector Planning in Latvia**

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## **1. Introduction**

Key societal challenges are cross-sectoral and do not correspond to administrative structures (Boston 1992, Pelkonen 2006; Pelkonen et al. 2008). Latvia as a small transition economy in a globalised world faces a challenge to make its government small and efficient. Policy coordination is one of the ways to achieve that as smooth policy coordination enables synergy or at least prevents overlapping and conflicts of sector policies (Braun 2008; Boston 1992, Metcalfe 1994). A promising solution also is to decentralise policy planning to the regional and local level. It is proposed that being closer to the actual people and businesses enables them to act in a more coherent, flexible and focused manner.

The goal of this paper is to analyse the current trends and future prospects of the cross-sector and multi-level policy coordination in Latvia. The methods used are document analysis (research papers, policy papers), a survey of professionals in sectoral ministries on the cross-sectoral and multi-level policy coordination in Latvia, as well as a participant observation of the regional policy planning and cross-sectoral policy coordination from 2008 to 2010.

Since Latvia joined the EU in 2004 new trends in territorial planning have emerged. Top-down approach with subsidies as the main tool is gradually replaced by a more bottom-up version that supports local initiative (The Ministry of Environmental Protection and Regional Development 2011). However, further expansion of bottom-up planning presents a threat to sectors and their stakeholders which have attained and reproduced a specific balance of power (Krott *et al.* 2006).

In January 2011 we surveyed 40 officials in sectoral ministries to find out their views on cross-sectoral and multi-level policy coordination. The survey included questions on the importance of cross-sectoral policy coordination, on the usefulness of the instruments of policy coordination (both formal and informal), on the preferable ways to coordinate sector policies in the medium-term, on the necessity and capacity to involve regional and local level in sector policy planning, as well as on the possibilities to decentralise policy making to regional and local level.

The structure of the paper is as follows. Section 2 outlines various aspects of policy coordination. Section 3 outlines current trends in cross-sector and multi-level policy coordination in Latvia. Section 4 analyses the results of the survey. The last section concludes and suggests perspectives for the cross-sector and multi-level policy coordination in Latvia.

## **2. Policy coordination**

Policy coordination is a continuous procedural value that aims at (1) avoidance or at least minimisation of duplication, overlapping and inconsistency of government policies, as well as bureaucratic and political conflict; (2) promotion of comprehensive and coherent, whole government perspective and set of priorities instead of narrow and sectoral perspectives (Braun 2008; Boston 1992, Metcalfe 1994).

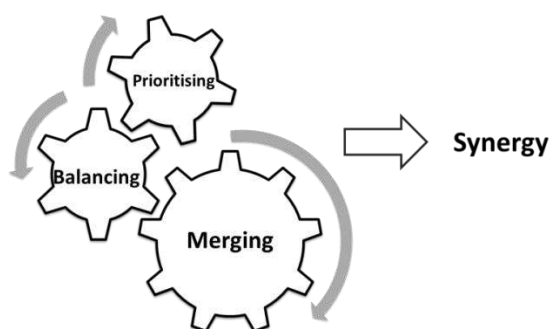
Policy coordination is not an all of nothing matter; it can be limited in terms of domains and time. “Policy coordination as such does not absolutely need a whole-government perspective, but it implies at a minimum a perspective that is agreed upon by a number of political actors” (Braun 2008: 230-231). The same organisations in some spheres may act independently, and in others in a close cooperation with other organisations. Consequently different spheres require different levels of coordination capacities. If a simple method of coordination is sufficient, there is no need to use a more sophisticated and complex methods (Braun 2008; Metcalfe 1994).

Changes to enhance policy coordination do not need all to be structural, as changes in the culture of government are essential (Bouckaert et al. 2000). If the politicians and public administration officials do not trust each other, the probability of mutual coordination decreases significantly. Low level of trust and social capital makes the policy coordination an even more challenging task for transitions economy countries, including Latvia. Trust in national parliament and government is low (Table 1), especially in comparison to its northern neighbour Estonia and also Finland whose experience in policy coordination could be used in Latvia due to similar political construction – coalition governments and weak premiership (Bouckaert et al. 2000, Eurobarometer 2011a; Eurobarometer 2011b). Low trust in public administration corresponds to low level of social capital in society and low satisfaction with democracy and life in general (Table 1) (Eurobarometer 2005).

