



# SGI

Sustainable  
Governance  
Indicators

## 2014 Implementation Report

Government Efficiency, Ministerial Compliance, Monitoring  
Ministries, Monitoring Agencies and Bureaucracies, Task  
Funding, Constitutional Discretion, National Standards





## Indicator

## Government Efficiency

## Question

To what extent can the government achieve its own policy objectives?

41 OECD and EU countries are sorted according to their performance on a scale from 10 (best) to 1 (lowest). This scale is tied to four qualitative evaluation levels.

- 10-9 = The government can largely implement its own policy objectives.
- 8-6 = The government is partly successful in implementing its policy objectives or can implement some of its policy objectives.
- 5-3 = The government partly fails to implement its objectives or fails to implement several policy objectives.
- 2-1 = The government largely fails to implement its policy objectives.

### Estonia

## Score 9

The Action Program of the Government 2011 – 2015 was drafted in order to implement the coalition agreement. The program is updated annually. Once initial goals have been met, follow-up actions required to fulfill the coalition's objectives are added to the program. In order to assess performance, seven priority areas covering 55 objectives in 18 different fields of policy have been set. There are benchmarks defined for each priority area.

Two different bodies, the government itself and independent experts, monitor the program and assess the government's performance in implementing it. The government runs an interactive Web tool where anyone can check the implementation status of the program. And in 2012, an independent think tank, Praxis, with financial support of the Open Estonian Foundation, launched another interactive Web tool to assess the government's performance in carrying out the program. According to the experts, in two years the government accomplished 61 tasks, 331 are in progress and 27 are not started. According to the government's assessment, in two years 58 tasks were accomplished, 37 were delayed, and the majority were in progress. In total, there are 539 benchmarks in the Action Program which makes it hard to get a overall picture. Yet, it is clear that current Hendrik administration is very much performance-oriented.

## Citation:

Government Watch website <http://valvurid.err.ee/filters#about,,,VXBkYXRl>,

Government's official website, impenetation of the Action program <http://www.valitsus.ee/et/valitsus/tegevusprogramm/tegevusprogrammi-ta-itmine>



## Finland

### Score 9

Given that Finland during the review period is governed by a broad-based coalition government that commands a decisive majorities in parliament, the political conditions for satisfactory implementation of government plans are good. The implementation plan for the government program of Prime Minister Katainen was adopted in October 2011; the outcome from a review session, in February 2013, was that approximately 80% of the measures outlined in the program had been undertaken successfully or were about to be accomplished. However, the review also indicated shortcomings in several interrelated areas, including economic growth, employment and foreign trade, as well as municipal finance. In fact, the largest and most difficult program issues still remain unsolved. The economic global crisis has of course hampered the Cabinet's efforts regarding the economy, but the remaining difficulties are also partly because of internal tensions in government, the broad-based nature of which, due to ideological conflicts, may prove a curse as well as a blessing.

Citation:  
Hufvudstadsbladet March 1, 2013

## Latvia

### Score 9

The government has a good track record in achieving its own policy objectives. In issue areas considered by the government as high priority for Latvia – particularly in the areas of economic recovery, meeting Maastricht criteria in order to achieve euro adoption in 2014, budget reform and fiscal discipline – government performance can be considered excellent.

Second-tier policy objectives, as outlined in the Government Declaration of 2011 but not emphasized in the government's own reporting to parliament, show mixed results. For example, despite the fact that the Government Declaration leads with education reform, no significant progress toward outlined policy objectives can be identified. The prime minister's annual reports to the Saeima in 2012 and 2013 do not mention any education policy achievements. Opposition to the implementation of education policy objectives has been strong not only on the part stakeholder groups and opposition parties, but also from the government coalition parties' own parliamentarians.

The PKC monitors progress with respect to Government Declaration goals on an annual basis, providing a report to the prime minister. In 2012, the PKC reported mixed achievements, with some issue areas showing a 100% fulfillment rate, while others stood at 0%.



## Citation:

1. Dombrovskis, V. (2012), Prime Minister's Report to the Parliament on the Government Achievements and Planned Activities, Available at (in Latvian): [http://titania.saeima.lv/LIVS11/saeimalivs\\_imp.nsf/0/D694F8C875FD4B47C22579F30041105F?OpenDocument](http://titania.saeima.lv/LIVS11/saeimalivs_imp.nsf/0/D694F8C875FD4B47C22579F30041105F?OpenDocument), Last assessed: 21.05.2013.
2. Dombrovskis, V. (2013), Prime Minister's Report to the Parliament on the Government Achievements and Planned Activities, Available at (In Latvian): <http://www.lvportals.lv/viedokli.php?id=254542>, Last assessed: 21.05.2013
3. Declaration on the Cabinet of Ministers', led by Valdis Dombrovskis, Planned Activities (2013), Available at (in Latvian): <http://www.mk.gov.lv/lv/mk/darbibu-reglamentejosie-dokumenti/valdibasdek/>, Last assessed: 21.05.2013.

## Norway

### Score 9

Governments during the period under review have held parliamentary majorities and had no external constraint on the implementation of policies. The government can rely on a large, well-trained and capable bureaucracy to implement its policies. Any shortcomings in implementation have been the result of a lack of political willingness rather than a lack of government capacity. The potential for conflict between the three parties in government has represented one possible impediment to government efficiency, but collaboration between the three parties is in fact generally good. The main dimension of contention within the government has been foreign policy, as the Socialist Left Party is highly critical of Norway's participation in NATO's Afghanistan operation. However, it has lacked the ability to stop that participation. The domestic terrorist attacks of July 22 revealed serious shortcomings in efficiency, but these shortcomings were due to inertia rather than to problems of cooperation.

## Switzerland

### Score 9

The Swiss polity contains many different potential veto points, including political parties, cantons that have veto power in the second chamber, and interest groups with the power to trigger a referendum. Thus, the government has to hammer out compromises carefully when drafting legislation. This is done in the pre-parliamentary stage of legislation. Once a bill is introduced into parliament, many of the necessary compromises have already been reached. For this reason, a substantial number of bills are passed in parliament without being modified.



## United Kingdom

### Score 9

The United Kingdom's political system is highly centralized; there are no discernible "veto players" who could challenge or undermine the central government in achieving its core policy objectives. There has been only limited decentralization since the devolution of certain powers to Scotland, Wales and Northern Ireland, and there is no written constitution and no constitutional court able to directly and effectively challenge government decisions. However, there is provision for judicial review, something the government is currently trying to limit because it has been used much more extensively in recent years. In the past, problems in achieving policy objectives have mainly arisen through intra-party disunity and parliamentary party rebellions. The historically new challenge for the Cameron government has been to enable a coalition government to cooperate smoothly, and through a variety of formal and informal mechanisms this has so far been quite successful. Coalition frictions have resulted in certain plans being disrupted, notably around various constitutional reforms. The issue of European integration has also been problematic, with pressures inside the Conservative party forcing the prime minister to announce an in/out EU referendum after the next general election, and recent demands for it to take place even sooner. To what extent this will ultimately force the prime minister to change course remains to be seen.

## Canada

### Score 8

In June 2011, the federal government used its Speech from the Throne to outline its objectives for its new mandate. These included implementing the next phase of Canada's Economic Action Plan, with a continued focus on jobs, growth and balancing the federal budget. Other objectives included investing in the country's universal health-care system, supporting communities and families, defending the rights of law-abiding citizens, and promoting Canadian values and interests at home and abroad. The ability of the federal government to implement its policy objectives has increased. The transition from a minority government to a majority government means that there are fewer, if any, constraints on the government's ability to pass legislation. Compromises on policy objectives with other political parties are no longer needed. In addition, with the improved state of the country's economy, government revenues have risen, providing financial resources to address policy goals.

Nevertheless, some constraints on implementing policy objectives still exist. Many social problems targeted by public policy are in fact complex social phenomena that are only partly amenable to public policy action. For



example, the government is seeking to reduce the gap in education attainments between aboriginals and non-aboriginals. However, the government's attempt to improve educational quality on First Nation reserves has not been successful for a number of reasons, including resistance to changes in existing governance structures by First Nations.

In addition, many of the programs funded by Canada's federal government – among others, health care, post-secondary education, social services and the integration of new Canadians– are implemented by provincial governments, thus requiring provincial cooperation in order to attain federal policy objectives. For example, the March 2013 federal budget announced the Canada Job Grant, with the aim of increase the number of employer-led training opportunities. However, the operation of this program requires participation by provincial governments, and not all provinces have announced that they are willing to cooperate.

Various reports from the Office of the Auditor General provide many examples of the government's failure to implement its own policy programs. The latest (2013) report is no exception. The Parliamentary Budget Officer, established by the federal Accountability Act in 2006, has also documented many examples of failed government policy, the most egregious being the cost overruns on the F-15 fighter jet. In large measure because of his criticisms of government policy, Kevin Page, the first parliament budget officer, was not reappointed once his five-year term was completed.

Citation:

2013 Spring Report of the Auditor General of Canada. Chapter 1 (Status Report on Evaluating the Effectiveness of Programs)

## Denmark

### Score 8

The governments during the period under review have been minority governments. They have therefore had to seek parliamentary support for their policies from other parties. The previous Liberal-Conservative government of Lars Løkke Rasmussen lost the elections in September 2011 to a coalition of the Social Democratic Party, the Social Liberal Party and the Socialist People's Party, the latter for the first time taking part in a government. The new government is headed by the first woman prime minister, Helle Thorning-Schmidt (Soc. Dem.).

The new government has had to deal with the fallout from the economic crisis, and its support has been declining since it was elected. It has launched several initiatives to cope with the crisis, most recently the so-called growth plan. The government has succeeded getting a few important structural reforms through, one concerning study grants (SU) and another



concerning welfare support (kontanthjælp). Vivid debate on whether the government has deviated from its election platform, especially its shortening of unemployment benefit duration, has been in focus. The government's plan to create room for welfare improvements via tripartite negotiations to increase working hours has failed, and instead focus has shifted to improving efficiency in welfare service provision.

Danish government administration is reasonably good at implementation. It is important to point out that local governments carry out a large part of implementation, as Denmark is a relatively decentralized state. Decentralized units provide much of the services of the welfare state, and the intention is actually to allow some geographical variation. But through stipulations in framework laws and budget constraints, the government is quite successful in steering agencies and administrative bodies even if they are not in a direct hierarchical relationship with the central government.

In recent years, however, tensions have developed between the municipalities and the government/political system. Specifically, tensions have resulted when policymakers at the national level have not accepted the choices made by local governments, and thus attempted to control their actions via rules and regulations. More recently, the difficult financial situation in most municipalities, and the need to coordinate local needs with national budget issues, have caused tension.

A major structural reform effective in 2007 changed the structure of the public sector. Counties were replaced with regions that were mainly responsible for health care provisions, and municipalities merged into larger units (now a total of 98).

Citation:

Jørgen Grønnegård Christensen et al., Politik og forvaltning, 2011, chapter 2.

## Netherlands

### Score 8

Policy effectiveness and efficiency are hard for the government to measure and judge. In its overall assessment of government performance, the General Audit Chamber still finds most departmental reports inadequate in terms of policy effectiveness and efficient monetary expenditure. This is especially true for progress made in cutback policies and information and communication technology applications. Government frequently formulates broader or more far-reaching policy goals than are actually pursued in practice. National government decentralizes a lot of tasks to subnational governments, which makes government and administrative responsibilities



more fuzzy, and policy performance harder to evaluate. Given the fragmented and certainly incomplete overall picture, with partial successes here and partial or outright failures there, government efficiency may still be considered mostly adequate.

## New Zealand

### Score 8

Throughout the review period, National Party-led governments held minority status. This implies that the government has had to anticipate the policy preferences of other parties in Parliament and has had to seek legislative support on an issue-by-issue basis. Nevertheless, minority-coalition governments have been relatively successful in implementing their agendas. The current National Party government identified its midterm priorities, including: to build a more competitive and stronger economy; to responsively manage the government's finances and return to surplus in 2014/15; to build better public services on which all New Zealanders rely; and to rebuild the Christchurch and Canterbury economy.

Although it is too early to comment definitively, the government is making progress toward these objectives.

Citation:

Statement of Intent 2012-2016 (Wellington: Department of the Prime Minister and Cabinet 2012).

Statement of Intent 2012-2016 (Wellington: State Services Commission 2012).

## Poland

### Score 8

The second Tusk government started with an ambitious reform program and has succeed in implementing major and politically difficult reform projects, such as an increase in the retirement age, a reduction to the fiscal deficit and the deregulation of professions. Tusk has also largely implemented the reforms to higher education that were initiated during his government's first term. Tusk has been also largely successful in closing ranks within his cabinet and has managed to garner the support of parties outside the governing coalition, such as the Democratic Left Alliance (SLD) on the left and Poland Comes First (PJN) on the right, in the case of uncertain majorities. The two main goals the government has however failed to meet are to secure a lasting fiscal consolidation and a reduction in unemployment numbers.



## Sweden

### Score 8

The implementation capacity of the Swedish government is strong. The 380 executive agencies are the key actors in the implementation of policy. Yet like the challenge of efficient policy coordination, policy implementation is also a challenge under the restrictions of new governance forms. The relationship between the government and the agencies is no longer a strict command and control pattern. As the agencies are partially included in policy preparation, implementation becomes more difficult to control from the government.

To some extent, and with considerable variation among policy sectors or even specific issues, agencies provide informal advice to government on policy design. This arrangement means that agencies are involved in shaping the policies they will later implement. This arrangement obviously increases the agencies' commitment to policy, but at the same time it complicates the implementation process.

Citation:

Premfors, R. and G. Sundström (2007), *Regeringskansliet* (Malmö: Liber).

## Turkey

### Score 8

After having overcome the influence of relevant veto players (primarily the Turkish Armed Forces and the Constitutional Court), the governing Justice and Development Party (AKP) has solidified its position and is well-placed to enact its policy objectives. AKP government goals include: economic welfare (extending foreign trade relations, increasing foreign direct investments); social inclusion (reforming the social insurance system, legalizing currently illegal housing in the suburbs); intra-societal peace and stability (strengthening the Sunni Islam identity, solving the Kurdish issue); limiting the political powers of the military and the judiciary; and implementing foreign policy goals (establishing Turkey as a conflict mediator). EU accession also officially remains an important goal.

The AKP won parliamentary elections in 2011 for the third time in a row with an absolute majority (49.8%). Due to the party's legislative dominance as well as the election of Abdullah Gül as president in August 2007 (the president approves legislation adopted in parliament), the incumbent government was able to achieve most of its policy objectives.

However, the government's performance is mixed at best on foreign and security policy, on education policy and on unemployment and social housing issues, despite alleged success stories from TOKI, the Housing Development Agency of Turkey.



Citation:

Erdal Tanas Karagöl, Ak Parti Dönemi Türkiye Ekonomisi, Seta, 2013.

[http://file.setav.org/Files/Pdf/20130304144535\\_ak\\_parti\\_donemi\\_turkiye\\_ekonomisi\\_web.pdf](http://file.setav.org/Files/Pdf/20130304144535_ak_parti_donemi_turkiye_ekonomisi_web.pdf)

## Australia

### Score 7

Following the federal election in August 2010, Labor was only able to form a government with the support of several independent members of parliament and was a minority government for the entire review period. Combined with its lack of a majority in the upper house, this hampered the government's ability to implement its policy agenda, and also required it to agree to implement some policies sought by independents and members of the Green Party. Most electorally costly was that it introduced a carbon tax in July 2012, the Green Party's preferred option, instead of its planned emissions trading scheme. Given such barriers, the government has been surprisingly successful in implementing its policy agenda, passing a comparable amount of legislation to that achieved by the Howard Coalition Party in its last term in office, when it held substantial majorities in both houses of Parliament. This has included passing legislation for the National Disability Insurance Scheme and the Minerals Resource Rent Tax (albeit in modified form to that originally intended), and making significant progress towards education reform and expansion of school funding. However, the Labor government has been unable to create a fund for future generations. Rather than taxing the mining companies more heavily as recommended by the OECD, the Gillard government refrained from taxing the windfall profits of mining companies and adhered to policies similar to those implemented by previous, conservative governments.

## Austria

### Score 7

The evaluation of policy success in Austria strongly reflects the reality of coalition governments. Following the formation of a government, coalition parties agree on policy priorities. Implementation success is used as a vehicle to promote party agendas, rather than the government overall, while each coalition party typically blames the other in cases of failure. This can be regarded as a kind of oppositional behavior within the government: One party acts almost like an opposition regarding the agenda of the other party.

This said, if the coalition partners agree on a policy, it is most likely to be adopted, given the high degree of party discipline in parliament and the limited influence of the second chamber.



## Belgium

### Score 7

The press called Belgium a “paralyzed” country during its political crisis, a period after the 2010 legislative elections that did not see a government formed for one-and-a-half years. In reality, Belgium used that period to address several issues that had been in deadlock for decades, and curiously, is now in better shape than it was before the crisis.

The reason for the significant delay in government formation is twofold. First, the Flemish Liberals and Democrats (VLD), a center-right party and one of the main coalition partners of the previous government, withdrew its confidence in the government because of lack of institutional and structural reforms. The party intended to grab the opportunity to increase its seat share in Parliament. The outcome was however the opposite. The second reason for the deadlock was a huge surge in the seat share of the New Flemish Alliance (N-VA), a center-right separatist party, which obtained 17.4% of parliamentary seats, while the VLD obtained only half of this.

The N-VA refused to compromise on its program when joining the governing coalition, and the party was at the same time indispensable in forming any coalition. Eventually, after 18 months of negotiations, a grand coalition was formed, composed of the Socialists (center-left), Christian Democrats (centrist conservative), and Liberals (center-right). The opposition consists almost only of Green parties and nationalist parties.

To form the coalition and mute N-VA criticism, the pre-government agreement had to be extremely far reaching. Pensions were cut. Early retirement was reduced. Immigration policy was toughened. Institutional reforms had to be implemented. Healthcare deficits had to be reduced. Financial pressure on the Belgian public debt forced a number of tax hikes and spending cuts. The interest rate on the Belgian public debt is now extremely low.

While the previous government had both ambitious and unrealistic objectives of improving a number of issues, the present government was forced to propose both precise and more realistic objectives. It was constrained in its ambitions by the simultaneity of historical, political and economic crises.

The government agreement is consequently extremely detailed, and modest in the sense that it mostly targets immediate issues such as reducing the budget deficit and addressing institutional deadlocks that only concern a few thousand citizens around Brussels. The government agreement addresses the following key items:



The first point calls for “restoring popular trust in the political system,” a direct response to the huge delay in government formation. The outcome of this goal is mixed. On the one hand, the government has shown it can act and tackle long-standing issues. On the other hand, most of the action is cutting deficits, admitting that politicians cannot reverse the flow of the economic crisis, containing the rise in unemployment, expelling immigrants, and so on. In other words, like all other European governments, the Belgian government cannot do anything grandiose that would restore popular pride in its political class, and opposition parties have thus an easy path to launch populist campaigns.

The second issue is rearranging electoral districts around Brussels. The boundaries of these districts that cross “linguistic borders” were one of the main reasons for the fall of the previous government. Even though the issue has effectively been solved, few seem to think it is a significant achievement, and crisis between the French and Flemish parts of the country have not abated.

The third and fourth issues deal with power devolution to the regions, a policy which de facto significantly reduces the role of the central government. The government has moved fast and correctly on this objective, but its long-term consequences remain unclear, especially as the central government may not have sufficient finances to fulfill its role without becoming a hostage of regional demands. It is also not clear whether Wallonia or the Brussels region will be sufficiently financed. Flanders’ state budget in contrast is bound to become less constrained in the medium-term. Most importantly, it is doubtful that this reform will reinforce institutional stability in the long run.

The fifth issue concerns deficit reduction. As the aftermath of the economic crisis is more serious than was forecast in 2011, the idea of following a year-to-year economic plan was illusory. That said Belgium is among the best European performers in terms of deficit reduction, with a reservation that the government lacks a long-term strategic plan for deficit containment. The country’s growth however is much less impressive.

The sixth issue concerns crucial socioeconomic reforms addressing issues with labor policy, pensions, healthcare, structural inflation, enterprise creation, immigration and justice. Many reforms are being implemented to reinforce market competition in the energy and telephone markets, with the objective of containing structural inflation. Targeted measures have been taken to improve Belgian labor costs and prevent pension costs from ballooning in the near future, but the government has still failed to engage in broad reforms that would improve the country’s long-term economic prospects.



## Germany

### Score 7

The CDU/CSU-FDP government's time in office was overshadowed by the financial crisis, disagreement within the coalition with respect to overarching strategy, and the realities of limited maneuvering room. Because the federal-state governments directly participate in federal-level decisions, and because judiciary and the growing importance of the European level create significant veto points, the central government's policy flexibility is greatly circumscribed. A comparison between the pledges contained in the government's coalition agreement and the achievements actually realized by the end of the review period reveals mixed achievements (cf. Coalition Agreement 2009). A major tax reform failed to materialize (at least partly because the opposition parties blocked it in the Bundesrat), but a tax simplification act was enacted in 2011 that reduced red tape within the tax system. Some liberalization steps envisaged in the coalition agreement were achieved, such as the deregulation of long-distance bus service, which overcame a market-entry barrier dating back to the 1930s. Nevertheless, the government proved split on several topics. The publicly perceived rivalry between the coalition partners was particularly manifest in the first half of the legislative period, with some improvement evident in the second half.

The government did fail to deliver on several long-term policy agreements. The coalition agreement promised further investment in education, but this project was delayed and ultimately abandoned in 2012, due to difficulties securing financing and projected difficulties in implementation. The government did achieve its objective of budget consolidation, even reaching a structural surplus in 2013, although the favorable economic environment (particularly low interest rates) certainly helped.

