

# CHALLENGES IN THE COMPARATIVE ANALYSIS OF DEVELOPMENTS OF THE PUBLIC ADMINISTRATIONS – THE CASE OF HUNGARY

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## **Abstract**

*Several reforms were introduced in the Hungarian public administration in the last decade that reshaped both the local and central governance levels. A well-functioning administration with embedded institutions enables the formulation of a competitive environment that favorably effects the country's economic growth. The projects of the reform program are partly financed by the European Union's Cohesion Funds through the Hungarian Public Administration and Civil Service Development Operation Programme. Hungary is committed to attain a good state through good governance and devoted to implement a results-oriented approach in its policy cycles. The international indexes providing comparisons among public administrations of different countries cannot fully and in detail reflect the results and impact of executed projects. As a response to the need for continuous monitoring based on data, the Hungarian Government introduced a unique pilot evidence-based assessment framework connected to the selected projects of the Hungarian Public Administration and Civil Service Development Operation Programme. The institutional framework is provided by the National University of Public Service, utilizing the advantage of its research and professional expertise. The results and impacts are measured and continuously monitored both at project and national levels. The steady monitoring and data gathering provides a good basis for a comprehensive evaluation and further policy-making.*

## **1. Introduction**

As a response to the challenges of the 21<sup>st</sup> century's wicked issues and the financial crisis, the Hungarian Government have introduced several reforms since 2010. The territorial administration was completely restructured. Governmental offices were established in the capital and in the counties. The reform of the local government (2011) included the division of services between the local and central government. Instead of the regions the Hungarian counties became the coordinator of the developmental programs. As a part of the reforms of the human resource management of civil servants, the National University of Public Service was established. The main aim of the Magyar Programme is to develop an efficient public administration in Hungary that is result-oriented, economic, effective, secure, controllable and adaptable. Hungary's Public Administration and Public Service Development Strategy 2014-2020 [1] (was assessed by the OECD [2]) is built on the basis of the Magyar Programme, still emphasizes the importance of enhancing the competitiveness of the Hungarian economy by providing a well-functioning and citizen-centric public administration and increasing the efficiency of public operations.

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According to the Magyar Programme 12.0, introduced in 2012, “a state may be regarded as good if it serves the needs of individuals, communities and businesses in the interest and within the boundaries of the common good<sup>3</sup>, in the best possible way.” [3] Accordingly the Good Government and State Research is also committed to reveal the basis of best forms and tools of governance. As the author, Kiss states: “good public administration is a prerequisite for good governance”. [4]. However, there is no common understanding of what constitutes good public administration. Efficient functioning may be viewed as one of the desired objectives, consumer friendliness and easy availability are other demanded characteristics. The international claim for a transparently and democratically functioning public administration is the 16<sup>th</sup> goal of the Sustainable Development Goals (Agenda 2030): “Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all level.” [5]. If there is no exact definition of what constitutes a good administration then it is difficult to measure, compare and evaluate the different systems, its reforms and developments, even in the member states of the European Union. Nevertheless, digitalization and the introduction of e-governmental developments in the public administration sector are widely discussed issues nowadays. Using the available Cohesion Funds provided by the European Union, Hungary decided to reshape and improve the services and the efficiency of its public administration. An additional program, the Public Administration and Civil Development Operative Programme (PACDOP) has been approved and under implementation.

This paper does not aim to review the extensive literature and methodology of impact assessment (IA), it intends to draw the applied innovative framework and integrate it into a broader context. However, we attempted to discover the borderline between the international comparative indicator systems and the national monitoring evaluating system of public administration developmental programme. We summarized the applicable international indicator systems evaluating the various public administrations.

## **2. The Public Administration and the Civil Development Operative Programme (PACDOP)**

The Europe 2020 [6] was accepted as a comprehensive developmental programme for the European Union for the period of 2014-2020. It emphasises the priorities of sustainability, intelligence and inclusiveness.

As the Seventh Cohesion Report states [7] “high quality institutions can be defined as those which feature an absence of corruption, a workable approach to competition and procurement policy, an effective legal environment, and an independent and efficient judicial system, [...] strong institutional and administrative capacity, reducing the administrative burden and improving the quality of legislation”. The cohesion policy 2014-2020 consists of 11 priorities, the last one among them stresses the importance of improving the efficiency of public administration.