**Table 2.** Social capital in Latvia (2011)

Indicator	Year	Latvia	EU-27	Estonia	Finland
Trust level in national parliament	2011	14%	27%	40%	58%
Trust level in national government	2011	19%	24%	49%	56%
Trust level in most people	2005	15%	30%	33%	61%
Satisfaction with the way democracy works	2005	23%	49%	38%	79%
Satisfaction with life	2005	65%	87%	74%	96%

We agree to the definitions given above and define policy coordination as a continuous process of merging, balancing and prioritising objectives of different policy domains, e.g. economic, social, cultural and ecological objectives in order to enable synergy (Figure 1). We also believe that the preferable level of policy coordination depends on the sophistication of the issue and that the informal aspects (e.g. organisational culture and social capital) play a crucial role in the process of policy coordination.



**Fig. 1.** Elements of policy coordination (Source: developed by the authors)

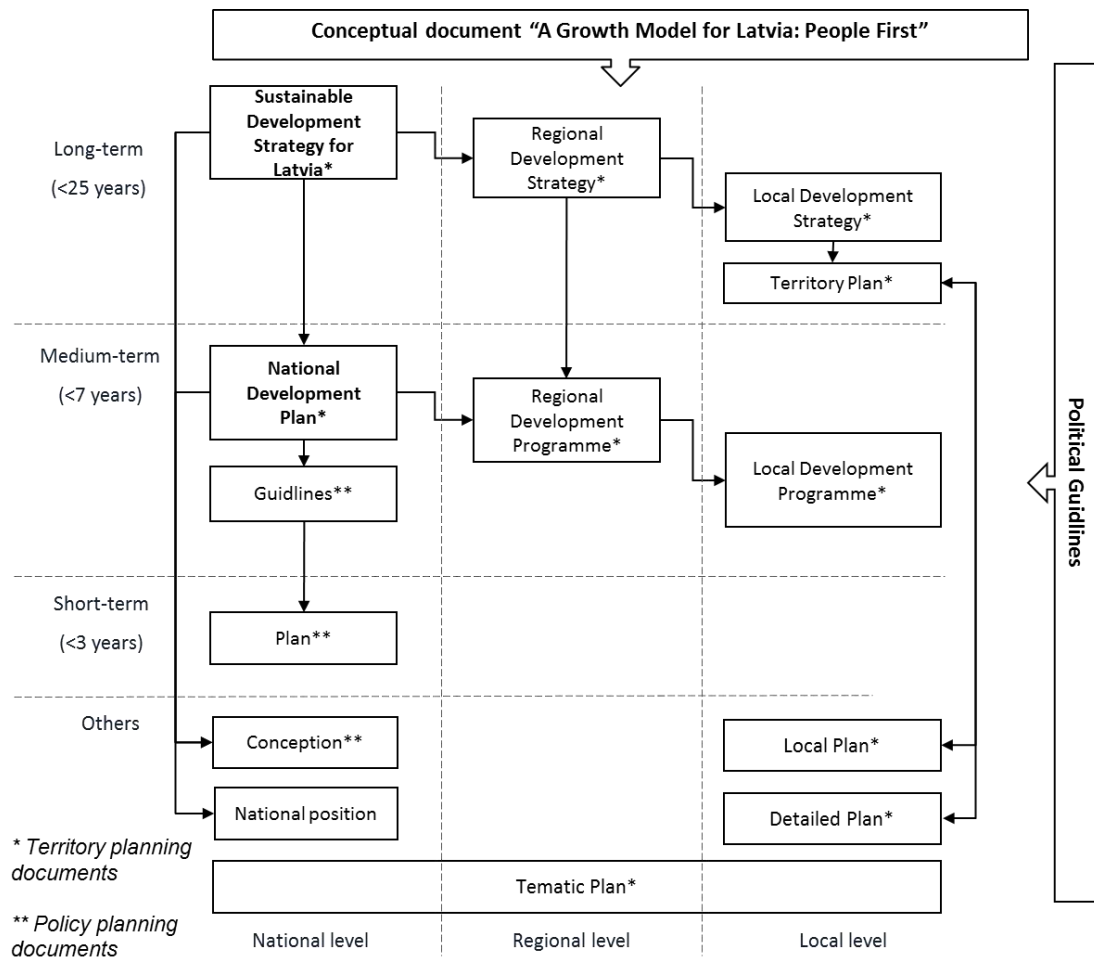
Authors refer to vertical and horizontal policy coordination. Vertical or multi-level policy coordination focuses on the relationship between the levels of government from policy making to policy implementation (e.g. ministry and agency level or national, regional and local level). It ensures that policy is translated into organisational responsibilities and budget implications (Bouckaert et al. 2000; Pelkonen et al. 2008). Horizontal or cross-sectoral policy coordination focuses on managing policies across the sectors. Horizontal policy coordination means that policies tend to integrate with each other (Pelkonen 2006; Pelkonen et al. 2008).