## Ireland

### Score 7

The coalition government formed in 2011 agreed a program called Government for National Recovery 2011-2016. This set out a legislative program and goals for economic management. The latter was very constrained by the agreement with the Troika.

The two progress reports that have since been published presented favorable views of the achievements of government during its first two years in office. However, close reading of the reports reveals that much of the reported progress represents initial steps, such as the publication of bills and plans, rather than final outcomes.



The process of reviewing the program for government is nonetheless commendable. Later evaluations will provide a clearer picture of how much of the legislative program is likely to be accomplished during the life of the present government.

There is little doubt though that because of the crisis the government has stepped up the volume of its activities during its first two years. One (admittedly crude) way to measure this is the sheer amount of legislation being passed. For example, the Programme for Government's 2013 annual report states that 57 new pieces of legislation were enacted in the last 12 months (and lists these acts in an appendix.) To put this in context, the average number of bills passed in a year from 1959 to 2008 has been calculated at 37. To accomplish all this activity, parliamentarians are taking fewer holidays and the numbers of days that the Dáil is in session have been increased by 20-30%.

Citation:

The Review of the Programme for Government is available at:

[http://www.taoiseach.gov.ie/eng/Publications/Publications\\_Archive/Publications\\_2011/PfG\\_Progress\\_Report\\_March\\_2012.pdf](http://www.taoiseach.gov.ie/eng/Publications/Publications_Archive/Publications_2011/PfG_Progress_Report_March_2012.pdf)

Michael Gallagher (2010), 'The Oireachtas', chpt 7 of John Coakley and Michael Gallagher (eds), *Politics in the Republic of Ireland*. London: Routledge and PSAI Press.

## Israel

### Score 7

As part of administrative reforms during the period and in accordance with government decision 4085, the Israeli government launched a new website to publish information regarding measurable policy goals for government line ministries. However as previous audits are not published, it is difficult to determine whether goals have indeed been achieved. The independent group HaSadna Le-Yeda Tziburi also looked into whether progress toward goals was indeed being made, yet the government did not provide the group with complete information to assist in its assessment. A similar situation exists for the main policy goals as outlined in the Trajtenberg Committee report.

The Israeli central bank published a positive report that reviewed government policy achievements in 2012, based on a detailed plan for 2008 – 2010. The report said the Israeli government performed fairly well in most economic criteria such as inflation, unemployment and crisis aversion; yet it was not able to control the growing state deficit, which resulted in an increase in taxes. Furthermore, the report stated that progress has been made regarding social economic problems that were outlined as part of the Trajtenberg Committee, including diminishing the gaps in income along social lines. The goal of bringing more Arab women into the workforce however has not yet been achieved.



While the Israeli government has been modestly efficient in achieving its policy goals, it has done so through resorting to a highly disputed emergency practice that was originally crafted to help achieve economic goals (Hok Ha-Hesderim, or the Arrangements Law) instead of through regular legislation.

Citation:

"Book of working plans 2012," PMO website (March 2012) (Hebrew)

"Hok Ha-Hesderim," The Knesset website (Hebrew)

"aspects of planning, measurements and control in government proposals brought to government's discussion, September 2008 (Hebrew)

Ozry, Ram, "Government achieves its goals in the social-economic field - aside from employment of arab women," TheMarker website 16.4.2012 (Hebrew)

"Deputy chancellor of the Bank of Israel, Dr. Karnit Flug, in the agenda forum meeting: where are we in achieving social-economic government goals?," Bank of Israel website 16.4.2012 (Hebrew)

"Bank of Israel: 2012 report" (March 2013), Bank of Israel website (Hebrew)

Trachtenberg report website (Hebrew)

## Italy

### Score 7

The main priority of the Monti government was overcoming the extremely difficult situation in Autumn 2011 when the sustainability of Italian sovereign debt was under threat and the permanence of Italy in the eurozone was being doubted. It can be said that the government was largely successful in the implementation of its main task, restoring confidence and credibility. European and international confidence in the ability of the government to face these problems was quickly restored. This was done thanks to the swift adoption and implementation of a number of strong measures, such as the pension reform, the reintroduction of the house tax, and other public expenditure-controlling provisions.

The government's success was less clear in other fields, such as the labor market reform, liberalizations (where, however, it was able to separate the oil giant ENI from its gas infrastructure subsidiary SNAM), reduction of the costs of political life and the fight against corruption. It must be said that failures in these fields were mainly due to resistance from the parties supporting the majority at parliamentary level. But one should never forget that the Monti government had limited political autonomy as it could not touch the political system, but "merely" steer Italy clear of a default.

## Japan

### Score 7

The DPJ promised in 2009 to redirect a substantial portion of the public budget by spending less on public construction projects and instead making more money available to various groups of citizens including families (a policy dubbed "investing in people rather than concrete"). Eventually,



however, the new government had to scale back its planned policy programs due to a lack of funds. The loss of the government majority in the upper house in 2010 further complicated matters, ultimately making it difficult to pass any substantive reform. However, a bipartisan parliament agreement to raise the consumption tax in two steps, reaching 10% by 2015, was realized in 2012.

The new LDP-led government achieved a singular policy success during its first weeks in office through the initiation of an extremely loose monetary policy, with the support of the Bank of Japan.

## Lithuania

### Score 7

During the fast process of transition and accession to the European Union, Lithuanian governments' narrow focus on this task produced a lag in policy implementation. The performance of the Kubilius government in terms of implementing its policy priorities was mixed. Although its policy of fiscal consolidation represented one important success, few major structural reforms occurred in Lithuania during the 2008 – 2012 period, with the exception of a higher-education reform and a restructuring of the energy sector. Coalition politics, disagreements between different power centers, resistance from interest groups, and a mismatch between government priorities and the allocation of resources during the budgeting process largely explain the failure to implement key policy objectives.

#### Citation:

Vitalis Nakrošis, Ramūnas Vilpišauskas and Vytautas Kuokštis: Fiscal consolidation in Lithuania in the period 2008-2012: from grand ambitions to hectic firefighting.

## Luxembourg

### Score 7

In general, the government can implement its policy objectives, usually outlined in electoral promises or coalition government programs. This might take longer than planned, given that a policy based on maximum consensus is often cumbersome. But projects are sometimes not only slowed down but delayed indefinitely, especially when powerful lobbies are involved. This is particularly the case for major infrastructural or zoning projects, such as a tramway system for the city of Luxembourg, which has been under discussion since the 1990s. A law proposal that was already very far advanced was postponed before the 1999 election, as the Christian democrats were afraid of the reactions of some local business lobbies. Since then, different variants have been discussed, studies have been carried out and it has been decided to go ahead with the tram in principle.



Citation:

<http://www.wort.lu/fr/view/un-tram-a-luxembourg-en-2017-4feadec6e4b026f9aa61740e>

## Slovakia

### Score 7

The Radičová and the Fico government have differed with regard to the specification and implementation of their objectives. The Radičová government was in office only very shortly and ended prematurely. Therefore, the possibility of implementation was limited. However, most approved projects and laws could be implemented. This especially applies to the major policy priorities of the government such as judicial reform and the increase of transparency in public administration, which were publicized in a detailed way in the government manifesto. By contrast, the government manifesto of the Fico government has been very vague, so that it is difficult to define clear benchmarks and to assess policy implementation.

## Bulgaria

### Score 6

In general, Bulgarian governments avoid setting publicly visible policy performance benchmarks. The two main exceptions are the area of macroeconomic policy, especially the budget, and compliance with high-profile requirements of EU membership. As for the budget, the GERB government largely met its objectives. Its ability to maintain fiscal discipline was all the more impressive given that it operated in a global economic crisis. In 2009, when the government came into office, the budget had a deficit of 4.3%, mainly due to the impact of the crisis, but by 2012 the deficit had been reduced to 0.8%. With respect to the policies related to EU membership, the GERB government failed to achieve one of its key objectives – that of gaining entry into the Schengen Area – but it made considerable progress in achieving the more important objective of improving the absorption of EU structural and agricultural funds. More recently, Bulgarian civil society actors have started to strictly record the policy objectives of the government and to monitor their achievement. It remains to be seen whether these activities will force future governments to make clear and measurable policy commitments and pressure them to genuinely try to meet these goals.

## Chile

### Score 6

Implementation performance varies widely, ranging from excellent in areas where benchmarks and oversight mechanisms are strictly enforced (i.e., the general government budget) to awful in less rigidly monitored areas (i.e., implementation of some sectoral reforms such as Transantiago, the Santiago



transport system). The former government of Michelle Bachelet failed, for example, to implement the reform of the public education system and the current government of Sebastián Piñera did not follow through policies in the field of crime reduction and public safety.

## Iceland

### Score 6

As a rule, because of the strong position of the executive branch with respect to the legislative branch, bills envisaged or proposed by the government in parliament rarely fail to be approved. Thus, the government has substantial influence, and achieves almost all of its policy objectives.

However, there are some recent examples of government failure in this regard. First, in 2009 and again in 2011, decisions by the Althing were overturned by the public in national referenda. On both occasions, the issue was a bill on Icelandic state guarantees for the so-called Icesave debt to Great Britain and Netherlands. The constitution grants the president of Iceland the right to refuse to ratify laws, thereby referring them to a national referendum. In the summer and autumn of 2009 and 2010, and after serious difficulties in winning Left-Green Movement support for the initial Icesave bill, the government finally managed to get the bill approved in parliament by a slender margin. The president refused to sign in this case, claiming that the people had the right to settle the matter. In a referendum in March 2010, the Icesave debt law was overwhelmingly rejected, partly because a new deal more favorable to Iceland was already on the table, thus rendering obsolete the agreement that the electorate was being asked to accept or reject. About 60% of the electorate participated in the referendum. The second Icesave-related referendum came after the government reached a new and more viable agreement with the United Kingdom and Netherlands in early 2011. More than two-thirds of MPs gave their vote to this agreement, including some members of the opposition. But the president refused to sign this time too, ordering that the electorate be asked to accept or reject the measure by referendum. In April 2011, 59.7% of the electorate voted against the bill and 40.3% voted in favor. Thus, twice in one mandate period, power over government policy was transferred to the people through referenda.

Other examples of government policy weakness include the failure of the majority government of 2009 – 2013 to deliver on three of the most important elements of its platform. The government promised a new constitution, a reform of the fisheries–management management, and a deal on EU accession that could be put to a national referendum. It failed to deliver on all three promises, partly due to internal dissension and partly due to the obstructive tactics of the opposition. This included the extensive use of filibuster for the first time in the history of the Althing.



## Malta

### Score 6

Maltese governments have lacked the organizational capacity to effectively set benchmarks, and as there is no formal structures as part of the Prime Minister's Office for monitoring policy implementation across line ministries, it is not easy to assess past performance. However, the need to respond to benchmarks imposed by the European Union has forced the government to carry out more evaluative exercises as part of its policy process. Individual ministries have also sought to strength their capacity to evaluate policy implementation against such benchmarks. Examples of this relate to waste management, gas emissions and education. In principle all ministries are expected to draw up strategic documents which include targets and performance indicators, and the chiefs of staff and permanent secretaries need to report to the strategic unit of the PMO on outcomes. Every agency and organization in turn needs to report back on the successful implementation of policy; annual reports are drawn up and sent to the permanent secretary of the ministry concerned.

## Portugal

### Score 6

The XIX constitutional government that took office on 21 June 2011 in the aftermath of the 5 June legislative elections does have a governance program. However, the government has not been successful in implementing much of it so far. It includes policies regarding the environment, economic policy, unemployment, etc. The government is instead obliged to implement the policies that are in the Memorandum of Understanding (MoU) as its first priority.

The government has largely remained on track in implementing the measures in the MoU. The Troika's fifth quarterly review of Portugal's economic adjustment program from 28 August to 11 September was fairly positive, noting that the country's program "remains broadly on track" and is "making progress, albeit against strong headwinds." However, at the same time, the MoU measures have been more actively pursued in some areas than others. In March 2013, for instance, the IMF chief of mission stated that reforms in the energy and telecoms markets did not go as far as the international partners would have liked.

Citation:

(1) Statement by the EC, ECB, and IMF on the Fifth Review Mission to Portugal, 2012

(2) *Diário Económico*, "Selassie desapontado com preços da luz e nas telecoms", 24/03/13



## Slovenia

### Score 6

The Pahor and the Janša governments differed with regard to the implementation of their policy objectives. In both cases, the coalition agreements were quite detailed. Whereas the Pahor government largely failed to implement the envisaged measures, the Janša government was more successful. Its coalition agreement largely followed the election manifesto of its largest coalition party, the Slovenian Democratic Party (Slovenska demokratska stranka, SDS), and included well-defined goals, especially in the field of economic and social policy. Compared to the Pahor government, the discrepancy between the declarations and the measures adopted was much smaller. Most notably, the Janša government succeeded in halving the huge budget deficit, in cutting public spending and in getting pension and labor market reform adopted.

## South Korea

### Score 6

There are conflicting verdicts on the efficiency of the Korean government during the last two years. Some say that efficiency has increased due to the strong conservative majority in the parliament and the more hierarchical character of the new government compared to the discursive and ultimately hesitant approach of Lee's predecessors. Others, however, argue that the accomplishments of the last two years have been meager compared to Lee's original plans. The NGO Citizens' Coalition for Economic Justice conducted a survey in early 2012 in which it asked experts about their assessment of the Lee administration. They concluded that the Lee administration accomplished "less than 40% of its promises."

More importantly, many of Lee's major policies, such as the Grand Canal Project, have triggered substantial criticism and opposition. In the case of the new administrative city (Sejong City) built in South Chungcheon province, Lee was first supportive, then opposed it and finally had no choice but to accept it due to broad support for the project in his own party. Ministries will move to the new city between 2012 and 2014.

Citation:

"Lee administration gets a failing grade on governance. Analysis by experts find Lee campaign made many empty promises", The Hankyoreh, 6 March 2012



## Spain

Score  
value\_6

The Spanish government has not set a system of benchmarks to evaluate its own performance but, thanks to the important constitutional and political resources it enjoys, has been relatively successful in the implementation of major policy objectives. However, two main obstacles stand in the way of the government realizing more easily its declared objectives. Firstly, the weak mechanisms of coordination among autonomous regions. The 17 autonomous regions are responsible for implementation in many policy areas, and the government cannot fully guarantee the achievement of its objectives. Secondly, the ministerial fragmentation that sees line ministries often more oriented toward their individual departmental interests (to satisfy private groups and even corporatist bureaucratic goals in sectoral policy networks) than to governmental strategic objectives.

Despite these constraints, internal executive power has gradually been redistributed in favor of the prime minister and the core executive during the last 35 years, thus creating conditions under which a coherent set of major objectives can be developed, and policy priorities successfully achieved at the national level. This centralization and strengthening of coordination has been used to promote a transformation of the welfare capitalist model in Spain, which was linked to extreme fiscal austerity and dirigisme until 1975. The growing power and autonomy of the government as a whole has also benefited from EU membership since 1986. Since 2010, the deep crisis has had two different impacts on government efficiency. On the one hand, it is clear that economic constraints have impeded the implementation of several policy objectives, but on the other hand, a window of opportunity has been opened to gain power on implementation performance (through more effective control of public spending by the autonomous regions and strict guidelines of conduct to all central government ministries and agencies). Moreover, the increase of centralized power could bring about further bureaucratic inefficiency in the implementation of policies

## Croatia

Score 5

The Kosor and Milanović governments alike have failed to set clear and measurable goals and have been ineffective in reaching most of the policy goals formulated in their own strategies, programs and multi-year frameworks. However, the Kosor government, with some help from the European Union, succeeded in completing EU accession, which might be seen as its overarching policy goal. The Milanović government has not succeeded in addressing Croatia's economic problems.



## France

### Score 5

The government is efficient in implementing its programs, as it can rely on a relatively disciplined cabinet and an obedient majority, while other veto actors are basically absent. The question whether government policies are effective is another matter. One of the major issues facing the government during the review period is a lack of credibility vis-à-vis the commitments it has taken in relation to growth, unemployment and the reduction of deficits. Optimistic forecasts have been disappointed by poor results on all fronts. Most international organizations (the International Monetary Fund, the Organization for Economic Cooperation and Development, the European Union), think tanks or even national organizations (the French central bank, the statistical institute, the Court of Auditors) have pointed out the impossibility of reaching set targets based on over-optimistic data or forecasts. It will take some time (and some tangible results) before the government can restore its credibility.

## Hungary

### Score 5

The Orbán government has been successful in consolidating its political power, in centralizing policy-making and in weakening the government's democratic system of checks and balances. However, it has largely failed to meet most of its broader goals, such as a resumption of economic growth, a consolidation of the budget or a reduction in unemployment. Low government efficiency is explained by frequent policy changes. Policy performance has suffered from the government's short-term focus and an over-centralization of policy-making.

## Romania

### Score 5

Given that Romanian governments tend to have an extensive list of stated policy objectives – the current governing plan of the Ponta government is over 120 pages long – and most objectives lack concrete benchmarks for evaluating success, it is difficult to evaluate the implementation efficiency of the government at an aggregate level. There is significant variation in implementation success across both time periods and issue areas. The Boc government was fairly effective in implementing the austerity measures associated with the adjustment to the global financial crisis, including a series of deep and very unpopular spending cuts in the public sector, but these measures undermined its popularity and created growing resistance within



the state bureaucracy. As a result, in the period under investigation, the Boc government was increasingly on the defensive politically and therefore was at best only partially effective in its other objectives, such as structural reforms and the fight against corruption. For most of 2012 a succession of three governments – Boc, Ungureanu and Ponta – focused primarily on political survival in the context of a bitter partisan conflict that culminated with the July referendum to dismiss President Băsescu and continued until the December elections. As a result, policymaking during this time period was primarily targeted at short-term tactical objectives rather than longer-term governing strategies. While the new government of Victor Ponta has much greater popular legitimacy and parliamentary support, it is unclear whether it will use them to fulfill the long list of objectives in its 2013 – 2016 governing plan or whether it will continue to rely primarily on clientelist policies combined with efforts to subordinate other institutions to the Parliament.

## United States

### Score 5

When assessing implementation in the separation of powers system, one must consider the potentially conflicting goals of the legislative and executive branches, not to mention of the two political parties. In its current, highly conflicted, polarized state, the success of the executive in implementing its proposed policies depends on the majorities in Congress. Under the condition of “unified government” the chances are very high (presidential success rate of Obama in his first year: 96.7%), though under the condition of “divided government” the situation worsened for the president (success rates in his fourth year in office: 53.6%). From 2011 to 2013, in President Obama’s words, the U.S. government “lurched from one self-induced crisis to another,” unable to reach agreements on long-term deficit reduction. It barely avoided a so-called “fiscal cliff,” a series of scheduled spending cuts and tax increases that would have severely hampered the recovery. Later, while it did allow automatic across-the-board spending cuts to go into effect (the so-called sequester, designed for the very purpose of being unacceptable), it has it repeatedly approached failure to increase the federal debt limit. Such a failure would result in the federal government defaulting on its bonds, producing nothing less than financial calamity.

## Czech Republic

### Score 4

The Nečas government tried to reconcile the conflicting objectives and interests of the coalition partners, but had only partial success. Tensions in the governing coalition were debilitating the executive power of the



government. The necessity to negotiate every vote in the Parliament and a reoccurring need to overrule the veto of the Senate forced the government to accept numerous compromises and to implement only half-hearted reforms.

## Greece

### Score 4

Greece has a long-term pattern of poor intra-governmental coordination and, often, weak structures for implementation and follow-up. The weaknesses and constraints of the state bureaucracy are instrumental – low-skilled; operating with a Napoleonic legal formalism; infused with clientelism and some corruption; limited management effectiveness; an inefficient distribution of resources. It all adds up to low reform capacity without an external intervention.

Before the crisis, there was almost no tradition of setting performance benchmarks for government efficiency. The Memoranda of Understanding signed by the Greek government and its creditors included specific policy targets, implementation deadlines and performance indicators. One example is the merging of administrative units within each of the central services of ministries in order to decrease the sum total of units by 30%. In 2011 – 2013 the government was able to achieve some of the set benchmarks, such as passing reform legislation in the fields of pensions and labor relations within specific deadlines and accomplishing fiscal consolidation by minimizing Greece's primary budget deficit. Other tasks traditionally managed with efficiency – such as the conduct of nationwide university entrance examinations – were also accomplished in the crisis period. The government was also largely successful in collecting the new landed property tax included in electricity bills, issued by the state-managed, monopoly corporation, DEI (the Public Power Corporation). The new tax was thus collected from home owners who paid it along with their electricity bill.

However, the government largely failed in other crucial fronts. For instance, it failed to efficiently collect taxes from the usual tax evading strata, such as businessmen and members of the liberal professions, and it fell short of the privatization of state-owned enterprises – a measure frequently announced but rarely implemented. The mixed image offered by the above examples results from a perennial combination of a weak political will to really implement reforms and long-term administrative incapacity that rendered some ministries too heavy to move ahead, if not completely numb.



## Mexico

### Score 4

The government is effective at policy implementation in some areas, but several factors regularly impede effective implementation. The most significant of these are: (a) the central government's a lack of financial resources; (b) pronounced organizational weaknesses in local and municipal government; (c) electoral rules that inhibit continuance in office conducive to good government; (d) high levels of crime included but not limited to the drugs trade; (e) some powerful and obstructive groups within civil society.

On the first point, the central government has been able to find the necessary financial resources when there is a national emergency. For example, a lot of public money has been directed to fighting the drug trade. But there are limits to government tax revenue and a number of policy initiatives have been frustrated by a lack of resources. Second, the quality of municipal government varies enormously from case to case. Some municipalities are run quite professionally but others lack such basic aspects as a viable police force or indeed in some cases any police force. As for the third point, municipal authorities are elected to three-year terms of office with no re-election permitted. Such a system creates some very unconstructive incentive structures because nobody has any interest in the long term. The same system – with no immediate re-election permitted – also applies to congressional elections. This system in legislative terms tends to entrench the power of party elites who are able to weaken the executive branch of government.