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<sup>3</sup>In this sense “the common good” means that The State creates a lawful and equitable balance between a number of interests and needs, allowing the enforcement of claims and providing protection in this way. The State proceeds with due responsibility in the interest of the protection and preservation of the nation’s natural and cultural heritage. The only self-interest of the State is that it should, under all circumstances, be able to effectively enforce the above two elements of the common good; in other words, the State should create an effective rule of law, and therefore should ensure the functioning of its institutions, and honour and guarantee accountability for maintaining individual and collective rights.” [3]

The Hungarian Government is planning to spend more than 935 million euros<sup>4</sup> through the PACDOP to improve the services provided by the public authorities. Its core objective is to improve the country's competitiveness through a well-functioning public administration. One of its goals is to decrease the administrative burden and increase its efficiency. It is committed to improve the e-governmental systems, information database improvement for local and central governments. Various forms of interventions can be observed such as back office developments, front office improvements, expanding database interoperability etc.

In the reform of the cohesion policy the incorporation of the result-oriented agenda appears as an emphasized principle of the latest planning period. [8] The common evaluation of results is encumbered the fact that there is still a debate about the terms of "outcome" and "impact"[9]. The national monitoring and evaluation system and the international ranking indicator systems can be viewed as supplementary. The first one provides a more detailed, complex, personalised and up to date information source, the second presents the international comparisons. It can draw attention to the best practices that are worth considering to implement.

### 3. International comparisons

Nowadays around 93 different comparative governance indicator system can be distinguished around the world. [10]

Every state has a unique public administration system adopted to local demands and circumstances. However, several international comparison systems try to grasp the similarities of public administration systems and compile a state-based ranking list reflecting their predominant, homogenous premises. Some lists does not rank Hungary making it difficult to compare the Hungarian performance (e.g. WASEDA Ranking 2018 [11])

The United Nations compiles the e-Government Development Index biannually[12]. The main disadvantage of the system is that its detailed methodology is not available to the public, making it difficult for researchers and policy-makers to evaluate its results.

As a consequence of the above-mentioned difficulties, the following internationally measured and published indicators can be selected to make interpretable not only the outcomes and outputs of the implemented projects but even its impact. We are aware of the fact that it is a long and time-consuming task but a well-structured and built framework based on evidences can contribute to an effective and well-formulated impact assessment. Not to mention the real goal of an efficient, well-functioning, citizen-centric public administration.

The implemented development can be divided into two main categories: competitiveness and e-development. A well-functioning public administration improves the competitiveness of a country, as appears in the worldwide competitiveness reports, such as the Global Competitiveness Report published by the World Economic Forum and also in the IMD World Competitiveness Book. The World Bank annually publishes the Report of "Ease of Doing Business" since 2003. It ranks the performance of 190 countries on 10 topics. From our point of view, we should focus on the indicators of the following topics:

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<sup>4</sup> [https://ec.europa.eu/regional\\_policy/en/atlas/programmes/2014-2020/hungary/2014hu05m3op001](https://ec.europa.eu/regional_policy/en/atlas/programmes/2014-2020/hungary/2014hu05m3op001)

- starting a business
- dealing with construction permits
- registering property
- paying taxes

As a response to the increasing importance of e-government, the European Union introduced its own evaluation and ranking system from which we should mention the following indicators:

- indicators from the eGovernment Benchmark
  - user-centricity
  - transparency
  - citizen and business cross-border mobility
  - key enablers
- indicators contained by the Digital Economy and Society Index (DESI)
  - e-government users
  - pre-filled forms
  - online service completion
  - open data

These elements of the measurement system can grasp the main characteristics of the implemented developments of the Hungarian public administration founded by the PACDOP. However, there are some impacts that are out of sight of the previously introduced indicators. Their results are also affected by other circumstances that are out of the monitored projects' scope. The innovative tool introduced in Hungary is described in the following sections, closely connected to the monitoring and reporting phase of the policy cycle. It provides adequate data for the evaluation phase. A well-functioning monitoring and reporting system must be based on evidence and must fulfil the requirement of objectiveness, comprehensiveness and independence.