Policy coordination includes both administrative (functional) coordination and strategic (policy) coordination. Administrative coordination is concerned with ensuring smooth cooperation within and between organisations, whereas strategic coordination is about the development of consistent policies, the determination of a set of priorities and formulation of strategies to implement them (Braun 2008; Boston 1992). Administrative coordination is a crucial precondition for strategic coordination, as perspectives and strategies cannot be drafted and implemented without administrative support. Moreover, emphasis should be put on the political / administrative balance, especially in countries with coalition governments, weak premiership and insignificant role of national parliament in policy making and implementation.

### **3. Policy coordination in Latvia**

The boundary-spanning principle (expansion of activities beyond frameworks of individual sectors and formal borders of a state) is stressed in the formally most important policy papers – Conceptual document A Growth Model for Latvia: People First, Sustainable Development Strategy of Latvia until 2030 and National Development Plan 2007-2013 (hereinafter - NDP) (National Parliament 2006; National Parliament 2010; Cabinet of Ministers 2006). National legislation states a clear hierarchy and interdependence among different term and level policy papers and territory planning documents (Figure 2) (National Parliament 2008; National Parliament 2011).

We have analysed the current policy coordination system and concluded that policy making and implementation remains strictly sectoral, lacks synergy and runs a risk to become contrary to each other, major investment planning documents – EU funds planning documents – are drawn up separately from the national development planning system and the link between development planning and budget planning is still not sufficient. Moreover, policy papers, budget planning documents and EU funds planning documents each have their own performance indicator system. Last but not least, the coordination, continuity and relevance of the national development planning system are strongly influenced by the lack of political will to agree on and then to implement the agreed upon strategy. We have also suggested that the main reason for unsatisfactory operation of policy coordination system in Latvia is scepticism and insufficient motivation of ministries to coordinate their policies with each other and with national level priorities (Vītola et al. 2010; Vītola et al. 2011; Vītola et al. 2012).



**Fig. 2.** Hierarchy and interdependence among policy papers and territory planning documents in Latvia (Source: developed by the authors)

### 3.1. Cross-sectoral policy coordination

Cross-sectoral policy papers may play an important role in enhancing policy coordination among sectors and levels of public administration. At the same time, a certain level of policy coordination capacities has to be already there before drafting and implementing such documents. Otherwise political energies may be exhausted in drafting policy documents that cannot be implemented because the capacity of policy coordination is too weak (Metcalf 1994).

The unsatisfactory implementation of NDP 2007-2013 – the central policy paper – shows that policy making and implementation is not integrated and coordinated to implement united mid-term development strategy that is stated in the NDP 2007-2013 (Cabinet of Ministers 2008, State Chancellery 2011). NDP was drafted in order to set strategic development goals for a sustainable and balanced development of the state and its territories and the strategy and priorities for public investments. It should be financed by EU funded operational programmes, which would be drafted according to NDP, and national programmes, financed by central and local government (Ministry of Regional Development and Local Government 2004). In practice, NDP included rather broad recommendations and no specific instruments for its implementation. Moreover, it did not include all sectors, e.g. agriculture and foreign affairs were left out.