After barely six months in office, it has become clear that the new president's style of policy implementation is quite different from that of his two predecessors, but it is too early to say whether it will succeed.

## Cyprus

### Score 2

In terms of efficiency, the government underperformed in almost every respect. It failed to foresee the economic crisis that erupted months after it assumed office in early 2008, and did accurately assess its eventual impact on Cyprus. Its primary objectives were to preserve salaries and stabilize living costs, which did not help to address post-2010 developments in a sustainable manner. An enormous amount of damage to the economy and overall social welfare resulted. Efforts to assess, identify and prioritize possible solutions mostly failed. The government that assumed office on 1 March 2013 performed little better when it tried to find solutions meeting the Eurogroup and IMF criteria as the financial crisis reached its peak in 2013.



## Indicator

# Ministerial Compliance

## Question

## To what extent does the organization of government provide incentives to ensure that ministers implement the government's program?

41 OECD and EU countries are sorted according to their performance on a scale from 10 (best) to 1 (lowest). This scale is tied to four qualitative evaluation levels.

- 10-9 = The organization of government successfully provides strong incentives for ministers to implement the government's program.
- 8-6 = The organization of government provides some incentives for ministers to implement the government's program.
- 5-3 = The organization of government provides weak incentives for ministers to implement the government's program.
- 2-1 = The organization of government does not provide any incentives for ministers to implement the government's program.

### Australia

## Score 10

Strong party discipline and adherence to the Westminster doctrine of cabinet collective responsibility ensure that ministers have strong incentives to implement the government's program, rather than follow their own self-interest. Australian prime ministers are very dependent on their party caucuses and cannot govern against the majority in the caucus. Labor prime ministers in particular are limited in their choice of ministers and have to accept those people that the factions have nominated.

Citation:

Pat Weller, Prime ministers, in: Brian Galligan; Winsome Roberts, The Oxford Companion to Australian Politics, Sydney: Oxford University Press 2007, S. 460-463.

### Canada

## Score 10

In the Canadian system, the prime minister, in consultation with political staff, forms the Cabinet and appoints his or her ministers, who serve on a discretionary basis. Any cabinet minister who is not perceived by the Prime Minister's Office (PMO) to be a team player, or is seen as a political liability, will have a short career. Cabinet ministers are evaluated and hence promoted and demoted on the basis of their ability to deliver on the government's agenda. The prime minister and his office (PMO) have an important role in appointing deputy ministers and chiefs of staff. Deputy ministers are appointed by the prime minister on the advice of the clerk of the Privy Council Office. Deputy ministers are promoted (or less often demoted)



for a variety of reasons, including the attempt to match their talents to the requirements of the department, efforts to establish a gender and linguistic balance, and so on.

## Hungary

### Score 10

Prime Minister Orbán and his Chancellery closely monitor the activities of all ministries and ministers and have largely succeeded in ensuring the implementation of the government's program. The high level of ministerial compliance has been made possible by Orbán's strong and uncontested position as party leader and prime minister and the strong capacities of the Prime Minister's Chancellery. A case in point of the prime minister's control over line ministries is the forced resignation of József Ángyán, the state secretary of the Ministry of Rural Development, who had dared to criticize the government's 2012 land lease tenders.

## Latvia

### Score 10

Organizational devices providing incentives for minister compliance include a public statement of policy intent, the Government Declaration, which is signed by each minister, as well as a coalition agreement that outlines cooperation between the governing parties, which is monitored in informal weekly coalition-council meetings. Additionally, the government office monitors the fulfillment of cabinet decisions, while the PKC provides monitoring of progress toward the implementation of the Government Declaration. Both reporting streams enable the prime minister to fully monitor progress of individual ministers in achieving the government's program.

## South Korea

### Score 10

Ministers in Korea do not have their own political base, and depend almost solely on the support of the president. The president appoints and dismisses ministers, and cabinet reshuffles occur frequently. The average tenure of a minister in Korea has continuously declined over the past two decades; under the outgoing Lee administration it was only about one year, which allows ministers little independence.



## Sweden

### Score 10

In Sweden, ministers and departments do not implement policy. The task is handled by the executive agencies. A major concern in Sweden is the degree to which ministers can, and should, steer the agencies. Swedish agencies are highly autonomous but departments can formally steer them by appointing the Director General of the agency; deciding on the regulatory and institutional framework of the agency; and allocating financial resources to specific tasks and programs.

In Sweden, as in many other countries, the relationship between departments and agencies, and the willingness of the latter to implement policies defined by the former, can hinder or enable implementation. In Sweden, the relationship between departments and agencies is an institutional relation, not a personal relation between a minister and the director of an agency. Thus, to the extent that it is meaningful to talk about incentives, they have to be organizational incentives. Furthermore, implementing policy is a core role for the agencies, so incentives are hardly necessary.

## United States

### Score 10

The president has a high level of control over his appointments, such as agency and department heads. They serve at the president's discretion, and need support of the White House for their success, both in terms of agency missions and individual careers. Conflicts between the department heads and the White House occasionally emerge, but they are usually limited to a speech or remark that conflicts with presidential policy. Conflicts were expected to arise under the Obama administration between Secretary of State Hillary Clinton and the White House, due to Clinton's rivalry with Obama for the 2008 Democratic presidential nomination. But Clinton proved reliably responsive to the administration. Historically, the executive branch was notoriously decentralized, with individual agencies responsive to interest group constituencies or congressional committees. As recent presidents have upgraded their ability to monitor agency activities and to draw major issues into the White House, conflicts between the agencies and the White House have largely disappeared.



## Chile

### Score 9

The president evaluates its ministers' policy performance annually. In a commission consisting of the president's advisory ministry (Secretaría General de la Presidencia, Segpres) and budgetary units of the government, ministers have to present their sectoral priorities and, if necessary, arrangements and modifications are made to ensure alignment with the government program.

## Denmark

### Score 9

Denmark has parliamentary rule. The government can be forced to retire any time if in the minority in parliament. The prime minister is the leader of the government, and he or she does not allow ministers to pursue private interests that are not compatible with the declared goals of the government. Close scrutiny by parliament, including its committees, and an attentive press, seldom lets rogue ministers behave this way for long. The prime minister can both fire and promote ministers, so there are incentives to do what the prime minister expects. Party members can of course revolt against a prime minister, but this happens rarely in Denmark. There is a high degree of party discipline.

Citation:

Carsten Henrichsen, *Offentlig Forvaltning. 2. udgave*. Copenhagen: Forlaget Thomson, 2006.

## Estonia

### Score 9

Estonia typically has coalition governments, and reaching an agreement on priorities and goals of the future government is the core issue of the cabinet formation process. When the coalition cabinet has its mandate from the president, it acts in accordance with the government program and rules of procedure signed by all coalition partners. The process of program implementation is coordinated by the coalition committee, comprised of four representatives from each coalition partner. The coalition committee meets weekly, and coalition partners make decisions by consensus.



## Finland

### Score 9

Through several mechanisms, ministers are committed to the government's program. Government programs come about following negotiations between the political parties in government; therefore the validity and steering capacity of the program is supervised by coalition partners and line ministries. Cabinet agenda issues are in several cases prepared and coordinated in cabinet committees and informal groups and meetings, and all items are preliminary discussed weekly in the government's evening session (iltakoulu) which precedes formal cabinet meetings. On the whole, ministers are closely watched, and they are certainly expected to be integral parts of cooperative units. They would no doubt find it difficult as well as unrewarding to pursue narrow self-interests.

## France

### Score 9

Compliance by ministers, if assessed comparatively, is good, as a minister can be dismissed at any time and without explanation. In the French majority system and in the absence of real coalition governments, the ministers, who are nominated by the president, are largely assigned to him. Together with the effective hierarchical steering of governmental action, ministers have strong incentives to implement the government's program, following guidelines produced by the president and the prime minister.

## Iceland

### Score 9

Ministers usually follow party lines in the exercise of their duties and decisions, but individual ministers have considerable authority to make independent decisions. However, non-collective decisions are rare.

In the government in office during the 2009 – 2013 period, signs of disagreement emerged that had little to do specifically with ministerial actions. For example, when the Althing voted in 2009 for the government resolution on Iceland's application for EU membership, one of the Left-Green Movement officeholders, Minister of Agriculture and Fisheries Jón Bjarnason, voted against the resolution. During his time in the ministry, Bjarnason several times expressed his opposition to the EU membership process, and frequently declared that Iceland should withdraw its accession application.



## Italy

### Score 9

The dominant role of the prime minister in the Monti government – he served as minister of finance, too, at first – has largely guaranteed that ministers will promote the main points in the government's program. Many members of the government were academics (it was called a "government of professors") selected by Monti himself – obviously a rarity for normal party-controlled governments in Italy. Monti furthermore could count on comprehensive support from the President of the Republic Giorgio Napolitano, so that the government was also termed a "president's government." However, departmental self-interests have obviously not disappeared, and often led to inertia or contradictory pressures. This has meant that decisions adopted have not always been followed with adequate speed by the more detailed implementation measures required. With the passing of time and the approaching of the end of the legislature, the difficulty of ensuring discipline in the government has increased and in some cases ministers have not responded to the directives of the prime minister.

## Mexico

### Score 9

Whatever problems there may be with the Mexican system, it does deal effectively with the so-called agency problem, except perhaps at the very end of the presidential term, when the lame duck phenomenon occurs. Cabinet secretaries mostly have a strong incentive to avoid incurring presidential displeasure. This is less true at the very end of the presidential term when some political figures may jump ship to serve the new administration. Usually the government acts as a lame duck for its last months in office and not much is expected of it.

## New Zealand

### Score 9

There is a strong tradition of collective responsibility of the Cabinet. Ministers are allowed to disagree over policy initiatives, even in public, but once a decision has been made in Cabinet they have to follow the collective will. The Cabinet manual is very explicit about this. The prime minister has the power to appoint and dismiss ministers (formally it is the governor-general who does this on the advice of the prime minister). Naturally, in coalition governments or minority governments with support agreements with other parties, the prime minister's power over the personnel of another party is restricted. Collective responsibility is strengthened by an extensive list of coalition management instruments based on a comprehensive coalition



agreement with regard to the legislative agenda but also procedures to ensure coalition discipline. The current National Party-led minority government can build on the experience of earlier minority governments on how to ensure ministerial compliance. In its Cabinet Office Circular CO (12) 3 “National-led Administration: Consultation and Operating Arrangements,” the government at the time of writing has specified the nature of its agreements with other parties and support to party ministers. These may disagree on policy other than what is outlined in the ministerial portfolio. On issues in their portfolio, however, they are bound by collective responsibility.

Citation:

Cabinet Office Circular CO (12) 3 (Wellington: Cabinet Office 2012).

## Norway

### Score 9

There is a strong tradition of cabinet government in Norway. The cabinet meets several times a week, and government decisions formally need to be made in cabinet. The convention of close ministerial cooperation increases ministers’ identification with the government’s program and makes the government work as a team. As long as divisions between coalition partners are not strong, this system guarantees relatively strong cabinet cohesion, as has been the experience in recent years.

## Portugal

### Score 9

The organization of and power relations in the parliamentary/cabinet system ensure that the government has incentives to implement its program. This is further reinforced by the stipulations of the Memorandum of Understanding (MoU) and the fact that Portugal is under a bailout.

That said, the current government faces additional challenges as a result of being a coalition, and the internal divisions within the government have become increasingly salient since mid-2012. Moreover, the internal organization of the government appears to have made implementation more difficult. The government has only 11 ministries, leading to the aggregation of previously extant ministries into “super ministries”. It appears that these super ministries – in crucial domains such as economy, employment and environment – are making it difficult to ensure complete implementation.



## Spain

### Score 9

The organization of the Spanish government provides very strong incentives for all ministers to implement the overall government program rather than seeking the sectoral interests of their individual departments. The prime minister's powers over personnel are extraordinary; not only because of Articles 99 and 100 of the constitution, which stipulate that parliamentary confidence rests personally with him and his comprehensive government program (all other members of the Council of Ministers being appointed and dismissed by the king at the individual prime minister's proposal), but also as a consequence of the fact that all Spanish prime ministers in the last 35 years have simultaneously been the strong leaders of very disciplined parties.

All prime ministers since the restoration of democracy have presided over single-party governments – Spain being the only EU country, perhaps along with Malta, in which there has not been any coalition experience at central government level. Mariano Rajoy is no exception, and he has the capacity to impose his views in the Council of Ministers and party meetings he chairs, to reorganize government structures (as he did indeed in early 2012) and to dismiss those ministers he does not consider able or willing to implement the government's program.

However, the fact that the Spanish government's hierarchical organizational devices provide these potentially strong incentives does not necessarily ensure that ministers always subordinate their sectoral self-interest to the general interests of the government. They actually enjoy some degree of political autonomy, in some cases as important middle level or regional leaders of the governing party. On the other hand, the threat of a dismissal – the main political instrument in the hands of the prime minister to control ministerial compliance – is remote and, when it happens, is usually more connected to a decline of political trust than to a balanced assessment about a supposedly improper implementation of the comprehensive government's program on a particular policy. In fact, an amicable relationship with the sectoral network of interests around the line ministry is usually a very practical way to receive a positive judgment from the prime minister.

## Turkey

### Score 9

Ministerial compliance is directly dependent upon the type of government in office, either a single-party or a coalition government. A single-party government with strong party leadership and high demand for ministerial positions among party members provides strong incentives for the promotion



of the government program. Therefore, it is difficult for even those ministers who are professionals in their respective fields to come to the forefront. The charisma of the incumbent prime minister and the tendency of political parties to leave personnel decisions to the party leader prevent ministers from pursuing their own interests during their time in office. The Justice and Development Party (AKP) government has made it even more difficult for ministers to follow their own agendas. A number of key ministries during the review period were under the leadership of ministers with substantial professional expertise, but lacked almost any support from the party apparatus, leaving them completely at the mercy of the prime minister. However, that kind of policymaking has a duplicitous character as it is the strong, quasi-authoritarian leadership of the prime minister rather than other “incentives” which ensure that ministers implement the prime minister’s program.

## United Kingdom

### Score 9

The British prime minister has traditionally had more or less absolute power to appoint politicians to government positions. He can thus count on his power of patronage to earn him the loyalty of his backbenchers and to ensure that ministers stick to the government agenda. Despite occasional leaking of dissent, the collective responsibility of cabinet is a well-entrenched doctrine. The prime minister’s power is partly dependent on the incumbent’s political strength and calculations by their party as to their future electoral success (which is directly linked to their own job security). Party whips also play a key role in passing legislation and thus in supporting the government, and although the Conservative MPs of the “class of 2010” are sometimes considered to be more prone to rebellion, any with strong political ambitions have to be wary of being branded as mavericks.

In the coalition government, Prime Minister Cameron’s power is somewhat circumscribed by having to consult with the deputy prime minister over appointments and dismissals. Deputy Prime Minister Clegg therefore has a de facto veto over changes in government, but as long as the bilateral relationship between the prime minister and deputy prime minister is good and is seen to be good, this does not substantively reduce the prime minister’s power. Cabinet reshuffles like that of 2012 demonstrate the maneuverability of the prime minister in that respect, and the incentives for cabinet ministers to work towards the implementation of the government’s program are accordingly high.



## Belgium

### Score 8

One should distinguish *de jure* powers from *de facto* powers of the government to provide appropriate incentives to each minister. *De jure*, the prime minister does not have the power to exclude misbehaving ministers from the government. The main architects of government positions are indeed the presidents of the parties in the coalition who, at the government-formation stage, negotiate which portfolios they control, and then nominate their people to run that portfolio. The main incentive of any given minister is thus to push his/her own party's views, as well as himself/herself, rather than the government's potential views – in the hope of increasing the chances of keeping a position in the next government.

That said, this hierarchical structure is actually able to impose strong discipline on each minister when the incentives of party presidents are sufficiently aligned with those of the prime minister, which they currently are at the time of writing. The political situation is that all mainstream parties are in the coalition (except for Green parties which provided external support for some key reforms, but are not part of the government), with the fear that they may be overwhelmed by the Flemish nationalist/separatist New Flemish Alliance (N-VA), which is the main opposition party. They thus have to prove that they can work things out, and delay the election as much as possible, in the hope that the economic situation will brighten and populist feelings fade. This provides strong *de facto* powers to motivate individual ministers.

## Bulgaria

### Score 8

The prime minister does not have significant legal powers vis-à-vis his ministerial colleagues. The 1991 constitution defines the Council of Ministers as a collective body, with the prime minister being only “an equal among equals.” At the same time, the political power of the prime minister can be considerable, especially when he is the party leader in a single-party government, as was the case with Prime Minister Borisov in the GERB Cabinet in 2009 – 2013. Even though ministers are appointed by the National Assembly, under Prime Minister Borisov they always resigned when he indicated a withdrawal of his support. The prime minister appoints all deputy ministers and also some of the high-ranking administrative officials in the ministries. Thus prime ministerial power can be *de facto* quite significant, and ministers can have a strong incentive to comply with policy requirements from the center.



## Germany

### Score 8

In principle, line ministers are responsible for policies that fall under their jurisdiction. Therefore, individual ministers have some leeway to pursue their own or their party's interests. This leeway is not only quite substantial in international comparison, but is sometimes used in a surprising manner. Ministers sometimes operate in clear contradiction to the government's program or the head of government's policies, instead pursuing parochial party interests. However, during the period under review, Chancellor Merkel did not clearly outline her program or use her right to formulate the guidelines of government policy.

The federal minister of finance has a relatively strong position in comparison to other ministers. Particularly when supported by the chancellor, he or she is able to reject requests by other ministries. This gives this position an oversight function within the government, enabling the officeholder to influence the direction of economic policy in general and budgetary policy in particular.

A number of informal mechanisms are used to coordinate government policy, with coalition agreements being particularly important. Coalition partners also agree on procedures for dealing with conflicts. The most important institution is the coalition committee, which includes the most important actors within the coalition parties, and has often been quite effective in hammering out policy compromises. In the CDU/CSU-FDP government, the degree of ministerial compliance was sometimes low. However, compromises were usually found on issues of significance.

## Switzerland

### Score 8

Government in Switzerland is not (primarily) party-driven. Ministers are expected to work together as a collegium, and to abstain from any politics or policies that benefit their party or themselves as individual politicians. In general this worked quite well as long as all members of government felt bound by the rules of collegiality. In recent years, due to growing political polarization and the attack on consociational politics by the right-populist party and its (informal) leader, Christoph Blocher, there have been some deviations from this course. However, even in periods of polarized politics, the Swiss government and the implementation of its policies are much less driven by the interests of individual politicians or their parties than is typically the case for parliamentary governments. In the 2011 – 2013 period, ministerial compliance and cooperation were much more pronounced than in 2003 – 2007.



## Ireland

### Score 7

As had been the case in the previous coalition, the parties participating in the present coalition have different agendas and priorities. The allocation of ministries between these parties has a significant influence on the coherence of policies in various areas.

Under the Irish system, individual ministries (departments) are to a significant degree independent fiefdoms that can be used by individual ministers to pursue their self interests – chief among them boosting their chances of reelection – rather than any comprehensive government objective. The system also requires even senior ministers to spend considerable energy and time in local constituency work, because few are sufficiently distanced from the risk of losing their seat at the next election.

The two ministries with overarching responsibility for coordinating this program are the Department of the Taoiseach and the department of finance.

Ministers are not involved in the appointment or promotion of civil servants: at the higher levels of the civil service, appointment is now in the hands of an independent commission.

Ministers select their own advisors and consultants and these exercise considerable influence. For the most part, however, individual ministers do implement government policy. The ultimate sanction can be exercised by the Taoiseach during cabinet reshuffles.

## Israel

### Score 7

Israel has embarked in recent years on a comprehensive reform platform which aims to create objective measurement tools to assess government performance, including a strong incentive system for government ministers. Yet it is still too early to adequately assess the platform's effectiveness. There are however still some crucial structural issues preventing government ministers from implementing the government's program. The government's highly centralized budget process essentially undermines the authority of individual ministers, creating a negative incentive for cooperation and forcing ministers into a more combative stance against each other.

Importantly, the Arrangements Law (which includes bills and amendments needed for the government to fulfill its economic policy goals) is a bold expression of the additional power given to the budget department of the



Ministry of Finance. This bill, which is regularly filed along with the government's annual budget proposal, is often used to cancel or negate reforms or legislation already passed by other ministries. Typically the final draft of Arrangements Law bill is handed to the ministries just days before the budget vote, so that frequently ministers do not have an opportunity to properly defend their own policies.

While the government declares that it is fulfilling all its stated plans and ministers are provided with incentives typical of parliamentary systems (such as weekly cabinet meetings where accomplishments are presented through ministerial reports) there are still structural disincentives that stand in the way of proper government functioning.

Citation:

Blander, Dana, "Hok Ha-Hesderim: Necessary evil or necessarily evil?," IDI website 14.1.2007 (Hebrew)

Salonim, Ori, "measuring performance in the public service," The eleventh annual Hertzliya conference official publication (Hebrew)

"Book of working plans 2012," PMO website (March 2012) (Hebrew)

## Lithuania

### Score 7

The government's organization provides ministers with various incentives to implement the government's agenda. The primary organizational instruments include coalition agreements, government programs, annual government priorities, identified priority actions and monitoring processes, cabinet meetings and deliberations, and the assignment of ministerial responsibility for parliamentary policy objectives. Since prime ministerial powers within the executive are limited by constitutional provisions and the fragmentation of coalition governments, officeholders need to seek support from other cabinet ministers (in particular ministers of finance, who tend to share a party affiliation), from parliamentary factions, and from the president (who has a veto power over draft laws) as they seek to implement the government program. Moreover, there is a mismatch between government priorities and the allocation of resources during the budgeting process.