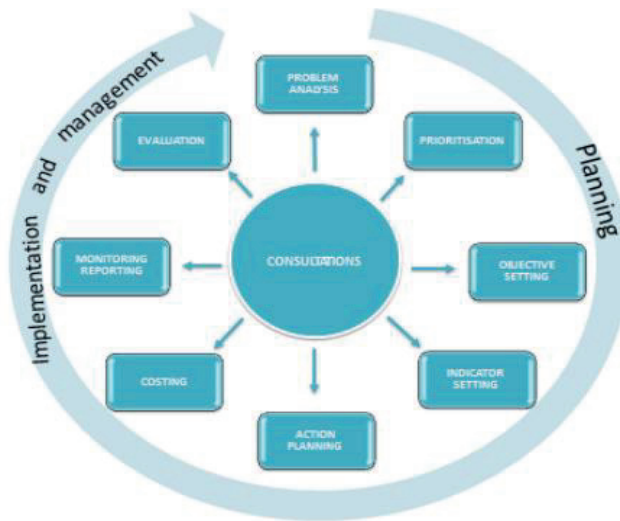


Figure 1. The strategy process phases [13]

## 4. The applied monitoring and reporting system – Pilot in Hungary

### 4.1. An innovative impact assessment tool

The impact assessment (IA) of public policies in a rapidly changing environment is facing challenges of different governance approaches, emerging demand for transparency and deliver more efficiency in public finances, that applies for public reform programmes. The Government of Hungary introduced a unique pilot evidence-based impact assessment framework connected to the developmental projects of the Hungarian Public Administration and Civil Service Development Operation Programme.

As mentioned above the theory of IA is not going to be discussed, however it is important to specify that impact assessments are carried out in almost any area of government interventions, initiatives, or even on any activity of a policy measurement (for example, in order to deal with market failures, or to examine inequalities in society). Developmental impact evaluations slightly differ from traditional impact assessments, especially in EU Cohesion Policy. In general, all interventions aim to develop social indicators, and development policy (actions to develop social indicators) should be less considered a separate public policy, rather a horizontal one, that involves all of them.

This innovative impact assessment tool introduced in Hungary is an ex-post and midterm (ex dure) developmental impact evaluation instrument to evaluate an EU Cohesion funded national operational programme and its individual developmental projects. The results and impacts of the projects are measured and continuously monitored both in project and national levels. The initiative is called the *Good State (and Governance) Indicators System (GSGIS)* and it originates from the

Good Governance Research<sup>5</sup> carried out at the National University of Public Service (NUPS) in Budapest. The incentive is not only a conceptual framework, but an existing practice with an IT monitoring and reporting system, and a university unit carrying out various consultancy and administrative activities.

**4.2. Evaluation methodology and process**

The essence of the incentive is to individually explore all relevant, measurable outputs and expected results that can cause impact in the assessment framework (so called impact matrix) designed for the operational programme and its objectives in order to evaluate impacts on a more general level (see table 1).

The matrix aims to present development results or outputs (contents) in an impact-based structure. The outputs and results identified are measurable, have great importance in the development and in drawing conclusions for the future evaluation and interpretation of its expected (social) impact. This outcome approach overview also shows where, how and what improvements are aimed to be delivered to public administration in which target groups and seeks to find stakeholder benefits as well. Possible measurement points and methods are also identified.

Result and output expected to cause positive social or organizational impact:		Impact dimensions				
		Reducing timescales	Reducing cost	Increasing access to services and procedures, reducing access barriers	Increasing service and procedure development related enabling and competence building	Increasing satisfaction and/or consumption
Target groups	Citizens					
	Businesses					
	Public bodies – public administration					
	My organization					