Consequently, public administration officials reveal that they did not use NDP in sector policy making or referred to it formally and suggested that NDP most likely did not change anything in their policy domain. Some officials even argued that NDP was never seriously meant to be implemented (State Chancellery 2011). Consequently, NDP become another illustration of the insufficiently developed policy coordination system in Latvia.

Whenever aiming to improve policy coordination, it is crucial to evaluate the current state and art of coordination capacities and foresee corresponding investments in their improvement. «Often political energies are exhausted in process of setting objectives and defining missions which cannot be fulfilled because more basic but less glamorous aspects of the policy coordination process are too weak to support the weight of large political ambitions» (Metcalf 1994, p.288).

Currently Latvian government has established a central policy coordination unit and started to draft the NDP 2014-2020. Therefore it is very important to evaluate the current level of policy coordination in Latvia, as well as to analyse various aspects of policy coordination instruments and approaches.

### **3.2. Multi-level policy coordination**

Latvia has 119 local municipalities and 5 planning regions. Planning regions ensure planning of their territory as well as the coordination of national and local level policies (National Parliament 2002). Their functions are advisory as they do not have any financial instruments to implement their policy papers.

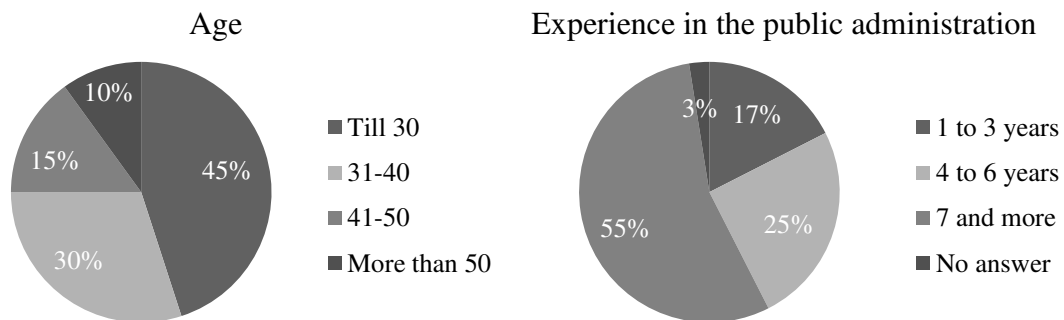
Since Latvia joined the EU in 2004 new trends in territorial planning have emerged. Top-down approach with subsidies for less developed territories as the main tool is being gradually replaced by a more bottom-up version that supports local initiative. European Regional Development Funds' priority for 2007-2013 "Polycentric development" supports the implementation of integrated development programmes of 17 cities and towns and 18 largest (in number of inhabitants) municipalities. Additionally, European Social Fund supports planning capacity of regions and local municipalities through funding to attract specialists and draft or update planning documents. Also the Leader initiative within the funds of common agriculture policy supports the bottom-up planning approach (Ministry of Finance 2010).

However, further expansion of bottom-up planning presents a threat to sectors and their stakeholders which have attained and reproduced a specific balance of power. At the same time Latvian municipalities with the support of the responsible ministry insist on moving forward with this cause. This would mean, firstly, allocating the majority of EU funding to municipalities by using objective criteria, secondly, allowing the municipalities to use the funding according to their own development programmes (The Ministry of Environmental Protection and Regional Development 2011).

## **4. Results of the survey**

In January 2011 we surveyed 40 officials in sectoral ministries to find out their views on cross-sectoral and multi-level policy coordination. The age structure of the respondents shows that most of them are relatively young - in their twenties or thirties. However, more than a half of the respondents have worked in the public administration more than 7 years, one quarter of the respondents – more than 3 years