## Luxembourg

### Score 7

The Luxembourg electoral system combines proportional representation of candidate lists and a type of majority system that allows a voter to pick individual candidates by giving them preferential votes on more than one list.

Consequently, the voter, and not the party, decides the composition of parliament and even of the government, since those candidates with the best results usually become ministers. This system encourages politicians to take



personal initiatives, but as they generally address small lobbies, such projects do not conflict with the government's agenda.

"Go-it-alone" actions are not uncommon, because ministers and candidates want to raise their profile to benefit precisely from these personal votes that ultimately make the difference. Especially in pre-electoral periods, this kind of deviant behavior is quite frequent. Ministers are usually allowed to pursue their pet topics, provided they manage to convince their colleagues in government and the prime minister.

## Netherlands

### Score 7

Dutch ministers' hands are tied by such devices as party discipline; government/coalition agreements (which they have to sign in person during an inaugural meeting of the new Council of Ministers); ministerial responsibility to the States General; and the dense consultation and negotiation processes taking place within their own departments and with other departments in the interdepartmental administrative "front gates" and ministerial committees. Ministers have strong incentives to represent their ministerial interests, which do not necessarily directly reflect government coalition policy. The hasty coalition agreement of the present Rutte II Council of Ministers – which was more of a mutual exchange of incompatible policy preferences than a well thought-out compromise – and its relatively weak parliamentary support have led to party-political differences frequently being voiced in the media.

## Poland

### Score 7

Prime Minister Tusk and his Chancellery have enjoyed a relatively strong position within the Council of Ministers and have largely succeeded in committing line ministers to the implementation of the government's program. However, ministers have still enjoyed some autonomy. This particularly applies to ministers who were nominated by the junior coalition partner Polish People's Party (PSL) and who have been able to capitalize on their position of power. Justice Minister Jarosław Gowin openly challenged Tusk's leadership and provoked a major conflict within the government and the Civic Platform party in 2013. Gowin however was dismissed from the Council of Ministers in May 2013.



## Slovakia

Score  
value\_6

Ministerial compliance has strongly differed between the two governments. As Prime Minister Radičová headed a heterogeneous coalition government and lacked support even in her own party, her options to bring ministers into line were limited. As an academic, she believed in the virtues of discussion and remained skeptical of top-down approaches. In the Fico government, by contrast, Prime Minister Fico's dominant position within Smer-SD and strong party discipline have ensured a high degree of ministerial compliance.

## Austria

Score 6

Ministers are primarily concerned with the agendas of their parties, rather than with that of the government as such. Ministers are selected by the head of each party – typically the chancellor and vice-chancellor. Their first loyalty is thus to party rather than to government. For this reason, ministers have incentive to implement the government's program only as long as this is identified with the program of his or her party. Nonetheless, there are a number of informal mechanisms that help commit individual ministers to the government program. For example, the parties in the current government have worked out a lengthy coalition agreement. The two partners have therefore reached compromises on the most important policy issues, and agreed on procedures for dealing with conflicts should they arise during the legislative period. For example, the governing parties have agreed not to vote against one another in important parliamentary votes, and have agreed not to support referendums against government policy.

## Czech Republic

Score 6

In the Czech Republic, governments have tried to ensure ministerial compliance largely through the use of well-defined government programs and coalition agreements. Differences between individual ministers and the government then generally take the form of disagreements between parties and are played out by threats of resignation, potentially bringing down the whole government. During the Nečas government, ministers from all coalition partners were removed for various reasons ranging from accusations of conflict of interest to abuse of office and incompetence – often meaning a failure to implement satisfactorily the government's program, or failure to implement it within the expected time scale. These were therefore matters of difficult, and public, negotiation and conflict between coalition partners, but the prime minister ultimately had both the formal and the practical power to remove ministers.



## Greece

### Score 6

Before the crisis, ministers had few incentives to comply with the government's program, other than their own conviction that government policy was right. Ministers were almost always members of parliament and were reluctant to pursue any policy tarnishing their public image. Until the elections of May 2012, candidates in parliamentary elections would be elected on the basis of preference vote. Parties used to prepare long lists of party candidates in every electoral district from which citizens were expected to choose. As a consequence, ministers would refrain from implementing the government's program if it provoked a reaction from the press or even small trade unions and associations, out of fear that they might not be reelected.

However, in the elections of June 2012 which immediately followed those of May 2012, the law required parties to submit to voters party lists rather than preference lists. Moreover, the organization of government changed in the sense that the prime minister himself and the Prime Minister's Office as well as almost all ministers felt the pressure of the Troika to implement the measures included in the austerity package Greece adopted in exchange for their bailout. Thus, in 2011 – 2013 ministerial compliance was probably increased, but this was the result of the fear of heavy sanctions (e.g., imminent default by Greece) rather than any incentives.

## Japan

### Score 6

Japan's political framework formally provides the prime minister with powerful tools to control ministers. Prime ministers can appoint and fire ministers at will. Moreover, prime ministers can themselves propose or veto specific sectoral policies if desired. In practice, however, prime ministerial options have been more limited, as most have lacked full control over their own parties or over the powerful and entrenched bureaucracy.

Both the 2009 – 2012 DPJ-led government and the new LDP-led government sought to centralize policy-making within the core executive.

The new Abe government is again trying to enforce cabinet discipline. Some measures have been institutional, such as giving new weight to the Council for Economic and Fiscal Policy, which is basically a Cabinet committee with extra members in which the prime minister and his state minister for economic reform have a stronger voice than is the case in the Cabinet. Other measures have more personal motivations; for instance, two of Abe's major intraparty rivals (Nobuteru Ishihara and Yoshihisa Hayashi) were given particularly demanding ministerial positions, namely the nuclear crisis and



agriculture portfolios, the latter of which includes the responsibility for dealing with the Trans-Pacific Partnership (TPP). Again, this shows how challenging it is to enforce compliance and control the Cabinet.

## Slovenia

### Score 6

As heads of coalition governments, Prime Ministers Pahor and Janša primarily relied on detailed coalition agreements and frequent coalition meetings in order to ensure the implementation of the government's program. In the case of the Pahor government, a record-breaking number of 12 ministers resigned or were dismissed in a period of 30 months, partly because of controversies over the course of the government. Prime Minister Janša did not make use of the prime minister's right to dismiss ministers, but was able to capitalize on his dominant position in the Slovenian Democratic Party (Slovenska demokratska stranka, SDS), which provided more than half of the ministers.

## Croatia

### Score 5

The Kosor and the Milanović governments have differed strongly with regard to ministerial compliance. Prime Minister Kosor continued a style that was established by her predecessor, Ivo Sanader, by trying to centralize control over personnel, policies and structures and to intervene in decisions made by ministers. Prime Minister Milanović has been much less effective in ensuring ministerial compliance. He has failed to bring his ministers into line and some of them have been able to follow their own agenda. As a result, the government's activities have sometimes been incoherent or even contradictory.

## Malta

### Score 5

The Cabinet is the most important organizational device at the disposal of the government that provides incentives for ensuring ministers implement a government program. However, this is through pressure placed on a ministry but through a discussion of progress achieved in the implementation of a program. The next most important device is a minister's secretariat, which is generally in charge of overseeing the implementation of a program. Other resources include the Management Efficiency Unit (MEU) that provides advice, and gives the different ministries structures, tools and reports to work with thus building their capacity to act.



## Romania

### Score 5

The prime minister can dismiss ministers for not implementing the government program, though in practice these powers are circumscribed by the fact that such a move can trigger political backlash against the prime minister, especially if the ministers are from a coalition partner whose continued cooperation is crucial for the survival of the government. While Cabinet meetings are supposed to ensure that the policies of different ministries are in line with the overall government agenda, ministers nevertheless have a lot of leeway in deciding policy details within their “fiefdoms.” While the prime minister can punish significant deviations from the government agenda by allocating smaller budgets to certain ministries in the following budget, such punishments are nevertheless constrained by coalition politics and by the political costs inherent in cutting funds for certain ministries (such as education or health).

## Cyprus

### Score 3

Under the presidential system, no mechanisms exist for ensuring implementation of state policies, either at the level of the presidency or the House of Representatives. The quality of ministerial work has mostly been determined by each officeholder’s personality and will. The government’s lack of cohesive organization or a strategic plan, as well as instances in which the president questioned some of his ministers’ skills and knowledge, further undermined incentives for ministerial action.



## Indicator

# Monitoring Ministries

## Question

How effectively does the government office/prime minister's office monitor line ministry activities with regard to implementation?

41 OECD and EU countries are sorted according to their performance on a scale from 10 (best) to 1 (lowest). This scale is tied to four qualitative evaluation levels.

- 10-9 = The GO / PMO effectively monitors the implementation activities of all line ministries.
- 8-6 = The GO / PMO monitors the implementation activities of most line ministries.
- 5-3 = The GO / PMO monitors the implementation activities of some line ministries.
- 2-1 = The GO / PMO does not monitor the implementation activities of line ministries.

## Australia

## Score 10

There is strong central oversight of the line ministries by the Department of Prime Minister and Cabinet, which reports directly to the prime minister. The Commonwealth public service, while independent of the government, is strongly motivated to support the government's program.

## Canada

## Score 10

When appointed to a portfolio, a minister receives a mandate letter from the prime minister, while a deputy minister receives one from the clerk of the Privy Council. The importance of mandate letters depends on the department, and more importantly on changing political and economic circumstances. In the case of the current government, ministers' mandate letters detail priorities for their departments as seen from the center. The minister is subsequently evaluated on his or her success in achieving the objectives set out in the mandate letter. This procedure results in the PCO continually monitoring line-department activities to ensure they are in line with the mandate letter.

## Hungary

## Score 10

The Prime Minister's Chancellery successfully monitors line ministries in all stages of the implementation process. As all core executives are Fidesz party loyalists, control has been maintained largely through party discipline. Those who have failed to keep discipline, even in the face of tough



stakeholder resistance during implementation, have risked losing their positions. New civil service legislation has made it easier to dismiss public employees without cause, and large number of public servants has been since forced out of ministry work.

## Iceland

### Score 10

After years of no official monitoring or oversight of line ministers' activities, new regulations on government procedures were adopted in early 2013. Under these regulations, the Prime Minister's Office must review bills from all ministries, with the sole exception of the national budget bill. Accordingly, all bills need to be sent to the Prime Minister's Office no later than one week before the cabinet meeting in which the bill will be introduced. Before the bill can be discussed by the cabinet, a statement from the Prime Minister's Office needs to be processed (Reglur um starfshætti ríkisstjórnar, No. 11/2013). This regulatory change can be seen as a step toward stronger monitoring of line-ministry bills through formal procedures.

Citation:

Regulations on government procedures. (Reglur um starfshætti ríkisstjórnar. Nr. 11/2013 9. janúar 2013).

## Chile

### Score 9

The president's advisory ministry (Secretaría General de la Presidencia, Segpres) and the respective budgetary units of the government monitor the line ministries (especially within the annual performance evaluation). If necessary, arrangements and modifications are made in order to ensure an effective alignment with the government program. Monitoring of effectiveness seems to have improved slightly since 2011.

## Latvia

### Score 9

The government office monitors ministry performance in implementing legislation, cabinet decisions and prime ministerial decisions. A high degree of compliance has been reported.

The PKC monitors how ministries are achieving the policy goals stated in the Government Declaration, and reports to the prime minister. Progress reports are not only a monitoring tool, but also provide substantive input into the prime minister's annual report to parliament. PKC reports mixed achievements in 2012 – some issue areas have a 100% compliance rate, others 0%.



## New Zealand

### Score 9

Following from the experience of fragmented policymaking in vertically integrated networks and, consequently, coordination problems, all recent governments have strengthened the steering capacity of the core executive. All contracts between Cabinet and line ministries and ministers and chief executives are based on a whole-government policy approach. The National Party-led government has introduced a performance improvement framework which is intended to strengthen a central agency approach to assessing, supporting, informing and focusing performance across state services.

Citation:

Statement of Intent 2012-2016 (Wellington: State Services Commission 2012).

## South Korea

### Score 9

The offices of the president and the prime minister effectively monitor line ministry activities. The Korean government utilizes e-government software (the Policy Task Management System) to monitor the implementation of policies in real time. Ministries have little leeway in policy areas that are important to the president. In general, the Korean bureaucracy is organized in a very hierarchical way, but independence is stronger in areas that are comparatively less important for the president.

## Sweden

### Score 9

Formally, ministries are not very involved in the implementation of policies. It is rather the task of agencies to implement policies. Nevertheless, Swedish ministries still control the implementation process of the agencies. The relationship between ministries and agencies implies monitoring by communication and mutual adaptation, less than through a hierarchical chain of command.

## Switzerland

### Score 9

Switzerland's government features neither a prime minister's office nor line ministries, but does offer functional equivalents. Given the rule of collegiality and the consociational decision-making style, as well as the high level of cooperation at lower levels of the federal administration, there is little leeway for significant deviation from the government line. Monitoring is built into the cooperative process of policy formulation and implementation.



## United Kingdom

### Score 9

The tight integration between the Prime Minister's Office and the Cabinet Office enables British prime ministers to be effective in determining the strategic direction of the government. The Treasury has long had an important monitoring role that goes beyond the role of finance ministries in other countries. Decision-making is concentrated in strategic units and in informal meetings, and ministers have to reveal their preferences in cabinet meetings, cabinet committees and bilateral meetings with the prime minister, chancellor or deputy prime minister, so monitoring is relatively easy for the core executive. The somewhat more autonomous status of the Liberal Democrat ministers is balanced by their additional supervision through the Deputy Prime Minister's Office. In addition, ministers from the two participating parties monitor their coalition partners quite closely for compliance with the joint program.

## United States

### Score 9

The president and the White House monitor activities in departments and agencies to widely varying degrees, depending on the centrality of the activities to the president's political agenda. Agencies and programs that are not the focus of presidential policy initiatives and are not politically controversial may get little attention from the White House, and in fact, may receive most of their political direction from Congress. Accordingly, the lack of presidential attention to an agency does not indicate a lack of democratic control, but rather reliance on Congress for such control. Occasionally the president may receive a rude surprise, learning that an agency has deviated from the administration's goals or expectations. For example, the White House – and the public – learned in 2013 that the Internal Revenue Service, when enforcing requirements for tax exemption for political contributions, had targeted Tea Party organizations and other conservative groups by subjecting them to closer scrutiny. The revelation produced a major scandal, with serious embarrassment for the president.

## Denmark

### Score 8

For sensitive political issues, the prime minister has a strong incentive to monitor line ministries. Yet when it comes to less important issues or details, he has neither the time nor the means for close monitoring. His control is indirect, that is, he exercises control through the members of his cabinet.



## Finland

### Score 8

The government monitoring of line ministries is mainly indirect in nature, and the same mechanisms that foster ministerial compliance tend to have monitoring functions as well. These include the preparation and coordination of matters in cabinet committee meetings and meetings such as the government's evening sessions (iltakoulu). In general, the various forms of interministerial coordination fulfill monitoring functions as well. These forms are, however, interactions in terms of cooperation and consultation rather than monitoring in any strict sense. While the Prime Minister's Office does monitor line ministries, the monitoring is implicit rather than explicit.

## France

### Score 8

Line ministry activities are generally well monitored, but several factors influence the impact of oversight, including: the strength of the prime minister; the relationship of the minister with the president; the political position of the minister within the majority or as a local notable; media attention; and political pressure.

## Lithuania

### Score 8

The Prime Minister's Office effectively monitors policy implementation, through several channels. First, it administratively tracks the execution of government actions assigned to different ministries and other state institutions. Second, through its system of information monitoring, it assesses the achievement of government priorities and linked policy objectives on the basis of performance indicators. Progress in the implementation of policy is discussed during cabinet meetings and other government-level deliberations. However, information derived from this monitoring process is not used to propose corrective action when progress is deemed insufficient. Thus, the process does not always prevent the prioritization of sectoral over government interests in policy implementation.

## Norway

### Score 8

Norway has a small, consensual and transparent system of governance. The Office of the Prime Minister knows what is going on throughout, or is assumed to know. The cabinet is quite cohesive. There is always a tug-of-war between line and coordinating ministries, but line ministries virtually



never deviate from the government line. To do so would require a degree of intergovernmental disagreement and breakdown of discipline that has not been seen for a very long time. However, the terrorist attacks of July 22 did in part represent a failure to follow up on government decisions made by the relevant line ministries.

## Portugal

### Score 8

The current government is small, with 11 ministries, 32 secretaries of state and one undersecretary of state. The ministries are not independent of the prime minister. The prime minister is also assisted by the Presidência do Conselho dos Ministros. The Prime Minister's Office (PMO) can thus monitor implementation activities of all line ministries. However, the lack of in-depth policy capacity within the PMO constrains the overall degree of control. As a result of the bailout, the actual degree of control is also shared with Ministry of Finance in terms of financial control, and with the EC–ECB–IMF Troika, which undertakes trimestral reviews of the implementation of the Memorandum of Understanding (MoU). While this increases overall monitoring, it also means that monitoring is stronger in some dimensions (notably those of interest to the Troika, like financial aspects) rather than considering all policies or policy dimensions.

## Ireland

### Score 7

The annual budgetary process, and in particular the preparation of expenditure estimates, involves individual ministries submitting preliminary estimates to the department of finance. This is the opening of a battle for resources as finance tries to reconcile the total with the global amount available for public spending, which is now severely constrained by the terms of the Troika agreement. Effective monitoring of line ministry activities and spending has been lacking in certain key areas. The ministry of health has consistently overrun its budgetary allocations, to the point where the Troika has now begun monthly monitoring of its spending.

## Israel

### Score 7

The practice of monitoring ministry work is as of the review period being reformed by government, with the goal of replacing traditionally centralized administrative procedures.



## Mexico

### Score 7

There is inevitably some arbitrariness in evaluations but the presidential office can choose who it evaluates and how. The only caveat that needs to be mentioned relates to decentralization. Mexico is a federal system and there are limits to the central government's power. Yet where the central authority has power, it uses it. Calderón was a hands-on president who routinely dismissed ministers when dissatisfied with their performance. Ministerial turnover, in general, is relatively high for a presidential system. Independent agencies such as the central bank and some regulatory agencies are growing in importance.

## Poland

### Score 7

Ministries are obliged to inform the Chancellery of the Prime Minister of legislative progress on a regular basis. Even though ministries have been keen on maintaining their autonomy and monitoring has remained largely formal, the prime minister and the Chancellery have largely controlled policy implementation.

## Spain

### Score 7

Spain's Council of Ministers, the Government Office (GO, Ministerio de la Presidencia) and the Prime Minister's Office (PMO) – which includes the Gabinete del Presidente and the Oficina Económica del Presidente – have the theoretical capacity to monitor the activities of all line ministries, but this monitoring by the GO or the prime minister's direct entourage cannot guarantee that no sectoral ministry will ever prioritize vertical over horizontal interests. The GO, headed by the powerful deputy prime minister, monitors the activities of line ministries but only through the weekly meetings which prepare the Council of Ministers.

The PMO oversees the flow of political and sectoral information, and keeps the prime minister abreast of the activities of all government line ministries (in the case of the head of the Prime Minister's Economic Office, he has also coordinated the weekly important meeting of the government's Delegate Committee for Economic Affairs since 2012). However, the resources of the PMO are also limited and – considering the lack of formal hierarchy vis-à-vis the ministers – it is rarely involved in direct coordination of ministerial departments. Only the prime minister or the deputy prime minister are entitled to play this role but, apart from the most politicized issues or in case



of security crisis management (with a new Department of National Security within the PMO created in 2012), they do not have enough time and information to keep up a systematic monitoring and coordination role.

## Turkey

### Score 7

The Prime Minister's Office has, among other things, established the General Directorate of Laws and Decrees and the General Directorate of Legislation Development and Publication to examine the congruity with the constitution of draft bills, decrees, regulations and resolutions of the Council of Ministers, as well as to review in general laws, plans and the government's program. These bodies are the primary government centers for the drafting and coordinating of regulations. However, there is no systematic monitoring of the activities of line ministries. In some cases, the ministerial bureaucracy resists policy handed down by the government without serious consequences, particularly in issues of democratization. In general, however, ministries work in cooperation with the prime minister's office because the single-party government has staffed leading ministerial posts with bureaucrats who operate in sync with the ruling party's ideology.

## Austria

### Score 6

The main instrument for monitoring ministry activity is the Austrian Court of Audit (Rechnungshof). Constitutionally, this is a parliamentary institution, and its president is elected by parliament for a term of 12 years. The Court of Audit has the reputation of being wholly nonpartisan.

Within the government itself, there is no specific institution for monitoring ministries, though the coalition's party leaders have significant influence over the individual ministers affiliated with their party. The Federal Chancellery is tasked with coordinating line ministries' activities rather than monitoring them per se. However, this coordination does allow it to monitor ministry activities, particularly regarding implementation of the coalition agreement.

## Belgium

### Score 6

The hierarchical structure of a ministry is such that the line minister (or ministers, when a ministry's set of responsibilities are shared by more than one government portfolio) controls the ministry at the political level. The ministry itself is presided over by a general administrator, whose nomination used to be purely political, but is now (at least partly) determined through a competitive exam.