**Table 1. Impact matrix exploring expected outputs and results on project level**

<sup>5</sup> The Good Governance Research is a flagship research focusing on developing and measuring state effectiveness and efficiency indicators related to state capacities and governance capabilities. This innovative work resulted in a unique governance performance measurement framework and the annually published (since 2015) Good State and Governance Report [14]. The Report was not created with the aim of repeating and adhering to the normative perspective of international rankings and the competitive and comparative approach. Instead, it is built upon the approach taken by international evaluations of performance, whereby government performance is inseparable from the given country’s socio-economic position, as well as its special attributes and problems. Therefore, it is able to provide a reliable benchmark for the comprehensive measurement of government performance. It intends to be a tool supporting the governmental decision-making. For this reason, its primary target audiences are the policy actors and public bodies. The aim is to broaden and deepen the research’s in-depth analysis of international methodologies, enhancing the corporate and territorial dimensions, and make data and analysis available online. Further purpose is to get acquainted with user feedbacks, and gain detailed knowledge about similar international practices in order to channel and embed them into the research.

In the matrix, the impact dimensions in each columns refer to different aspects of expected developmental project impacts based on public administration and operational program strategies and policy papers (reducing timescales and cost, increasing accessibility, increasing level of service, and increasing satisfaction). In the rows four impact target groups are highlighted for future analysis (citizens, businesses, public bodies – public administration, project recipient organization).

The matrix step is followed by the methodology development that aims at designing measurement methods and process fulfilling the criteria for being appropriate, valid, reliable and possibly inextricably linked to the goals, strategy and quality management of the project recipient organisation. Based on the completed matrix after a series of consultations an agreement is made on the measurements, on the indicators to be measured and on the methodology of the way to measure them among the recipient, the sponsor and the external (methodology) consultant.

Another key specificity of the methodology is target commitment which means that all developmental project recipient shall set proportionate and realistic targets to achieve for their performance measurements. This is where the preparatory phase of the process ends.

After the measurement methods comes the implementation phase. Recipient projects are responsible for measurement management and data presentation, that is supervised during the monitoring process. Since implementations often face the challenges of change management, measurement monitoring require to react with a decent flexibility to deadlines and indicator methodology as well. Therefore, an online monitoring IT system has been designed to track monitoring process, record measurement results and provide reports. It also supports the management of modification requests, external and internal task management, regular data presentations and executive information demands.

The final stage of the impact assessment method is the processing of received data, individual and aggregated evaluation of the measured results and inclusion of policy and national opinion surveys.

## 5. Conclusions

The operation programmes, as well as international and national strategies, aim to develop social, economic and administrative subsystems that are not project-level targets. The objectives of the public service development operational programme are implemented by public service organizations in the form of particular projects. The interventions of the not so numerous 50 projects set tasks and targets in order to achieve several goals. The common objective is to increase competitiveness of the country by spending less time on administration and shortening legal procedures.

The innovative measurement incentive, the system of the Good State (and Governance) Indicators is both a developmental impact assessment system and a performance monitoring system at the same time, in some aspects closer to the first, and in other aspects to the second.

It is important to distinguish impact assessments from (cost-)efficiency measurements. Good State Indicators do not primarily measure efficiency but impact of the project results, where outputs and inputs could be separately examined. There are limits to measuring efficiency because of the following constraints:

- Efficiency measurement is based on the direct relation between outcomes and inputs. How results and outcomes are generated from inputs and what factors contribute or hinder the outcomes requires separate analysis.
- Process constraints lead to numerous items being excluded from the outcomes/inputs quotient, like unintended outcomes and unexpected additional costs.
- Efficiency evaluation often requires comparative information and benchmark: what could have been developed with the same cost, or how much spending would have led to the same outcome.
- Despite the number of developmental projects is limited to approx. 50, the heterogeneity of their developments, their preparedness to develop and evaluate often cause difficulties to assessment process.
- Impact and benefit evaluation of developments require defining timescales and rate of returns, that could face several challenges in public sector. Like legal and institutional environment, parallel developments strengthening or weakening each other.

In conclusion, the incentive is a gap filler tool to ex-post and midterm evaluations and impact assessments. It enables deeper exploration of intended impacts of developmental projects and programmes in the public sector. It also provides information whether these developments make a significant contribution to the reduction of administrative burdens, to digital transformation of governance and to the competitiveness of the economy by increasing the Hungarian and European competitiveness and growth. It supplements the international indicator systems providing a more detailed impression of the implemented developmental project and their impacts.

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