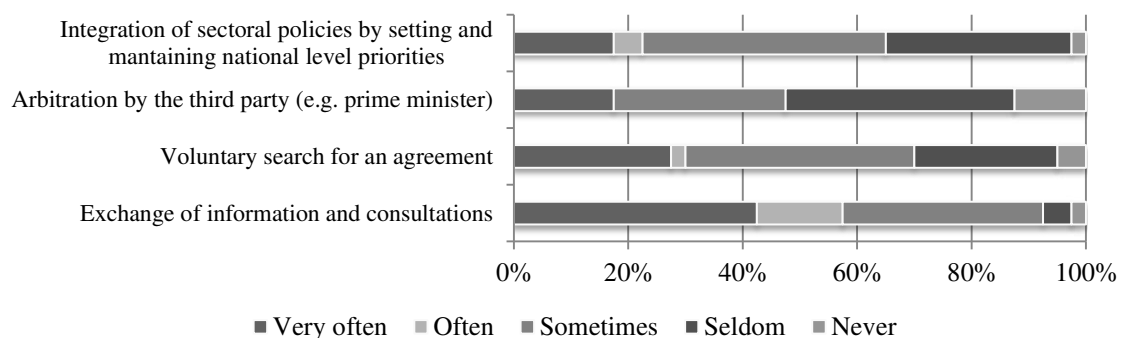
(Figure 2). We conclude that they are experienced enough to objectively evaluate the current trends of cross-sectoral and multi-level policy coordination in Latvia.



**Fig. 2.** The experience in public administration and age structure of the respondents

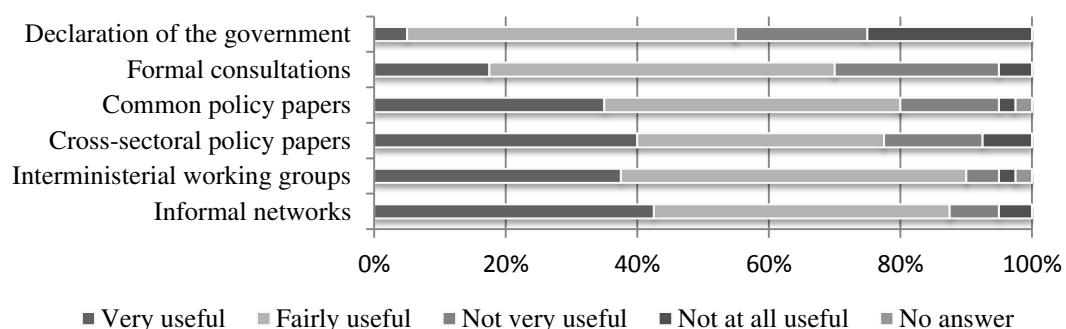
#### 4.1. Cross-sectoral policy coordination

The majority of the respondents agree that policy coordination is important to improve the situation in their sector (very important - 75%, fairly important - 25%) and state in general (very important - 85%, fairly important - 15%).



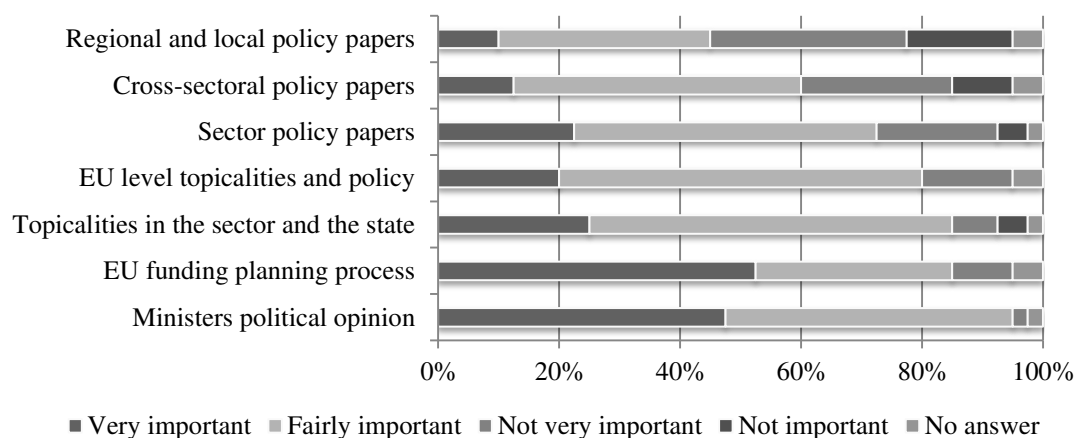
**Fig. 3.** The level of policy coordination

In order to measure the level of policy coordination the respondents were asked on the frequency of different policy coordination activities. The results show that most often officials exchange information and consult with each other. Sometimes they also voluntarily search for an agreement but the likelihood of the arbitration by the third side (e.g. prime minister) or an integration of sectoral policies is rather low. It suggests that currently the level of policy coordination is still rather low.