The ministry of finance, for example, was administered by an individual affiliated with the Francophone Liberal (right-wing) party, who was replaced in 2010 by the only candidate who passed the selection tests, which happened to be the former head of staff of the former prime minister, a Flemish Christian Democrat. Thus, procedures do not prevent politics from playing a significant role in the assignment of the most important positions in these ministries. As the tenure of the general administrator and the minister are different, this opens the possibility for tension between the minister and the ministry. The management of the finance ministry was regularly criticized by the Christian Democratic and Flemish (CD&V) party when it was led by a liberal general administrator. At the time of writing, both the minister and the general administrator hail from the CD&V, and thus operational improvements are more likely to take place more smoothly. This also implies that the supervision of a ministry depends much more on the identity of the minister rather than on the government office at large.

## Greece

### Score 6

Since May 2010, when the Papandreou government obtained the first bailout package and its accompanying austerity measures, the Prime Minister's Office (PMO) has tightened its supervision over line ministries. Greece's creditors demanded specific measures of fiscal consolidation and structural reforms. However, traditionally minded socialist ministers of the Papandreou Cabinet did not implement austerity measures in a consistent manner, while the PMO was often unable to motivate them to do so. In the caretaker Papademos government which was in power from November 2011 to May 2012, the PMO tried, often in vain, to monitor the implementation activities of line ministries, but the fact that ministers came from three different parties, each pursuing their own agendas, undermined policy implementation. The efficiency of the PMO's monitoring of line ministries has improved since June 2012, when Samaras, the head of the center-right New Democracy party, formed a tripartite government in which the vast majority of ministers come from his own party.

## Italy

### Score 6

The minister (without portfolio) for the implementation of the government program is attached to the Presidency of the Council and monitors the main legislative activities of the ministries. But this activity is not as effective when it comes to monitoring the implementation activities related to the legislation adopted. The resources devoted to this function are not sufficient to conduct a systematic and in-depth control.



## Japan

### Score 6

Generally speaking, the Cabinet Office, which was established over a decade ago, offers a means of monitoring ministry activities. In recent years, its personnel has been expanded, improving its monitoring capacity. However, it de facto lacks the ability to survey all activities at all times, and most recent prime ministers and their chief cabinet secretaries have lacked the power to use this apparatus effectively.

The DPJ-government originally attempted to control the budgeting process by shifting functions away from the Ministry of Finance, with the newly established Government Revitalization Unit playing a newly important role. Over time, however, the Ministry of Finance has regained some of its clout.

## Luxembourg

### Score 6

There is no formal monitoring by the Prime Minister's Office as no institutional resources exist to carry it out. The small size of the government administration and permanent discussions between ministers foster a high level of transparency without the necessity of explicit monitoring tools. In case of conflicts, the prime minister moderates and acts as conciliator.

## Romania

### Score 6

The government has a special office in charge of monitoring the activities of line ministries and other public bodies. This office monitors the activity of most line ministries fairly effectively.

## Slovakia

### Score value\_6

As the overall position of prime ministers within government has differed between the Radičová and the Fico government, so has the extent of monitoring of line ministries. Prime Minister Radičová largely respected the autonomy of the line ministries and lacked the power and the capacities to monitor their activities. Although Prime Minister Fico could count on high ministerial compliance anyway, he expanded the monitoring of the line ministries by the Government Office, in particular in European affairs and economic and fiscal issues.



## Bulgaria

### Score 5

The Council of Ministers' administration lacks the capacity to monitor the implementation activities of the line ministries. The chief secretary of the Council of Ministers' administration and the specialized directorates of the administration can, however, follow most of the policy actions of the line ministries, especially in the areas financed through EU funds. The chief secretary and the directorates can also provide some administrative support to the prime minister and the head of his political cabinet, who can exercise more direct control over the ministries on a political basis. The exercise of this control tends to be informal rather than formal and it tends to be more effective in single-party governments, such as the GERB Cabinet in 2009 – 2013.

## Czech Republic

### Score 5

In the Czech Republic, the Office of the Government formally monitors the activities of the line ministries. During the Nečas government, however, the effectiveness of monitoring was complicated by the nature of the coalition government and the eroding informal authority of the prime minister in the coalition, especially given the falling poll numbers for the Civic Democratic Party (Občanská demokratická strana, ODS) and growing popularity of the TOP09 party (Tradice Odpovědnost Prosperita 09, TOP09).

## Estonia

### Score 5

The Prime Minister's Office has a small staff that performs mainly supportive and technical tasks. Thus the capacity to monitor the line ministries' activities from the core executive is limited. Although the prime minister does not possess a lot of power over ministers, there is broad consensus on the government program, and ministers very rarely challenge it.

## Germany

### Score 5

According to the Basic Law, ministers are fully responsible for governing their own divisions. However, they are bound to the general government guidelines drawn up by the chancellor. On topics of general political interest, the cabinet makes decisions collectively. In case of dissent between ministers, the chancellor has the power to serve as an intermediary. The Internal Rules of Procedure require line ministers to inform the chancellor



about all important issues. However, in many cases the Chancellery lacks the sectoral expertise to monitor line ministries' policy proposals effectively.

## Slovenia

### Score 5

In Slovenia, the weak capacity of the Government Office and the predominance of coalition governments have limited its role in monitoring the implementation activities of line ministries. The Government Office tends to respect the assignment of ministries in the coalition agreement, and most monitoring takes place in coalition meetings.

## Croatia

### Score 4

The Secretariat General of the Government is just one of three central government organizations involved in monitoring the activities of line ministries. The other two are the Central Office of Development Strategy and Coordination of EU Funds (CODEF), which focuses on economic policy, and the Ministry of Finance. In this triangle, the Ministry of Finance has a dominant position, as the 2010 Fiscal Responsibility Act has given it far-reaching powers to monitor the activities of any budget organization. The restrictive remit of the Secretariat General of the Government constitutes a major capacity gap. The weak monitoring of the line ministries' implementation activities can also be seen by the fact that in 2012 just 54% of line ministries and other government offices submitted at least one report related to implementation of a policy, program and law to the government, and only 15% have submitted an annual report.

## Malta

### Score 4

The Prime Minister's Office monitors the implementation activities of some line ministries but mainly on a case-by-case basis, that is when the need to ensure the success of a particular policy or to reform a faulty policy. One example is the task force set up to address the difficulties following the 2011 Bus Transport Reform Policy, which missed several targets in its objective of providing better bus services. Another example is the task force set up to reform the Malta Environment and Planning Authority, a government body which had become the focus of complaints by citizens, developers and environmentalists. Though the Prime Minister's Office does not systematically monitor the implementation of policies of the line ministries, the decisions of the Cabinet are monitored by the cabinet office which is part of the PMO, and which ensures that these decisions are implemented by the ministries.



## Netherlands

### Score 4

Given the Prime Minister's Office's lack of capacity to coordinate and follow up on policy proposal and bills, a systematic monitoring of line ministries' implementation activities is scarcely possible. In the event of crises, ad hoc monitoring does occur.

Parliamentary debate on ministerial monitoring should have been limited to a well-defined set of "focus subjects" in full accordance with the philosophy of Policy Program Budgeting System of the 1970s. However, political developments (election campaigns in 2010, Council of Ministers breakdown in 2012) prevented this. In 2012 yet another system of program budgeting – Responsible Budgeting – was introduced.

In addition, the application of regulatory impact assessment procedures for administrative burden reduction gives the Advisory Board on Administrative Burden Reduction (ACTAL) and the Ministry of Finance excellent opportunities for monitoring legislative initiatives by line ministries. One should bear in mind, though, that good monitoring opportunities will not always lead to faithful government policy compliance, as the nature of Dutch politics and government are more likely to lead to a new round of negotiations, bargaining and logrolling. In turn, this leads to a frequent reinterpretation of what government policy actually means.

## Cyprus

### Score 2

The state structure contains no specific mechanism for monitoring the work of line ministries. This task is left to the president and his advisors.



## Indicator

## Monitoring Agencies, Bureaucracies

## Question

How effectively do federal and subnational ministries monitor the activities of bureaucracies and executive agencies with regard to implementation?

41 OECD and EU countries are sorted according to their performance on a scale from 10 (best) to 1 (lowest). This scale is tied to four qualitative evaluation levels.

- 10-9 = The ministries effectively monitor the implementation activities of all bureaucracies/executive agencies.
- 8-6 = The ministries monitor the implementation activities of most bureaucracies/executive agencies.
- 5-3 = The ministries monitor the implementation activities of some bureaucracies/executive agencies.
- 2-1 = The ministries do not monitor the implementation activities of bureaucracies/executive agencies.

## Hungary

## Score 10

Upon taking office, the government under Prime Minister Orbán changed the heads and core executives of all state agencies at the national level. The weakening of subnational self-governments and the centralization of administration further extended the government's control over agencies. As in the case of line ministries, the government has adopted a hands-on approach and has closely monitored the agencies' implementation activities.

## Australia

## Score 9

The performance of ministries in monitoring the activities of executive agencies varies, in part due to differences in the degree of independence granted to agencies. For example, central bank independence is core to the credibility of monetary policy and is legislatively protected, which constrains Parliament's capacity to monitor the agency. This notwithstanding, the general pattern over recent years has been one of increasing accountability of the 170-plus statutory authorities and officeholders to the relevant federal minister. The most notable concrete indicator of this trend is that in 2002 the Australian government commissioned a review of the corporate governance of Commonwealth statutory authorities and office holders, the Review of the Corporate Governance of Statutory Authorities and Office Holders (the Uhrig Review). The objective of the review was to identify issues surrounding existing governance arrangements and provide options for the government to



improve the performance and get the best from statutory authorities, their office holders and their accountability frameworks. The review was completed in 2004 and a number of the recommendations have since been adopted.

## Austria

### Score 9

Ministries are responsible for monitoring the bureaucratic structures individually subject to them. All bureaucracies (except those within the judicial branch) are legally bound by instructions issued by their ministers (according to Art. 20 of the constitution), and have to report regularly to the ministries. The Austrian Court of Audit is the only institution aside from the parliament that monitors the government and its bureaucracies on a broader, cross-ministerial basis.

## New Zealand

### Score 9

The monitoring of executive agencies is based on the same procedures as with regard to line ministries.

Citation:

State Services Commission: Annual Report (Including the Annual Report of the State Services Commissioner) for the Year Ended 30 June 2011 (Wellington: States Services Commission 2011).

## Sweden

### Score 9

Government departments in the GO monitor the activities (not just implementation) of the agencies quite closely. Since the introduction of performance management some 15 to 20 years ago, agencies report to their parent department on their performance targets. In fact, many believe the reporting— which requires agencies to spend a lot of time and effort reporting on their performance to their respective department – is so extensive it has become burdensome.

It should be noted that there is a significant imbalance between the departments and the agencies. The GO has a total staff of about 4,500. The total staff in the agencies is about 230,000. Thus, the steering structures in the system are considerably smaller than the targets of that steering. This state of affairs has encouraged the use of informal communication between departments and agencies to supplement formal steering.



## Canada

### Score 8

Ministry procedures for monitoring operating agencies is less formal than the parallel monitoring of line departments by the PCO, in part because operating agencies are generally not responsible for policy formulation. In addition, these agencies may have a degree of autonomy. Nevertheless, ministries do monitor the activities of most operating agencies. Recently, the federal government has attempted to play a greater role in the administration of certain agencies such as the Canadian Broadcasting Corporation (CBC), especially in the area of labor relations.

## Denmark

### Score 8

Executive agencies have some autonomy, but given the formal norms of minister rule, the minister is ultimately responsible for what happens in the agencies. It is therefore in a minister's political interest to monitor activities closely.

The work of the agencies is often based on specialized expertise; as long as an issue is not politicized, the minister will normally defer to the decisions made by the agencies.

## Estonia

### Score 8

Estonian government is horizontally decentralized. This means that besides 11 ministries, there are 25 executive agencies and several foundations established by the government. Foundations have specific policy objectives, often managing implementation of the EU structural funds in Estonia. Foundations are led by a councilor, appointed by a minister. Agencies implement policies in the broader area, and they are accountable to the relevant ministry. Minister appoint directors of agencies. These organizational arrangements enable ministries to monitor the activities of executive agencies.

## Finland

### Score 8

All ministries use result management practices to monitor agencies in their respective task areas; in many cases, a balanced score system is used. Still, all agencies are not monitored to the same extent. Some agencies, such as the National Funding Agency for Technology and Innovation (Tekes)



operating under the Ministry of Trade and Industry, have a high degree of autonomy and monitoring takes place on a general level only. Other agencies enjoy a somewhat lesser degree of autonomy; however, as a rule, they have autonomy with respect to day-to-day operations. Generally speaking, monitoring takes many forms, and a system of political undersecretaries of state has been designed to foster the monitoring activities of individual ministers.

## Greece

### Score 8

In Greece most ministries supervise dozens of state agencies. For instance, the Ministry of Transport supervises the state-owned public transport companies in Athens and Thessaloniki, the Ministry of Health supervises all public hospitals and the Ministry of Finance supervises numerous state-owned enterprises. Before the crisis, supervision was lax – a tendency which led to state agencies like those named above incurring very high debts. The cost of servicing such debts was assumed by the state budget. In the long run, this pattern, along with other deficiencies of governance, led to Greece's deep, ongoing fiscal crisis.

After Greece's first bailout in 2010, the supervision of state agencies became much more tight. In fact, the Ministry of Finance acquired substantive powers to oversee the management of state agencies even in cases where the latter still nominally belonged to the jurisdiction of other line ministries. In 2011 – 2013 progress became visible as far as monitoring of state agencies was concerned, as Greece was able to drastically reduce its primary budget deficit.

## Luxembourg

### Score 8

Executive agencies and the administration usually lack the autonomy to pursue a course of action independent of guidelines issued by the responsible ministers. Sometimes the strong personality of an agency head leads to conflict. If this does happen, the views of the minister or his key collaborators usually prevail. In the domain of social security and public finance, monitoring is more centralized and effective, since the financial implications for the state are much more consequential. The two agencies that wield considerable control if not outright veto powers are the Social Security Inspectorate General (Inspection Générale de la Sécurité Sociale, IGSS), which is attached to the Ministry of Social Security, and the General Inspectorate of Finance (Inspection générale des finances, IGF), which is attached to the Ministry of Finance.



## Norway

### Score 8

Government agencies are subject to monitoring through direct bureaucratic channels and by the activity of the free press. As a rule, executive agencies do not act against the directives of the ministries, and there have been very few cases in which agency officials have taken action that could be seen as contrary to government policy. However, the terrorist attacks of July 22 were in part due to implementation failures by administrative agencies, in particular the central police directorate. The Office of the Auditor General (Riksrevisjonen), which reports to the parliament, plays a key role in monitoring implementation.

## Poland

### Score 8

There is a large number of executive agencies in Poland. Agencies report to ministries, and ministries have special units responsible for monitoring the activities of agencies and auditing their finances. The effectiveness of monitoring has improved over time.

## Portugal

### Score 8

Portugal has seen a proliferation of quasi-autonomous nongovernmental organizations (QUANGOs) and other structures in addition to an already complex direct administrative structure since the 1990s. These structures were often left with little ex-post monitoring. However, in the context of the bailout and the need to reduce public expenditure, the government has taken far closer interest in the operation of both QUANGOs and the direct administration. However, this interest is fundamentally centered on financial and budgetary aspects rather than the implementation of policy per se.

## Spain

### Score 8

In terms of administrative law and other instruments of control (financial or human), the Spanish ministries may monitor the activities of all executive agencies and may force them to act in accordance with the government's program. It is also true that, because of bureaucratic drift and/or flexibility in their functioning, some of these 150 or so semi-autonomous public bodies at central government level (formally known as organismos autónomos,



agencias or entidades públicas empresariales) have been able to elude this control. Ministers have particular difficulties in effectively monitoring the largest ones (such as the National Institute of Social Security in the case of the Ministry of Employment, or the Development Cooperation Agency in the case of the Foreign Ministry). One of the main ingredients of the administrative reform decided in 2012 has consisted of reinforcing the control of these agencies and, in some cases, the merging or absorption of the smallest ones by the ministry in charge of their task area.

## United Kingdom

### Score 8

The United Kingdom is not a federal state, and therefore there is no formal oversight for central state ministries of the workings of ministries in areas where devolution has granted powers to Scotland, Wales and Northern Ireland. But the United Kingdom has been an early adopter of delegating civil service work to executive agencies in order to improve performance and reduce costs, which has been going on since the early 1990s under the Next Steps Programme. There is, moreover, an expectation that the departmental minister takes responsibility for agencies which the ministry oversees, although there is no longer an expectation that the minister will have to resign if problems arise in an agency. Hence this delegation has also been found to disconnect civil servants from some of the activities notionally assigned to their ministries while reducing the ministerial accountability of the public service. More recently a “re-aggregation” to re-establish ministries’ lines of control has been taking place. The current Civil Service Reform also seeks to introduce new instruments of performance control and individual accountability. Monitoring therefore has to be seen as close, even if reactions may take some time. An interesting case is the Bank of England, which is largely independent, but which is still subject to some oversight by the Treasury, with the latter making senior appointments.

Citation:

Elston, Thomas 2011: Developments in UK executive agencies: re-examining the disaggregation – re-aggregation thesis, Paper presented to the Governance of Public Sector Organisations study group at the 33<sup>rd</sup> Annual Conference of the European Group for Public Administration, Bucharest, 7th – 10th September 2011.

## United States

### Score 8

There are no semi-autonomous agencies in the U.S. administrative system. Independent regulatory commissions are headed by bipartisan commissions with fixed terms of office, and are, in some respects, outside the executive branch. The White House and certain executive agencies, such as the Antitrust Division of the Justice Department, monitor their activities, despite



lacking formal authority to impose changes. Federal departments have central units, attached to the secretary's office, that monitor the activities of the agencies that comprise them. In late 2012, the Transportation Security Administration – part of the Department of Homeland Security – announced that it planned to remove the ban on passengers carrying small knives aboard airlines, a decision that likely was not reviewed by departmental leadership or the White House. Strong public criticism led to a reversal of the decision. Overall, such episodes of failed control over implementing agencies are quite unusual – with a few major cases, among dozens of agencies and hundreds of programs, in each presidency. There is not enough data available, however, to make comparisons with other countries.

## Belgium

### Score 7

Belgium has relatively few agencies that are funded and controlled by the government, but are also formally independent of the government. Agencies of this type include public radio and television stations, Child Focus, a foundation for missing or sexually exploited children, the Center for Equal Opportunities and Opposition to Racism, some official job placement agencies, public social service centers (Centres Publics d'Action Sociale (CPAS) / Openbare Centra voor Maatschappelijk Welzijn (OCMW)), and so on. The monitoring of these agencies works through several channels. Two are most relevant here. First, a government or party delegate will generally sit on the board of these agencies. Second, each year, the agency will have to submit a report to the government or to the ministry responsible for its activities. This monitoring is extremely controlled and effective, partly thanks to party discipline.

Nonetheless, effective monitoring is not necessarily synonymous with efficiency. Several scandals have emerged with the economic crisis and have shed light on malpractices in businesses or organizations that while not actually public, can be used to offer positions to former politicians or “friends.” The most pertinent case was with Dexia (formerly Crédit Communal), a bank that historically offered loans to municipalities. It was merged with its French equivalent, and the main administrators were the French and Belgian politicians Pierre Mariani and Jean-Luc Dehaene. Dexia was almost wiped out by the financial crisis, and the poor management by the state of such firms was made clear. Another example can be found in rail transport and infrastructure. Rampant poor management has led to an increase in the number of accidents and delays to unacceptable levels. A counterexample however is state postal services, which has started to earn a profit and has largely resolved delay problems. But with other examples, such as water distribution, social housing and so on, actions have confirmed that such companies need a significant governance overhaul, which is unlikely to come from government monitoring.



## Chile

### Score 7

To a certain extent, high positions in government agencies are filled not via political appointments but through the government's civil service department (Alta Dirección Pública, ADP), based on candidates' technical capacity and experience. Clear goals are identified by the directors of executive agencies and the corresponding ministries. Exhaustive evaluations of the system and of personnel choices are performed annually by the minister, the civil service and the president's advisory ministry (Secretaría General de la Presidencia, Segpres). In addition, the Ministry of Finance's budget office monitors decentralized agencies and public enterprises from a budgetary perspective very tightly and effectively. Nevertheless, the change of government in 2011 showed that the assignment of candidates via ADP is in fact quite weakly established. Therefore monitoring of activities of bureaucracies and executive agencies, especially at subnational level, seems to have declined slightly.

## France

### Score 7

In a centralized system like France's, the central machinery is unable to monitor fully and constantly the implementation of government policies. There exist huge sectoral and geographical variations. In some areas, decisions are not implemented or instead are badly implemented or flexibly interpreted. For instance, education is one of the most centralized policy fields in France, but implementation varies so starkly that parents have adopted strategies (such as the crucial choice of where to live) to register their children in the best schools. Implementing centrally designed policies requires local or regional adaptation or rigid rules that are applicable to all. Even the prefects, supposedly the arm of central government, refer to this practice, as may be witnessed for instance in the absent, or insufficient, implementation of water directives in some regions.

## Germany

### Score 7

Executive agencies' competences and responsibilities are explicitly detailed in law, edicts, statutes and other regulations. Their activities are not only subject to legal supervision, but also to functional supervision. Functional supervision implies that agency decisions and administrative instructions will be reviewed. This holds for the federal as well as the regional level. However, the ministries have not always made appropriate use of this oversight mechanism. The Audit Office has revealed deficiencies in the



implementation of functional supervision by the line ministries. A number of independent agencies, including the Federal Labor Office, the Federal Network Agency, the Bundesbank and others have deliberately been placed beyond the effective control of the federal government.

## Israel

### Score 7

One of the main problems of Israeli public administration is a lack of ministerial supervision over policy implementation.

After the 2012 social justice protests however this issue was addressed by the Trajtenberg Committee, appointed by the government to examine Israel's socioeconomic problems. The committee emphasized the need for an enforcement authority over the ministries and stressed the importance of interministerial cooperation.

A special committee appointed by the prime minister and headed by the director general of the Prime Minister's Office recommended giving more executive authority to ministry directors general, limiting the Ministry of Finance's general level of involvement in all ministerial affairs and strengthening fiscal discipline among directors general so they become more involved in what is to be done under their authority.

In addition, in 2011 the government appointed another committee to examine ways of improving human resources in ministries. Its findings included investing more in professional development, decentralizing ministry authority and increasing the effectiveness of ministry supervision over government bureaucracy.

#### Citation:

Koren, Ora, "Reform in the public sector: The ministry of finance authorities will be restrained, employees will receive incentives," TheMarker website 9.8.2012 (Hebrew)

Haber, Carmit, "Managerial culture blocks to implementing open government policy," The Israel democracy institute (March 2013) (Hebrew)

## Japan

### Score 7

Japanese ministries are traditionally run by civil servants that work within that ministry for their whole career. Government agencies that belong to a specific ministry's sectoral area are thus also directed by civil servants delegated from that ministry, who may return to it after a number of years. From that perspective, control of executive agencies below the ministerial level can be quite effective. This mechanism is supported by budget allocations and peer networks.



In 2001, so-called independent administrative agencies were established, following new public management recommendations for improving the execution of well-defined policy goals by making them the responsibility of professionally managed quasi-governmental organizations. Such independent agencies are overseen by evaluation mechanisms similar to those discussed in the section on regulatory impact assessment (RIA), based on modified legislation. In recent years, voices skeptical of this arrangement have gained ground, because the effectiveness of this independent-agency mechanism has been hindered to some extent by the network effects created by close agency-ministry staffing links. In addition, the administrators in charge have typically originated from the civil service, and thus have not possessed a managerial mindset.

Debate over reform of these independent administrative agencies continues. The new LDP-led government has made this reform a main item on the agenda of the Administrative Reform Promotion Council.

## Latvia

### Score 7

The executive branch is organized hierarchically, with ministries each having a group of subordinate institutions. Some institutions are directly managed by the ministry, while others are managed at arms' length when there is a need for the autonomous fulfillment of functions.

All institutions are required to prepare annual reports. Beyond the reporting requirement there is no centralized standard for monitoring subordinate agencies subordinate. Ad hoc arrangements prevail, with some ministries setting performance goals and requiring reporting relative to these goals.

The government office has recently taken steps that compensate for poor monitoring and communication with subordinate agencies. In 2013, the prime minister set specific policy goals for ministries and agencies, and has required semiannual reporting on progress toward these goals. The government office has also begun including agency heads in inter-ministerial coordination meetings, as a response to the observation that information flows between ministries and their subordinate institutions are neither reliable nor adequate.

## Mexico

### Score 7

The process of monitoring tends to work better at the national level than at the subnational level, where the general process of accountability is less strongly developed.



Monitoring is considerable at particular times and places, but selective. Essentially, it depends on politics. Ministries can scrutinize bureaucratic agencies if they want to, but there are good subjective reasons why they do not always do so - for example, because of political considerations. Decentralized agencies often try to exercise autonomy by going over the top of the secretariat and approaching the president directly. Pemex, the state-owned petroleum company, notoriously does this though it does not always succeed.

## South Korea

### Score 7

The ministries effectively monitor the activities of all executive agencies, and the minister is responsible for compliance. Once again, the top-down structure of the Korean government allows for effective monitoring. Agencies generally have autonomy with respect to day-to-day operations, but even these can occasionally be the subject of top-down interventions. However, there have been some cases when ministries fail to monitor the implementation activities of executive agencies. The series of bankruptcies and corruptions in small savings banks since 2010 are exemplary cases of the Ministry of Strategy and Finance's failure to effectively monitor the Financial Services Commission and Financial Supervisory Service.

## Turkey

### Score 7

Based on Article 126 of the constitution, Turkey is divided into provinces, to which power is devolved to ensure the efficiency and coordination of public services from the center. Ministerial agencies are monitored regularly. The central administration by law holds the power to guide the activities of local administration, to ensure that local services are delivered in conformance with the guidelines set down by the central government, as well as ensuring services are uniform, meeting local needs and in the interest of the local population (Article 127). However, independent administrative authorities such as the Telecommunications Authority and Energy Market Regulatory Authority are not monitored regularly.

The Internal Audit Coordination Board, affiliated with the Ministry of Finance, was established under Article 66 of the Public Financial Management and Control Law (Law 5018), and ensures that an administration in question cooperates with public auditing bodies as well as makes proposals to eliminate fraud or irregularities. All public agencies maintain an internal audit body; however, such bodies do not function effectively or operate to their fullest capacity.



Citation:

Z. Aslan, Administrative Tutelage in Turkish Law, *İdare Hukuku ve İlimleri Dergisi*, V. 13 (1), 2000.

N.Z. Gürkan, Kamu mali yönetiminde iç denetim uygulaması ve iç denetim algısı, MA Thesis, 2010.  
<http://eprints.sdu.edu.tr/id/eprint/690>

## Lithuania

### Score 6

Lithuania's fragmented structure of agencies and other public-sector organizations undermines ministerial performance monitoring. While agencies subordinate to the central government or individual ministries can be monitored comparatively efficiently, autonomous organizations such as public nonprofit institutions, foundations and state-owned enterprises that carry out administrative functions are more difficult to control. Parent ministries and third parties acting on behalf of the ministries use a combination of ex-ante and ex-post oversight mechanisms, including the assessment of agency results. However, many Lithuanian ministries have no professional staff specifically assigned to monitor agency activities.

## Switzerland

### Score 6

Switzerland's governance system offers considerable flexibility in implementing decisions. The central administration is very small; this does not prevent bureaucratic drift, but in all likelihood the opportunities for such drift are much smaller than in huge administrations.

A number of factors mitigate for close coordination between the federal government and the federal administration. The country's direct democracy means that citizens have the ability to limit the maneuvering room of both government and administration. In the collegial governmental system, coordination is essential to success, and government and administration alike depend on efficient collaboration given the reality of parliamentary control. There is little evidence of an administrative class that acts on its own; moreover, administrative elites perceive themselves to be politically neutral.

Furthermore, Switzerland's system is not characterized by a unitary federalism. Rather, it resembles the federalism of the United States. This implies that cantons have considerable responsibility for implementing policy, while the federal state has a subsidiary role. According to Article 3 of the constitution: "The cantons are sovereign insofar as their sovereignty is not limited by the federal constitution; they shall exercise all rights which are not transferred to the confederation." Even in areas in which the federal state has tasks and powers, such as social insurance, environmental protection or zoning, implementation is carried out by the cantonal and sometimes



municipal administrations. These bodies have considerable flexibility in performing their work, and implementation of federal guidelines frequently varies substantially between cantons. Zoning policy has offered examples in which the same federal regulation has led to opposite outcomes in different cantons. In addition, much implementation is carried out by interest organizations through the corporatist channel.

## Czech Republic

### Score 5

There is not much delegation of responsibility away from the government in the Czech Republic. The agencies that exist take diverse organizational forms and are monitored in different ways. Most of them enjoy little autonomy. The problems with too strong a political control of executive agencies are illustrated by the case of the inward investment agency CzechInvest, which is directly under the authority of the Ministry of Trade and Industry. In August 2012 the chief executive of CzechInvest was removed after a police investigation showed that contracts had been given to friends who, like him, were members of the Civic Democratic Party (Občanská demokratická strana, ODS).

## Ireland

### Score 5

The Health Services Executive (HSE) is the executive agency responsible for spending the public funds for health care. Cost overruns and poor outcomes have been a persistent feature of this agency.

In other areas, the autonomy of executive agencies has yielded mixed results, and the monitoring of these agencies is not sufficiently close to ensure that government policy is being implemented efficiently.

The Office of the Comptroller and Auditor General (OCAG) is responsible for auditing and reporting on the accounts of public bodies, ensuring that funds are applied for the purposes intended, and evaluating the effectiveness of operations. The OCAG does not regularly monitor all executive agencies. It seems to select those where it knows or suspects that problems have arisen. Its mission statement says it “selects issues for examination which are important in the context of the management of public funds.”

The latest available annual report is for 2011. This contains numerous details of overspending and makes many recommendations for improving the financial administration of the public sector. These echo similar past recommendations that have not always produced results.



In summary, a system of monitoring executive agencies is in place, but recent high-profile cases show that it all too often discovers failings and shortcomings after they have occurred and has not been very effective in averting them.

## Slovakia

Score  
value\_6

In Slovakia, the politicization of agencies that began under the first Fico government has continued. The appointment of agency heads has become a political power play; the Radičová government tried to bring in their own people. Because of controversies within the governing coalition, however, it did not always succeed. For instance, it failed to replace the head of the Regulatory Office for Network Industries and to fill the vacant position of the chairman of the Public Procurement Authority. Prime Minister Fico initially made some concession to the opposition, but eventually pushed through his own candidates for various positions. The politicization of agencies has infringed upon their independence and their professional monitoring.

## Bulgaria

Score 4

The capacity of the ministries to monitor the implementation activities of the bureaucracies and executive agencies in their task areas is quite limited in institutional terms. The monitoring that does take place tends to focus only on priority areas – such as, in 2009 – 2013, the absorption of EU funds and fiscal discipline – and tends to rely on informal rather than formal mechanisms.

## Croatia

Score 4

Croatia has about 75 executive agencies of which six are regulatory agencies. The tasks of these agencies are determined by law. The two most important monitoring instruments are certain reporting requirements and the representation of ministers or senior civil servants in the agencies' managements boards. Reports are not based on redefined performance indicators, but are more a loose and often self-congratulatory review of agencies' activities in the past year. They are seldom discussed after publication. As a result, the agencies enjoy a relatively large amount of discretion and face primarily political constraints. The Milanović government has started an evaluation of agencies with the aim of establishing new monitoring and coordination mechanisms.



## Italy

### Score 4

Autonomous executive agencies are not very common in Italian ministries, but they have increased with time. Although their activities are monitored, this monitoring is neither systematic nor particularly effective. There are some exceptions: for example, the monitoring of the tax agency (Agenzia delle Entrate) by the Finance Ministry is more effective than many other oversights. The Corte dei Conti – the main Audit Office – performs a systematic monitoring of bureaucratic offices and also of executive agencies but this monitoring is mainly focused on legal and procedural aspects and is much less effective in covering other aspects such as cost efficiency. There have been cases when some regional ministries and agencies have exhausted their budgets, especially in the health care system. The Monti government tried to regain some control of this crucial service.

## Malta

### Score 4

All monitoring of bureaucracies/executive agencies is done within the ministries responsible for each sector. Other types of monitoring are achieved through parliamentary oversight, since the work and output of bureaucracies can be discussed individually or during annual budget debates. The National Audit Office audits on a yearly basis the entire civil service and then reports to parliament or on the request of the Public Accounts Committee, a permanent committee of the legislature. The ombudsman also does a procedural audit, and the department of local government assesses the performance of local government bodies. There is also an internal audit office.

## Netherlands

### Score 4

The national Framework Law on Agencies/Bureaucracies has insufficient scope: too many agencies are exempted from (full) monitoring directives, while annual reports are delivered too late or are incomplete. Hence the government lacks control of the dozens of billions of euros of expenses managed by bodies distanced from central government. The Framework Law (2007) had not yet created the order in 2012, nor completed the harmonization and transparency of ministerial accountability intended. The original intention was that the Framework Law would apply fully to some 75% of the agencies; in 2012 it had less than 25% of its intended function.

Citation:

Algemene Rekenkamer, Kaderwet zbo's. Rijkswijde en implementatie, juni 2012



## Romania

### Score 4

In Romania, the monitoring of agencies has been plagued by political clientelism and the capacity reduction suffered by many ministries due to the often haphazard personnel reductions associated with the austerity measures adopted in 2010 – 2011.

## Slovenia

### Score 4

Favored by the 2002 Civil Service Act, the politicization of executive agencies in Slovenia has increased. Governments have reduced the autonomy of the independent regulatory agencies and filled leading positions in executive agencies with politically compatible personnel. In some cases, political and personal ties have prevented the sanctioning of misconduct and incompetency. A prominent example is the case of Mateja Duhovnik, CEO of the Motorway Company of the Republic of Slovenia (DARS), who was not replaced by the Pahor government in spite of overwhelming accusations of misconduct, corruption and incompetence.

## Iceland

### Score 3

The monitoring of agencies by ministries is quite weak. In the past, agencies have often spent more money than allotted to them in the government budget. The ministries themselves have in some cases engaged in the same practice of spending taxpayers' money in excess of budget allocations. The problem is exacerbated by the fact that, due to capacity constraints and other reasons, the National Audit Office (Ríkisendurskoðun, NAO) has been able to monitor only a small fraction of the agencies under its jurisdiction. From 2000 to 2007, the office audited only 44 out of 993 government agencies, or just 4.4% of the total, a very low percentage. In 2009, the first full year after the economic collapse and the fall of the big banks, almost half of this office's staff efforts (43%) was devoted to financial auditing related in some way to the collapse and its consequences. Moreover, state funding for the NAO has been reduced; from 2011 to 2012 the number of personnel fell from 47 to 42. Thus, if anything, the effectiveness of the NAO has decreased in recent years.

Citation:

Nation Audit Office Annual Report 2013. (ÁRSSKÝRSLA RÍKISENDURSKOÐUNAR 2012. APRÍL 2013).



## Cyprus

### Score 2

Line ministers have the legal power to oversee semi-governmental organizations (S-GOs), and to give their governing bodies guidance as to general government policies. S-GOs governing bodies are appointed by the Council of Ministers, which approves their budgets after review by the appropriate line ministries. Budgets are approved by parliament. However, oversight of these bodies is in reality deficient, even in terms of finances. This is because governing bodies typically act in a clientelist manner toward the government, with resources, personnel appointments and promotions largely serving government and partisan objectives. In addition, the renewal of an S-GO governing-body appointment usually depends on the candidate's conformance with the will and desires of the government or governing party.



## Indicator

## Task Funding

## Question

To what extent does the central government ensure that tasks delegated to subnational self-governments are adequately funded?

41 OECD and EU countries are sorted according to their performance on a scale from 10 (best) to 1 (lowest). This scale is tied to four qualitative evaluation levels.

- 10-9 = The central government enables subnational self-governments to fulfill all their delegated tasks by funding these tasks sufficiently and/or by providing adequate revenue-raising powers.
- 8-6 = The central government enables subnational governments to fulfill most of their delegated tasks by funding these tasks sufficiently and/or by providing adequate revenue-raising powers.
- 5-3 = The central government sometimes and deliberately shifts unfunded mandates to subnational governments.
- 2-1 = The central government often and deliberately shifts unfunded mandates to subnational self-governments.

## Canada

## Score 9

Canada's central government typically ensures that tasks delegated to subnational self-governments are adequately funded. Education and health care are largely the responsibility of provincial governments, and the federal government transfers funds earmarked for these functions through the Canada Health Transfer (CHT) and the Canada Social Transfer (CST). In addition, Canada has a system of Equalization and Territorial Formula Finance (TFF) payments in place, which are unconditional transfers to the provinces and territories designed to equalize the level of public service provision across provinces and territories.

## New Zealand

## Score 9

New Zealand is highly centralized, and local government structures are lean and generally uniform. Local government raises only about 5% of total government tax revenues. However, local autonomy in setting tax rates and bases is greater than in any other Organization for Economic Co-operation and Development (OECD) country. The main source of local tax revenues is the so-called rates, which are taxes on the holding of real estate. Local governments have at the time of writing full discretion to set rates, subject to a general balanced budget requirement. Other revenue sources include user charges and fees. There are no block grants from central to local government, but the central government contributes funding to specific local



government functions, in particular transportation as well as road construction and maintenance. The National Party-led government has reformed the Local Government Act with the aim of limiting local services more to their core tasks to keep costs under control.

Citation:

Local Government Act 2002 Amendment Act 2012 (Wellington: The Government of New Zealand 2012).

M. Reid, J. McNeill and C Scott, Local Government, Strategy and Communities, Wellington, Institute of Policy Studies, 2006.

## Switzerland

### Score 9

In Switzerland, cantons and municipalities levy most of the country's tax revenues. They determine local tax rates and decide how tax revenues will be distributed. Between 2004 and 2007, Switzerland passed a rather successful reform of its financial federalism, which has now taken effect. The basic idea was to establish a clear division of tasks between the federation and the cantons, and create transparency with regard to the flow of resources between the federal state and the cantons. In this reform, the basic principle of fiscal equivalence was strengthened. This means that communes, cantons and the federation each are responsible for the funding of their own tasks, and for the balance of their own budgets. The fiscal equalization scheme has been retained, as it is necessary to reduce certain geographical, economic and social disparities, but the danger of providing badly aligned incentives through earmarked subsidies is eliminated through the use of grants. Funds thus continue to flow vertically (from the federal state to the cantons and vice versa) as well as horizontally (between communes and cantons). Nonetheless, it remains to be seen whether the new fiscal equalization scheme will help cantons that have serious problems in fulfilling their tasks or in meeting their goals due to their small size, lack of resources, or other reasons.

## Austria

### Score 8

Under Austria's federal system, individual federal states are constitutionally weak as compared with individual states in other federal systems. Yet politically, the federal states enjoy significant power due to the principle of federal or indirect administration and the federal structure of all major parties. Successful party leaders on the state level often determine the fate of their party's national leadership.

In part because of this ambivalent power structure, responsibilities shift and are shared between levels. In some cases, this functions well: In the case of the most recent health reform, for example, state administrations and the



federal government, working closely with the umbrella organization of public insurance companies, together developed a formula that is expected to limit increases in care costs. In other fields, such as the school system, the conflicting structures and interests of the state and federal governments have led to inefficiencies and finger-pointing.

The Austrian constitution mandates that tasks delegated to regional or municipal governments must be adequately funded, although this does not always entail 100% national funding. This principle is in most cases effectively implemented, with some exceptions on the municipal level.

## Denmark

### Score 8

Part of the tax paid in Denmark is municipal income tax, and the tax rate varies between municipalities. The municipalities also receive money from the state (bloktilskud), and there is an equalization arrangement that moves funds from richer to poorer municipalities. In addition, the central government tries to control local expenditures through economic agreements. In recent years, because of the economic crisis, local governments have been on a tight leash. There are annual negotiations with the municipalities and regions about the financial framework agreement. Many municipalities currently find themselves in a very tight financial situation. Since municipalities act independently – though coordinated via their organization (Kommunernes Landsforbund) – the financial decisions of the municipalities have not always adds up to a sum consistent with the overall targets set by the Ministry of Finance. Due to deviations in recent years, the ministry has introduced sanctions to ensure that the outcome of municipal budgeting is in accordance with the overall targets.

Citation:

Jørgen Grønnegård Christiansen et al., Politik og forvaltning, 2011.

Torben M. Andersen, Hans Linderøth, Valdemar Smith and Niels Westergaard-Nielsen, The Danish Economy: An International Perspective. 3rd ed., Copenhagen: DJØF Publishing, 2010.

## Finland

### Score 8

Municipal governments have a right to assess taxes, and in fact, collect over twice as much personal income taxes as does the central government. A government grant/subsidy system enables local governments to provide public services in case their own tax revenue is insufficient. In essence, a portion of locally collected taxes is put into a common pool, from which transfers are made to local governments with weak financial resources. The central government establishes strict standards and service provision requirements, to which all citizens are entitled. Local governments are tasked



with providing these services, which means however that some municipalities are unable to meet the standards without increasing taxes. Given that local government units differ greatly in size and resources, they are in unequal positions in terms of capacity and performance efficiency. A large-scale reform for municipalities and services, which started in 2006 and has led to a reduction of the number of municipalities from 415 to 348 in 2009, aims to, among other things, secure sufficient financing and an efficient provision of services. During the review period the government has introduced a further, although highly contested reform project to create larger entities for social and health service provisions in a more efficient way (SOTE); this program has been discussed largely in the media.

Citation:

Markus Sovala, "State Transfers to the Finnish Municipalities", <http://www.oecd.org/gov/budgeting/39794511.pdf>

## Iceland

### Score 8

Over the years there has been more or less constant strife between the local and central governments over the issue of grant-based funding. The division of responsibilities between the central government and local governments has changed over time, but not broadly. In 1996, full responsibility for primary education was transferred from the central government to the municipalities. This transfer was in general accomplished without imposing a heavy financial burden on local governments, but a lack of funding did cause serious economic problems for many of the smallest municipalities, forcing some of them to amalgamate with neighboring municipalities. The full responsibility for handicapped affairs was transferred to the municipalities in 2010 and took effect in January 2011. No great conflicts between the state and local authorities over funding for handicapped services have occurred. Further transfers of responsibility have been discussed, including responsibility for elderly care and for high schools.

## Norway

### Score 8

There is a constant tension between central and local government over the funding of responsibilities imposed on local governments. The present central-left government radically increased local-government funding during its first term in office. This policy was initially met with great satisfaction by local authorities; however, these bodies rapidly adapted their activities to these new financial flows, relaxed budget discipline, wasted new resources in inefficient activity and additional bureaucracy, and again began asking the central government for additional funds. In general, regional governments



and municipalities are adequately funded. Their financial squeeze, certainly after the new central-government funding, is more attributable to a combination of locally generated ambitions and administrative inefficiency than to central-government tight-fistedness. Overall, the national government tends to establish universal rights and entitlements that must be implemented at the local level, causing tension when it comes to financing.

## Sweden

### Score 8

Unfunded, or insufficiently funded, mandates has been a longstanding issue in Sweden. Subnational governments enjoy extensive autonomy in relation to the central government in Sweden. Local governments and their national association, Swedish Association of Local Authorities and Regions (SALAR), have insisted that all tasks placed upon them by central government must be fully funded.