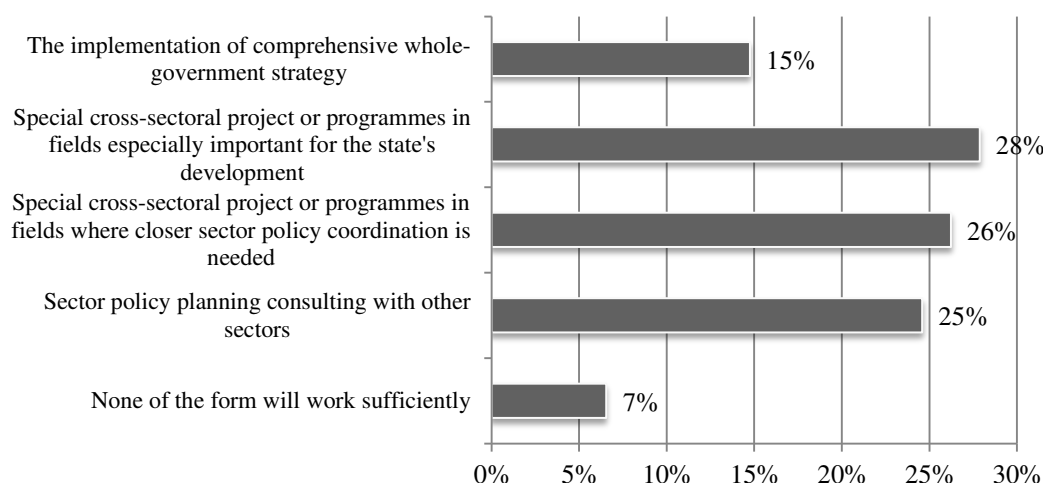
**Fig. 4.** The usefulness of policy coordination instruments

Informal policy coordination instruments seem to be more useful than policy papers and formal procedures. Interestingly, policy papers are evaluated as more useful than the declaration of government (Figure 4).



**Fig. 5.** The aspects that influence the operation (drafting of legislation, budget execution) of the ministry

Moreover, the operation of the ministries depends much more on the minister's political opinion and the topicalities in national and EU level than on the policy papers in force. EU funding planning processes in also a very important aspect as EU funding forms the vast majority of the public investment, whereas policy papers lack direct linkage with the state budget.



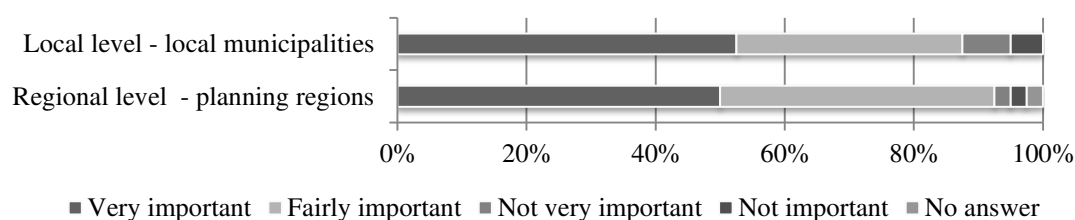
**Fig. 6.** The forms of policy coordination that could be successfully implemented in the coming years

Last but not least, more than a half of the respondents (54%) think that cross-sectoral and multi-level policy coordination should be facilitated by special projects or programmes in particular fields rather than by implementing a comprehensive whole-government strategy (15%). At the same time considerable part of the respondents

(25%) do not believe that a form more complicated than consultations with other ministries could be successfully implemented in the coming years (Figure 6).

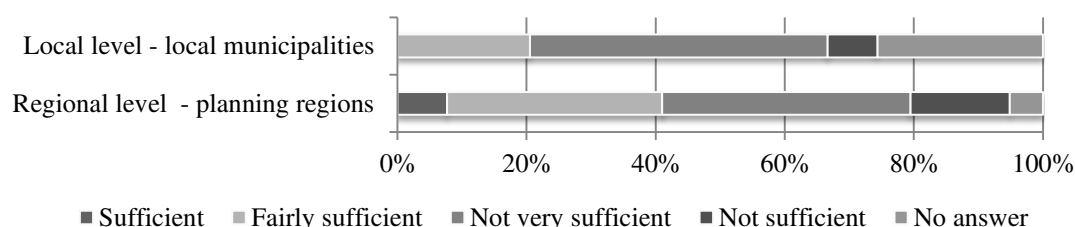
## 4.2. Multi-level policy coordination

The majority of the officials agreed that the involvement of the regional and local level in sector policy planning is very or fairly important (Figure 7). However, currently the importance of regional and local policy documents in sector policy making is rather low. Only 45% of respondents agreed that territorial policy documents have some effect on their sector's policy (Figure 5).



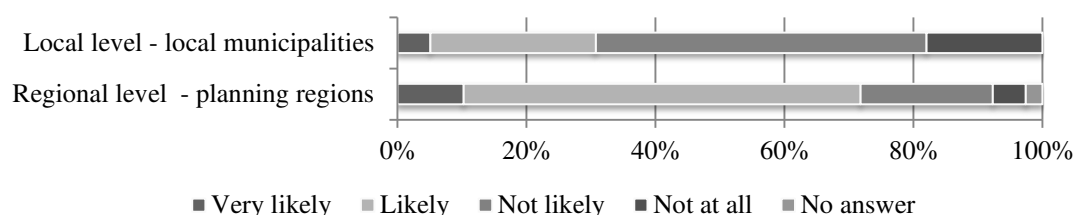
**Fig. 7.** The need to involve regional and local level in policy planning

The gap between the desirable and the actual situation can be explained with the very sceptical attitude towards the capacity of regions and municipalities to make the right decisions for their development. Thus only 21% of the respondents assessed the capacity of local municipalities to participate in sector policy planning as fairly sufficient. The capacity of planning regions was assessed higher – 8% evaluated it as sufficient and 33% as fairly sufficient (Figure 8).



**Fig. 8.** The capacity of the regional and local level to involve in policy planning

Still the majority of the officials (72%) agreed that the decentralisation of policy making to regional level would increase the level of cross-sectoral policy coordination. At the same time the decentralisation to local level is perceived sceptically as the majority of the respondents (69%) do not agree that it would increase the level of sector policy integration.



**Fig. 8.** The likelihood that the decentralisations of the policy making to regional and local level would increase the cross-sector policy coordination



## 5. Conclusions and suggestions

The scientific and administrative discussion regarding policy coordination so far has focused on its formal side – policy documents, regulation and procedures, as well as on the advisory bodies. It has proposed drafting new documents and establishing new organisations. Undoubtedly, it would help to mitigate some of the policy coordination problems.

However, our research shows that informal aspects play even more important role. Therefore in order to raise the capacity of policy coordination we should promote the exchange of experience, shape informal network of officials and introduce rotation of senior staff etc. More emphasis should be put on values that promote serving the collective interests of government, e.g. during the yearly evaluation of the work of officials the opinion of colleagues in related ministries could be taken into account.

As the current level of policy coordination in Latvia is rather low we suggest that Latvia should focus its policy coordination efforts on enhancing policy coordination in particular domains. A limited number of domains to coordinate will increase the probability of success. Thus it could serve as an example of good practise and decrease the scepticism in public administration.

Financial motivation of policy coordination is a crucial precondition as it counteracts distributive interests of sectors. Therefore EU financing could be allocated to cross-sectoral and multi-level programmes or projects which require close cooperation of ministries, planning regions and the municipalities.

The role of planning regions in policy coordination should be strengthened as their planning capacity is assessed much higher than the planning capacity of local municipalities. A further promotion of bottom-up planning approach could be attained through strengthening the role of regional development programmes. A significant part of the EU funds should be allocated to the implementation of these programmes.



This work has been supported by the European Social Fund within the project «Support for the implementation of doctoral studies at Riga Technical University».

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