SALAR has made this claim an overarching principle, which it now emphasizes every time the central government delegates tasks to local authorities. Instead of fully funded mandates, though, the central government frequently negotiates the funding aspect of delegated tasks with the local governments and SALAR.

## United States

### Score 8

The United States has a federal system, in which the 50 states are independent sovereign governments, although the federal constitution is “the supreme law of the land.” States have unrestricted power to raise their own revenue, although the federal government takes full advantage of their more productive sources, such as the income tax. There is no general presumption of uniform standards for public services. Rather, the federal government imposes standards or seeks to induce certain levels of performance in varying degrees on different issues.

State officials often used to complain that federal mandates required substantial expenditures without providing the necessary funds. In 1995, the Republican Congress passed the Unfunded Mandates Reform Act. The act provides incentives for Congress and regulatory agencies to identify potential unfunded mandates in the legislative or rule-making process, but does not prevent them from setting mandates. The act has not done away with mandates, but has curbed direct orders and drawn attention to the issue. As a result, complaints from state officials have subsided. The Obama health care reform seeks to expand coverage of low-income individuals by raising the income ceiling for eligibility for Medicaid, a program administered and



large funded by the states. According to the law, the federal government will pay 90% of the cost of the expanded coverage if states pay 10% of the cost of health coverage for the new beneficiaries. However, many states with Republican leadership have been opting out of the Medicaid expansion. Another recent area of federal expansion is education, where the Race-to-the-Top grants have induced states to adopt various reforms – especially enhanced teacher assessment – in order to qualify for new federal grants. Thus the federal government has covered most of the costs of new expectations, made participation voluntary or both.

## Australia

### Score 7

Tasks are delegated to the states and territories not by choice, but by constitutional requirement, yet the states and territories are highly reliant on the Commonwealth to finance the myriad services they provide, including primary, secondary and vocational education, police, justice systems, public transport, roads and many health services. This dependence has been a source of much conflict, and many would argue it has led to underprovision of state-government provided services. The federal government's commitment to completely pass on to the states all revenue raised by a broad-based consumption tax introduced in 2000 only marginally reduced the tension between the two levels of government. Certainly, it has not helped that prices in education and health have in recent years been rising faster than the general price level. In response, the Labor government has attempted to address underfunding of health care and education in recent years, reaching funding agreements on health care with most jurisdictions in 2011 and making progress of on agreements for school funding in early 2013.

## Czech Republic

### Score 7

The regional tier within the Czech system of governance is responsible for administering and funding a number of activities that are required by law, notably primary and secondary level education. This is funded by an allocation of taxes. There is little scope for discretion within the budget allocations. EU regional funds constitute an important resource for regional development but require an element of co-funding and advanced payment dependent on central government support. However due to severe irregularities in financial administration and misappropriation of EU funds, some regions – in particular in the north – had their access to EU funds frozen and many regional projects were stalled. This will negatively affect the state deficit as the government subsidized the projects with cash advances.



In spring 2013, deep divisions emerged between the left-led regional governments in northern Bohemia and the Ministry of Finance as they disputed who was responsible for covering the irregularity fee to the European Union. Following weeks of negotiation, in May 2013 the two regional governments agreed to cover the fee, which was a precondition for continuation of EU funding in both regions. Thus in these areas where expenditure is not set by legal requirements, negotiations over regional budgets remain complicated by opposing political majorities at central and regional level.

## Luxembourg

### Score 7

As of 2012, the Ministry of the Interior supervises 106 municipalities in Luxembourg. This supervision is matched by substantial financial transfers from the central government to local entities, which, apart from a substantial share in corporate tax revenues, lack autonomous sources of revenue. Two-thirds of local entities have fewer than 3,000 inhabitants, a size which is believed to be far too small to handle modern political, administrative and technical requirements. By 2017, the number of local entities is planned to be reduced to 71. The aim is to have no municipality under 3,000 inhabitants to reduce operational costs and improve administrative and technical efficiency. Municipalities frequently complain that funding from the central government is insufficient. The government has used financial transfers to overcome local resistance to municipality mergers. So-called municipal associations (syndicats intercommunaux) exist in fields such as culture and sports to help improve the quality of local government.

Citation:

[http://www.gouvernement.lu/salle\\_presse/actualite/2009/03-mars/10-halsdorf-communes/index.html](http://www.gouvernement.lu/salle_presse/actualite/2009/03-mars/10-halsdorf-communes/index.html)  
 Halsdorf, J.-M. (2013), Die Kommunal- und Verwaltungsreform im Großherzogtum Luxemburg - Grundzüge und Perspektiven, in: Junkernheinrich, M., Lorig, W. H. (Hrsg.) (2013), Kommunalreformen in Deutschland, Baden-Baden, pp. 445-462

## Mexico

### Score 7

As a federal system, Mexico has three levels of government - central, state and municipal. This section will deal with state government, as municipal governments have less influence in the political process and less funding.

Adequate task funding is more an issue of macroeconomic stability than political will. In the days when Mexico routinely suffered from macroeconomic crises, it was impossible to fund projects properly. Those days are now over. The last few years have seen considerable fiscal decentralization and also a devolution of power to state governments. The state governors' association



is a powerful lobby group that bargains effectively with central government. It would complain if its mandates were unfunded. In general terms, Mexico's intergovernmental transfer system needs to reduce vertical imbalances and discretionary federal transfers. Moreover, Mexican states need to increase their own revenues in order to become less dependent on central government transfers.

## Netherlands

### Score 7

In 2011, revenue sharing from the national budget comprised two thirds of the combined income (€53.6 billion) of the 441 local and municipal governments; revenues raised by local governments themselves made up the remaining one third. One third of income from national revenue sharing comes from a general fund for local government (Gemeentefonds). The other third provided by the national budget comes from policy-related national subsidies (doeluitkeringen). In recent years, the financial position of local governments has been somewhat enhanced through growth of the general fund and more-than-average use of local governments' own revenues (minus local taxes).

The general fund, which is the local governments' "pocket money" (because they may spend it as they like), is allocated to allow local governments to receive more as they need it. Article 2 of the Law on Financial Relations between National and Local Governments specifies that, if and when national policy imposes new tasks on local governments, the national government should also indicate how local costs may be covered (i.e., the "pay down to the nail" principle). There are about 60 criteria for allocating money, 75% of which are related somehow to the local/municipal district size (i.e., in terms of number of residents and dwellings, total road surface, number of waterways). Due to the economic crisis, the general fund was frozen at its 2008 level and has decreased somewhat (-0.5% to -1%) in 2011 – 2012. Budget prognoses for the general fund anticipate very modest additional growth starting in 2014 – 2016.

At present, the decentralization and integration subsidies comprise 14% of all income from the general fund (Gemeentefonds). Policy-related national subsidies have decreased in total income share (62% in 1990; 34% in 2011) and in number (from over 400 in 1985 to less than 50 at present). It is here that municipal governments fear heavy reductions to keep the Dutch national budget within the European Monetary Union norm of 3% of GDP, while national government simultaneously has far-reaching plans for decentralizing tasks (especially in youth and health care). In addition, national government has restricted the way municipal governments spend their own income.



Citation:  
Gijs Oskam, Gemeentefonds voor beginners, september 2012  
(Conresenstudiecentrum.nl/producten/2012raadopzaterdag/B1%20Gemeentefonds)  
[www.vng.nl/files/vng/brieven/2012/20121211\\_vng\\_reactie\\_gemeentefonds](http://www.vng.nl/files/vng/brieven/2012/20121211_vng_reactie_gemeentefonds)

## Poland

### Score 7

Since 1999 Poland has supported three tiers of subnational governments: municipalities, districts and regions. A number of reforms, most notably health care and education reforms enacted in 1999, increased the responsibilities of subnational governments without providing the necessary resources. The Tusk government during the review period has attempted to tackle these problems. Reforms addressing regional development planning and policy have resulted in the higher absorption of EU funds, and this has helped subnational governments to better perform their duties. In 2012, the Sejm began work on changes to the Law on Local Government. The planned amendments aim at strengthening lower-level administrative bodies and include a projected increase in local government's share in personal income tax revenues.

## United Kingdom

### Score 7

Three of the four countries of the United Kingdom (Scotland, Wales and Northern Ireland) have devolved governments and responsibility for major areas of public services, such as health and education. England, by far the largest part of the United Kingdom, has no government of its own, but local authorities in England have responsibility for a more limited range of public services including schools.

Central government exercises tight control over the finances of the three national governments and of local authorities in England, the bulk of whose income comes from grants from central government. Domestic property taxes are the principal revenue instrument available to sub-national governments, but even the level of these is substantially controlled by central government. Given the absence of a written constitution, there is no mechanism to govern the allocation of funds to finance these devolved tasks, and decisions about them are therefore subject to political and administrative negotiations through formula-based need assessments. Agreements such as the "Barnett Formula" for Scotland, Wales and England provide some stability of funding, but are of course subject to change in conditions like the severe spending cuts under the Cameron government. The Scotland Act 2012 has given the Scottish Administration new taxation and borrowing powers and by 2016 it is planned that the Scottish government will be able to raise 35% of its expenditures instead of the current 14%. The Welsh



Assembly has far less fiscal discretion, but the central government has agreed that borrowing powers should also be devolved to the Welsh government.

Citation:

Scully, Roger/Jones Richard Wyn 2011: 7. Territorial politics in post-Devolution Britain, in: Heffernan, Richard et al.: *Developments in British Politics* 9, Basingstoke and New York

## Chile

### Score 6

Chile's central government exercises strong control over municipal budgets, accounting for a large proportion of local revenue. However, the assignment of new duties at municipal level does not necessarily imply the corresponding allocation of adequate funds. Municipal programs are monitored relatively closely by the central government, although spending overruns can be observed, resulting in local government debt. Less wealthy municipalities are sometimes unable to deliver a service that ensures adequate attention (for example, regarding the public health and educational system). Given this situation, some municipalities are still less able to guarantee the required contribution income by themselves. This problematic situation is characteristic of Chile's non-decentralized political system and has to be described as a structural problem.

## France

### Score 6

Over the past 30–40 years, the powers of communes, provinces (départements) and regions (delegated by central authorities or taken over de facto by local entities) have increased considerably. Normally a delegation of powers was accompanied by corresponding funding. However, as sectors devolved, sub-units were notably badly managed or insufficiently funded, and local units had to face huge expenditure increases that were not fully covered by the central government. Local lobbying groups are so powerful (given the tradition of accumulating elective mandates, most national parliamentarians are also elected local officials; furthermore, the local lobby controls the second chamber, the Senate) that they have managed to secure substantial fiscal transfers not earmarked for special purposes. Thus, more than two-thirds of non-military public monies are spent by local/regional actors, a figure comparable to the situation in federal states. While in theory local governments are agents of the central government, they have, actually, secured ample discretion.

On the other hand, the piecemeal and ad hoc reforms of local taxation, such as the elimination of the local business tax (taxe professionnelle) and its



compensation by national state allocations in 2009, or President Hollande's cut of state subsidies to local government as a move toward budget consolidation, have not improved the situation. A clear balance of national and local powers, financial resources and responsibilities is still lacking.

## Ireland

### Score 6

In 2011 (the latest year for which data are available), subnational units of government raised only 43% of their current and capital revenue from their own resources. The remainder came in grants from the central government. Subnational units of government have always been heavily dependent on the central government for funds, but the collapse of property construction and development activity further weakened the finances of local authorities.

Under the agreement with the Troika, however, a national local property tax has been introduced and will be payable from June 2013. A proportion of the proceeds of this tax will be allocated to local authorities to provide services. It is hoped that this major change will increase the responsiveness of local authorities to their electorates.

## Israel

### Score 6

Local authorities are largely funded through three main methods: local taxes are earmarked to finance local services; government funds are designated for social and educational services; and balancing grants help cover guaranteed services that local authorities are unable to finance through local revenues.

The government's budgeting procedure for local authorities is clearly articulated, and includes special budgetary support for poorer municipalities. The government as well has reformed its oversight of local authorities, as issues of politicization, corruption or general poor management had resulted in unwieldy deficits or even municipal bankruptcies, with which the central authorities would have to financially address.

Studies conducted by the Ombudsman's Office in 2010 and the Israel Democracy Institute (IDI) in 2012 showed that local authorities were not the only ones to blame for their poor record in achieving policy goals. Although Israel funding levels are comparable to other OECD countries, its local authorities actually receive less government funds than is needed given the financial burden of services the government requires local government to provide. This situation was empirically tested in studies with regard to local social services. Although the government did raise distributions in 2011 in



light of the severe measures to which some municipalities had to resort (for example, the Shlomi municipality was holding back wages from city workers), the IDI reported that local authorities still struggle to cover costs under current government financing levels.

Citation:

Ben Basat, Avi & Momi Dahan, "The political economy of local authorities," IDI website 2009 (Hebrew)  
 Saada, Aria, "Ombudsman's report 57נ: Budgeting social services for local authorities equality lacking," Abiliko website 9.7.2010 (Hebrew)  
 Ben Basat, Avi & Momi Dahan, "Strike in local authorities," IDI website 15.1.2012 (Hebrew)  
 Dahan, Momi, "Why do local authorities hold back pay?," IDI website 15.11.2009 (Hebrew)  
 Ben-Bassat, Avi, Momi Dahan, Esteban F. Klor, Representativeness and Efficiency in Local Government, Jerusalem: IDI 2013, introduction summary in English: <http://en.idi.org.il/media/2464644/Representativeness-Abstract.pdf>  
 "Instructions for local authorities' budget frame proposal for the year 2012," Ministry of interior website (Hebrew)

## Italy

### Score 6

In recent years a double and to some extent contradictory trend has taken place in the relationship between central government and local administrations (regions, provinces and municipalities). On the one hand, constitutional reforms and normal legislative and administrative changes transferred broader tasks to local governments. This has particularly been the case for regions where the devolution of functions in the field of health care has been particularly extensive, for example. On the other hand, however, because of budgetary constraints and strong pressure from the European Union and international markets, the central government has increasingly reduced transfers to local governments in order to balance its own budget. Local governments have tried to resist this fiscal squeeze without great success and have had to increase local taxation. But given the limitations of these strategies this has meant that functions delegated to subnational governments have often become underfunded, and local authorities have been pushed to reduce the level of services provided.

## Latvia

### Score 6

Local governments enjoy a comparatively high degree of autonomy. The local government share of public expenditure is 27% (2010), slightly above the EU average of 24.1%.

Local governments have autonomous tasks, delegated tasks and legally mandated tasks. Each type of task is meant to be accompanied by a funding source; in practice, however, funding is not made available for all tasks. The President's Strategic Advisory Council has described local governments as having a low degree of income autonomy and a relatively high degree of



expenditure autonomy. In its 2011 report on Latvia's adherence to the European Charter of Local Self-Government, the Council of Europe concluded that local authorities have inadequate access to independently raised resources, and urged Latvia to increase local authorities' financial autonomy.

The adoption in 2012 of a medium-term budget-planning process envisions the inclusion of three-year budget cycles for local government. While this will provide medium-term budget clarity for local governments, there is also a concern that it will prevent local governments from gaining access to budget increases in proportion to the rate of economic recovery. Data from 2011 showed a disproportion in local government and national budget indicators; expenditure had increased by 10.2% at the local-government and 2.4% on the national level, while income had increased by 2.6% at the local level and 10.5% at the national level.

Citation:

1. The President's Strategic Advisory Council (2013), Management Improvement Proposals, Available at (in Latvian): [http://www.president.lv/images/modules/items/PDF/Pasvaldibas\\_EGPP\\_FINAL.pdf](http://www.president.lv/images/modules/items/PDF/Pasvaldibas_EGPP_FINAL.pdf), Last assessed: 21.05.2013

2. Congress of Local and Regional Authorities (2011), Local and Regional Democracy in Latvia, Available at: <https://wcd.coe.int/ViewDoc.jsp?id=1857271&Site=COE>, Last assessed: 21.05.2013.

## Lithuania

### Score 6

Lithuania has a centralized system of government with powers and financial resources concentrated at the central level. The central government provides grants for the exercise of functions delegated to the local level, as local authorities have minimal revenue-raising powers. In 2012, the Congress of Local and Regional Authorities expressed its concern that Lithuanian municipalities have limited capacities and insufficient resources to deliver the services delegated to them. Municipal concerns, including that of adequate funding, are taken up by the joint commission of the Lithuanian government and the Association of Lithuanian Municipalities.

Citation:

State of local and regional democracy in Lithuania, see <https://wcd.coe.int/ViewDoc.jsp?id=1925765&Site=Congress&BackColorInternet=e0cee1&BackColorIntranet=e0cee1&BackColorLogged=FFC679>

## Portugal

### Score 6

Portugal continues to be one of the most centralized countries in western Europe, with autonomous self-governing areas solely in the insular regions of the Azores and Madeira. 308 municipalities represent the main subnational



level of government. In 2011, Portugal continued to have one of the European Union's lowest ratios of subnational public expenditure to GDP at 7%, considerably lower than the EU-27 average of 11.9%. The subnational sector has long been burdened with increasing debts. These reached a critical point in the 2011 – 2013. The most salient bailout was that of the Madeira regional government in late 2011, as a result of huge deficits in Madeira. Additionally, the government set up a bailout for indebted municipalities while at the same time tightening its control over local accounts in mid-2012. Overall – and as with other policy areas – the main focus in terms of subnational delegation is now on curbing public expenditure rather than policy delivery.

## Slovakia

### Score 6

In Slovakia, the level of decentralization is relatively high. However, the funding of subnational governments has been precarious. Municipalities and regional self-governments often complain about unfunded mandates. At the same time, their fiscal discipline is poor and part of their fiscal problems stems from their leaders' irresponsible behavior. As part of a broader administrative reform, the Fico government in early 2013 launched an audit of the efficiency and effectiveness of subnational governments, which might result in changes in the functions and financing of local government (Jacko/Malíková 2013).

#### Citation:

Jacko, Tomáš/Malíková, Ľudmila, "A Chance to Restart Public Administration Reform in Slovakia," paper presented at the Annual Conference "Regionalisation and Inter-regional Cooperation," May 16-18, 2013 / Belgrade, Serbia;  
[http://www.nispa.org/files/conferences/2013/papers/201304221020090.Paper\\_Malikova,%20Jacko.pdf?fs\\_papersPage=4](http://www.nispa.org/files/conferences/2013/papers/201304221020090.Paper_Malikova,%20Jacko.pdf?fs_papersPage=4)

## Spain

### Score 6

In the context of the deep economic crisis and public spending cuts that have characterized Spain from 2011 to 2013, it is difficult to assess if the central government has honestly tried to enable subnational governments to fulfill their delegated tasks by providing sufficient funding (although, considering the difficult situation, that funding was inadequate), if the central government deliberately shifted unfunded mandates to the regions, or if there was just a lack of a pre-existing serious impact assessment. Although Spain can be considered a semi-federal system, the very high degree of regional decentralization has been occasionally associated with deficiencies in the process by which tasks are delegated to regions without adequate funding sources. It is also true that regions enjoy some power to raise revenue in



order to counterbalance this insufficiency of funding, but they have tended not to use this power for fear of political penalties.

During the period under review, it is also important to note that 20% of all the Spanish public spending cuts have been made by the autonomous regional governments, and that the central government passed the Organic Law 2/2012 on Budgetary Stability and Financial Sustainability of Public Administrations. Now, regional governments must approve an expenditure ceiling in keeping with the stability target and the expenditure rule. On the other hand, richer regions are asking for a new profound revision of the general funding system. The debate on the criteria by which solidarity funding should be allocated between regions and territories continues to be intense in Spain, including a bid for independence in Catalonia fuelled by a widespread social unrest as a consequence of the limited fiscal capacity of the region for taxes collected there. For their part, local governments (with responsibility for roughly 15% of total public spending in Spain) are without doubt inadequately funded given their responsibilities, but municipalities have less political power than regions to improve the system and the government is actually considering a reform that forbids them from carrying out unfunded tasks on policies in which the legal competence is regional and not local.

## Turkey

### Score 6

Municipal governments depend on financial contributions from the central government, in the capital Ankara. Many municipalities do not have the sufficient financial resources to finance basic administrative duties, issues for which they are by law responsible; thus many have declared bankruptcy. Municipal borrowing constitutes a large share of Turkey's total medium- and long-term debt. Financial decentralization and reform of local administration have been major issues during the review period. The central administration (mainly through the Bank of Provinces) is still the major funding source for local governments. During the 2013 fiscal year, the government allocated TRY 578 million to a village infrastructure project (KÖYDES), TRY 526 million to the Drinking Water and Sewer Infrastructure Program (SUKAP) and TRY 210 million to the Social Support Program (SODES).

The incumbent government, with reference to municipal governments that are controlled by opposition parties, has been accused of taking a partisan approach toward the distribution of funds. Since 2009, transfers from the central government to municipalities via the Bank of Provinces takes into consideration the number of inhabitants compared with development indices. However, the new model has not eased the difficult financial situation of Turkey's municipalities, which are seriously indebted to central government



institutions. During the first quarter of 2013, 44 municipalities and affiliated corporations held some TRY 14.5 million in loans, half of which remain outstanding.

Citation:

AK Party Group Meeting January 15-2013: <http://www.akparti.org.tr/english/haber/37077/ak-party-group-meeting-j-anuary-15-2013>.

2013 Yılı Merkezi İdare Bütçesi, Resmi Gazete, 31 Aralık 2013.

Türkiye'nin en borçlu belediyeleri! 10 Mayıs 2013, <http://ekonomi.haber7.com/gundem-ve-riler/haber/1024735-turkiyenin-en-borclu-belediyeleri>.

## Belgium

### Score 5

The responsibilities of Belgium's central government in recent decades have been reduced and delegated to regional or sub-regional levels: the three regions (Flanders, the Brussels region and Wallonia), the main two linguistic communities (Flemish and French) as well as the smaller German-speaking community, and the municipalities (communes/gemeenten; a city can be subdivided into several communes). Due to the political stalemate between the country's Flemish and French regions, the Brussels region has voluntarily been chronically underfunded; one of the main items in negotiations for forming a national government was the refinancing of Brussels. Municipalities in rich areas are typically funded sufficiently, but this is often not the case in poorer areas.

Communities have been made responsible for education, but have not received sufficient funding to ensure the healthy development of education policy. The Flemish community and region were merged to address this issue, but the French community could not do the same, as it operates both in the bilingual region of Brussels and in Wallonia (which is French-speaking). The government agreement also implies serious cuts in financial transfers from Flanders to Wallonia over the next 10 years. But since Wallonia is a post-industrial region with unemployment levels twice as high as in Flanders, it is difficult to see Wallonia not continuing to suffer from chronic underfunding.

Another part of the government agreement was to start decentralizing taxation, but the main sources of state financing (direct taxes and VAT) will remain centrally controlled and collected, before being redistributed according to pre-agreed sharing rules. Redistribution issues remain a point of conflict between the main regions and communities, even more so during the recent financial crises.



## Bulgaria

### Score 5

Local governments in Bulgaria get most of their revenues from central government. Activities delegated to municipalities by central government are financed in two ways: firstly, a portion of the revenues from some general taxes is designated for the municipal budgets, and secondly, central government pays a subsidy. It is already a well-established tradition that every year the ministry of finance claims that all delegated activities are fully and adequately funded, while the National Association of Municipalities in Bulgaria claims that the actual costs for the municipalities are higher than the state budget law envisages, thus de facto forcing municipalities to finance delegated central government activities.

## Germany

### Score 5

The funding of tasks delegated from the national to the subnational level without a corresponding source of funding is a sore point in the German debate on fiscal federalism. Some progress was made on the expenditure side in 2006, when the Bundestag and Bundesrat agreed on the Federalism Reform I, which abolished some forms of mixed financing. Furthermore, draft laws connected with the provision of cash benefits or allowances in kind for third parties will in the future require the approval of the Bundesrat. Nevertheless, problems with the new provisions soon emerged when the grand coalition then in power sought to increase the number of child care places for children under the age of three. Since the first federalism reform of 2006, education has come almost entirely under the jurisdiction of the individual federal states. Moreover, the federal government is not allowed to fund state tasks unless the federal level also has legislative competences in the field. Thus, it was very difficult to find a way to provide the states with the necessary funding to create enough places in child care facilities. Though a way was found in the end, it came close to violating the new constitutional rules. The inadequacy of autonomous state-level tax resources remains a major issue requiring reform. The Federalism Reform II package failed to make any breakthrough in this regard, and discussions for further change under the second Merkel government also failed to reach a solution supported by all stakeholders.

A further particular problem exists with respect to municipalities: Although welfare benefits are defined on the central level in Germany, the municipalities bear the financial burden of this policy. For many transfer areas such as benefits for the handicapped, children or the provision of child



care, municipalities do not receive (sufficient) compensation from the federal level. In 2012, a federal law began to phase in full compensation with regard to subsistence old-age benefits. But for several other spending categories, municipalities still do not receive sufficient funding for tasks defined at the national level.

## Japan

Score  
value\_6

Local governments – prefectures and municipalities – depend strongly on the central government. Local taxes account for less than half of local revenues, and there is a complicated system of vertical fiscal transfers. Local governments can follow their own policies to only a limited extent, as they are generally required to execute policies passed at the central level, although in recent years this burden has been eased somewhat due to administrative reform measures. More recently, pressure on expenditures has further increased, as local budgets are responsible for a considerable proportion of the rising costs associated with the aging population, as well as social-policy expenses related to the growing income disparities and poverty rates. Moreover, tax revenues were disappointingly low during the period under review.

Japanese authorities are well aware of these issues. Countermeasures have included a merger of municipalities designed to create economies of scale, thus necessitating lower expenditures for personnel and public investment. In a mid-2012 review of this strategy, problems associated with rising local financial burdens and with overcoming the effects of the March 2011 triple disaster were acknowledged. An Act on the Forum for Deliberation between National and Local Governments, passed in 2011, has increased local and regional governments' freedom of independent action. The DPJ-led government hoped to increase fiscal decentralization further, but no concrete progress was achieved. During the 2012 election campaign, the LDP and others made a reorganization of Japan's prefectural system into larger regional entities (*doshu*) a major campaign issue. Such a reform is highly controversial, however, and it is quite unclear whether the new government will be able to bring it about.

Citation:

Cabinet Decision (Japan), Medium-term Fiscal Framework (FY2013–FY2015), 31 August 31 2012, [www.cas.go.jp/jp/.../20120831\\_siryou0\\_1\\_en.pdf](http://www.cas.go.jp/jp/.../20120831_siryou0_1_en.pdf) (accessed in May 2013)



## Malta

### Score 5

Local councils in Malta are primarily administrative bodies, and cannot raise revenue through local taxes. The creation and existence of local councils, rather than an outline of their powers and responsibilities, is enshrined in the constitution. A motion to rescind the existence of a local government body requires a two-thirds majority in parliament. Local councilors are elected by a local popular vote. Nearly all funding for local government activities comes from the central government, with a small fraction sourced from local traffic fines. The funding formula for local councils is based on geography and population, but the fact that these local councils incur budget deficits indicates that delegated tasks are not adequately funded.

## South Korea

### Score 5

While South Korea remains a unitary political system, a rather elaborate structure of provincial, district and neighborhood governments has been in place since 1995. Local and state governments play an important role in providing services to citizens, and account for about 15% and 45% of government spending respectively (according to the latest available data in 2008). However, local and state governments have relatively little ability to raise their own revenue. As their own sources account for only 17% and 22% of national revenues respectively, most subnational governments need substantial support from the central government, particularly outside the Seoul region. In addition, local administrations lack sufficient manpower; central government staff is often therefore delegated to subnational authorities.

Citation:  
OECD, *Government at a Glance* 2009  
OECD, *Government at a Glance* 2011

## Croatia

### Score 4

In Croatia, the division of competencies between central and subnational governments has been relatively stable. By far the most important revenue source of subnational governments is the personal income tax, which on average accounts for some 55% of all revenues of local and regional units. The remaining taxes account for only around 6% of the total revenue, the most important of them being property tax (approximately 4%). The second most important source of revenue are various types of administrative fees (user charges being the most significant among them as they make up



approximately 18% of total subnational revenues). Grants from the central government (often administered via counties) and various assistance funds from abroad rank third. Finally, about 7% of the revenues of subnational governments come from the various types of property they own (business premises, apartments). The main problem with the financing of subnational governments has been strong regional and local differences. A substantial number of municipalities and towns, most of them in rural areas, suffer from markedly low financial capacities, thus facing severe difficulties in providing public services.

## Cyprus

### Score 4

Local governments receive substantial subsidies from the state budget, with funds often earmarked for specific projects. In recent years, the amount of this subsidy has been decreased, with the declines approved by the government and by parliament. At the same time, new municipalities have been created through referendum, substantially increasing the quantity of funds needed for local government. Various problems, such as the lack of strategic planning, redundancy in services, and failure to comply with the recommendations of the Auditor General, have pushed some municipalities to the brink of financial collapse. Thus, the growing and in some cases inflated needs of local governments conflict with the central state's deteriorating finances.

## Estonia

### Score 4

Estonian local governments are heavily dependent on financial resources from the central budget, as revenue from local taxes is almost nonexistent. During the economic recession, the central government cut funds allocated to the local governments by 13%, and despite improvement in the economic situation, the pre-recession rates have not been restored. As a result, local governments have serious difficulties in even financing the tasks required by law. These unfunded tasks have given ground to hot debates between the local and central governments, and have resulted in some court cases (2010). The National Audit Office even compiled a special report, "Impacts of the decrease in revenue on the activities of municipalities and cities through 2009–2010". Yet, as of the time of writing the situation has not improved substantially and adequate funding to local governments remains a major concern.

#### Citation:

Impacts of the decrease in revenue on the activities of municipalities and cities through 2009-10, National Audit Office 2011. <http://www.riigikontroll.ee/tabid/206/Audit/2174/OtherArea/1/language/et-EE/Default.aspx>



## Slovenia

### Score 4

In the wake of the economic crisis, municipal governments – the sole tier of local self-government in Slovenia – have suffered substantial fiscal problems. The funds they received from the national budget were reduced, especially after the adoption of the Fiscal Balance Act by the Janša government. At the same time, they have only limited options to levy their own taxes and duties. As a result, some smaller municipalities have had difficulties preserving even the minimum standards of public services and even more municipalities had trouble financing their investments in municipal infrastructure and public buildings. Municipalities attempted to raise more funding from EU structural funds, but as many were battling with a lack of skilled personnel, success was limited. The problem of limited municipal budgets was highlighted in 2011 when Slovenia's largest city, Maribor, was close to cancelling a prestigious project – the hosting of the 2013 World University Games.

## Greece

### Score 3

The term “subnational self-government” refers to directly elected regional authorities and municipal authorities. These may be able to raise funds through a few taxes, like those imposed on restaurants for the use of open spaces (pedestrian zones, squares), and also through applying to EU Structural Funds. In practice, however, the long-term trend to delegate authority from central government to subnational governments was not accompanied by a corresponding trend to guarantee adequate funding sources to these subnational governments. In the period under review, the contrary happened. The government, anxious to effect fiscal consolidation, was extremely frugal with regard to task funding. Moreover, the municipal authorities, which used to obtain easy credit from state-owned banks, found out that this option was no longer available. The result was that subnational governments had to clip some of the social services, cultural and other activities they used to offer to citizens.

## Romania

### Score 3

The funding of subnational governments is a serious problem in Romania. A mere 25% of Romanian localities are able to cover their wage expenses from revenues alone, creating a serious dependence on discretionary allocations. Moreover, wage expenses exceed revenues twofold in 25% of localities, while two thirds of localities are in (or near) bankruptcy. Consequently, most



localities are dependent on discretionary allocations, which tend to be allocated along partisan criteria. Whereas this widespread practice triggered massive political migration of mayors after the 2000 and 2004 elections, Law 249/2006 limited this practice and instead resulted in a rise in the share of “independent” mayors, whose de facto switch of partisan allegiances is rewarded by the government with the highest shares of discretionary resource allocation (even greater than for the mayors from the governing party).

## Hungary

### Score 2

In Hungary, there is a long tradition of national governments shifting unfunded tasks to the subnational level. Under the Orbán government, the situation has worsened. The shift of competences from the subnational to the national level has gone hand in hand with an even stronger reduction in the revenue sources of subnational governments. As a result, the latter have lost competencies and now have fewer funds for the remaining tasks than previously. The Orbán government's inclination to shift costs to subnational governments is nicely illustrated by a cap on energy prices and the costs of other services for households imposed by the government in spring 2013, as an early campaign promise ahead of the 2014 elections. By limiting the profits of public service providers, the cap has had severe implications for local budgets. However, municipalities were not compensated for this loss by the central government.



## Indicator

# Constitutional Discretion

## Question

To what extent does central government ensure that subnational self-governments may use their constitutional scope of discretion with regard to implementation?

41 OECD and EU countries are sorted according to their performance on a scale from 10 (best) to 1 (lowest). This scale is tied to four qualitative evaluation levels.

- 10-9 = The central government enables subnational self-governments to make full use of their constitutional scope of discretion with regard to implementation.
- 8-6 = Central government policies inadvertently limit the subnational self-governments' scope of discretion with regard to implementation.
- 5-3 = The central government formally respects the constitutional autonomy of subnational self-governments, but de facto narrows their scope of discretion with regard to implementation.
- 2-1 = The central government deliberately precludes subnational self-governments from making use of their constitutionally provided implementation autonomy.

## Belgium

## Score 10

The state has no formal authority over regions and communities (there is no hierarchy between federal and regional/community levels). With some issues, regions and communities are actually becoming more powerful than the national government, and the tension between the country's linguistic communities as well as between its geographical regions reinforces this trend.

It is striking to observe that the country's most visible and powerful politicians have during the review period chosen to run for election in their respective regions, rather than seek national posts.

## Iceland

## Score 10

Subnational or local government in Iceland has no formal constitutional status (although the constitutional bill approved in the 2012 referendum would have granted this status). The only paragraph in the 1944 constitution that concerns subnational government states that municipal affairs shall be decided by law. General rules on local government are found in the Local Government Act (Sveitarstjórnarlög), which states that local authorities shall manage and take responsibility for their own affairs. The parliament or the



ministry responsible for local-government affairs (currently the Ministry of the Interior) can in general make decisions or laws that affect local authorities. Icelandic local authorities are free to engage in any governing activities that are not forbidden by law.

Citation:

Eythórsson, Grétar (1999): The Iceland National Report. In Jacob, Linder, Nabholz and Heierli (eds.): Democracy and Local Governance. Nine Empirical Studies. Institute of Political science, University of Bern, Switzerland (p. 62-88).

Local Government Act. (Sveitarstjórnarlög nr. 128/2011).

## Switzerland

### Score 10

Municipalities and cantons have a high degree of autonomy is very high, while the federation has only a subsidiary role. The central government has little opportunity to counter decisions made by cantonal parliaments or governments. Municipal discretion in policymaking is a constitutional norm. Article 50 of the constitution states: “(1) The autonomy of the municipalities is guaranteed within the limits fixed by cantonal law. (2) In its activity, the confederation shall take into account the possible consequences for the municipalities. (3) In particular, it shall take into account the special situation of cities, agglomerations and mountainous regions.” The municipalities and cantons make use of their competences to the maximum extent possible.

## Canada

### Score 9

Canada’s central government takes substantial steps to ensure subnational self-governments are able to use their constitutional scope of discretion. Canadian provinces, especially large ones such as Quebec and Alberta, guard their constitutional powers closely and allow the federal government little scope to increase its power.

Indeed, certain responsibilities under joint federal-provincial jurisdiction, such as labor-market training, have in recent years been decentralized and delegated completely to the provinces. This devolution of powers is not always permanent, however. A recent example is offered by the Canada Job Grant program, which was launched in the 2013 budget without previous consultation with the provinces. With the emergence of skill shortages in certain occupations and regions, the federal government concluded that provincial efforts in the training area needed strengthening. Under the program, the federal government directly provides employers with up to CAD 5,000 for the training of each employee, with matching contributions from the employer and provincial government mandatory. This effectively restricts



provincial discretion to a large extent. The future of this initiative is very uncertain, as certain provinces have refused to participate.

Even when the federal government has tried to assert its authority in economic areas thought to be under exclusive federal jurisdiction, such as the regulation of securities markets, certain provinces have vociferously objected and taken the federal government to the Supreme Court, and won.

## Finland

### Score 9

Municipalities in Finland have a long tradition of independence in specific policy areas, while also implementing policies of the central government. In particular, municipalities are responsible for the implementation of educational, health care, social and infrastructure services. Municipalities may not be burdened with new functions or financial or other obligations, nor may they be deprived of their functions and rights except by an act of parliament. The control that the state exercises over municipalities does not imply any general right of the state to intervene. Control may be exercised only in accordance with specific legal stipulations. Thus, subnational autonomy is guaranteed and protected by law. Still, the autonomy of local government may be curtailed by financial pressures.

## Sweden

### Score 9

Although unfunded mandates have been much debated, central government overwhelmingly respects local autonomy. Local government enjoys extensive autonomy, which is guaranteed by the constitution. Indeed, the strength of local autonomy adds to the fragmented nature of the Swedish political system and sometimes creates problems in governance and coordination.

The constitution does not define any limits for local government action. During the period of review, central government did not question the principle or the exercise of local autonomy.

## Austria

### Score 8

The competences of the federal states and municipalities are limited by the constitution. However, national administrative tasks are often carried out by subnational agencies, which gives the federal states considerable (de facto) political power.



Hence the main challenge lies in the contradiction between the fact of constitutionally weak states and a constitutionally strong national government, and a political environment that renders the states quite influential and the national government quite weak. Although the national government has a de facto monopoly on the power to raise taxes and other revenues, state governments have considerable leverage in financial negotiations over how these funds are to be distributed.

Thus, in general terms, the Austrian political system ensures that subnational self-governments are able to utilize their constitutional scope of discretion quite effectively.

## Denmark

### Score 8

Section 82 of the Danish constitutions reads that, “The right of municipalities to manage their own affairs independently, under state supervision, shall be laid down by statute.”

The constitution thus assumes some autonomy of municipalities, but leaves it to parliament to determine the scope. Indeed, in a comparative perspective, Denmark is a decentralized state, but it is not a federal state. In recent years there has been a tendency to curtail the effective discretion of lower layers in the public sector, in particular the municipalities. The People’s Assembly can, at any time, change the scope of local autonomy and its organization. The latest change came in 2007, when the reorganization resulted in a total of five regions and 98 municipalities (kommuner). At both levels there were mergers to create bigger units, with economies of scale, and greater capacities for dealing with delegated tasks.

The regions are mainly responsible for health and regional development, while the municipalities have a wider range of tasks. They basically administer the welfare state: schools, day care, elderly care, libraries, sport and roads. They play an important role in employment policy as well.

Citation:

Jørgen Grønnegård Christiansen et al., Politik og forvaltning, 2011.

Carsten Henriksen, Offentlig Forvaltning, 2006.

## Germany

### Score 8

The allocation of tasks and responsibilities between the federal and state governments is defined in the Basic Law. Thus, police functions, cultural tasks and education, including both schools and universities, are the responsibility of the individual states. This distribution of tasks is largely



respected by the central government. Thus, individual states have considerable flexibility in defining the organization of primary and secondary schools. Federalism Reform I brought some additional precision and clarification of competences for the states. Financially, a highly developed fiscal-equalization system that includes horizontal (interstate) and vertical (special-purpose grants from the central level) elements provides funding for state tasks. However, the states' lack of autonomous tax powers (with the exception of the real-estate transfer tax) represents a significant weakness.

## United States

### Score 8

Whether the federal government permits the states to exercise their constitutional authority without undue interference is one of the central constitutional controversies in U.S. politics. In one sense, there is no such thing as the federal government depriving states of their constitutional discretion. Whatever decisions the federal government imposes on the states can be appealed to the federal courts. Given the availability of appeals, one can assume that states are able to exercise their constitutional jurisdiction as it is currently interpreted. In 2012, the Supreme Court, supporting the Obama administration, invalidated most of an Arizona law that provided for aggressive state level investigation and prosecution of illegal aliens. On the other hand, while upholding most of Obama's health care reform as an exercise of the taxing power, the Court's conservative majority pronounced the act not sustainable under the Commerce Clause – an interpretation virtually no commentators foresaw until months after the law was passed.

## Czech Republic

### Score 7

Local and regional governments' discretion over exactly how resources should be spent is constrained by requirements to provide certain services. However, there are no precise limitations. Effective discretion is limited by the tightness of budgets. Money can be transferred between uses.

## Italy

### Score 7

The constitutional and legislative changes which have substantially increased the powers and scope of activity of regions in recent years have not made the relationship between different levels of government easier and less antagonistic. The fact is that in an increased number of fields central government and regions have concurrent legislative powers. In these areas, the central state should simply define general guidelines, leaving the



definition of specific legislative contents to regional assemblies. However, the national government and parliament have a tendency not to respect this division of competences, impinging upon the sphere of regional autonomy instead.

For their part, regions often adopt a posture of resistance to national rules. This has produced a significant amount of litigation before the Constitutional Court. Tensions between the two levels have been worsened by the difficult financial situation which has induced the central state to increase its control over local governments – often seen as a source of uncontrolled expenditure – and to cut transfers to them. This was mainly true for some regional governments which had trouble offering public services because of mismanagement and/or corruption. State intervention in subnational affairs under the Monti government was necessary and helpful for the sake of citizens.

## Luxembourg

### Score 7

Local government depends increasingly on transfers from the central government. Land-use regulation was centralized during the review period; yet a serious conflict between local interests and the aims of the government's transport and land-use planning body (Integrierte Verkehrs- und Landesplanung, IVL) occurred when the construction of a large business center in a rural region near the capital was not authorized.

With education reforms, municipalities lost one of their major prerogatives, which was the autonomous management of teaching staff in primary schooling (students four to 12 years old). In return, the government promises more autonomy as a result of territorial reform, especially more financial autonomy and the backing of municipal finances through regional funds.

Citation:  
<http://www.land.lu/2013/02/08/der-tanz-beginnt%E2%80%A9/>

## Mexico

### Score 7

The Mexican constitution entitles subnational entities, in particular states, considerable opportunities to influence policy. However, fiscal federalism in Mexico still relies heavily on transfers and thus gives the central government much fiscal leverage. On the other hand, the economic heterogeneity among states is so huge that there is a need for a solidary oriented transfer system. Many have criticized the central government for taking an over-controlling attitude to implementation. But many experts believe that state and, even



more so, municipal government is much more likely to be corrupt or inefficient than central government. In a country like Mexico, therefore, centralized government is often better government.

## Poland

### Score 7

The process of government decentralization which started in 1998 has been broadly accepted. The Tusk government has largely refrained from intervening in the affairs of subnational governments. However, there have been some conflicts over health care and education reforms. Most notably, some subnational governments have criticized the government for its insistence over the privatization of hospitals.

## France

### Score 6

Some instances of recentralization have occurred through fiscal or administrative means, but despite the usual stereotypes about French hyper-centralization, it is fair to say that subnational government enjoys much freedom of maneuver. Legally, subnational government is subordinate. Politically, the influence of local elites in parliament and in particular in the Senate is decisive. The most efficient but contested instruments of control derive from the legal, technical or economic standards imposed by the Brussels and Paris bureaucracies. Violating such standards can involve high political, monetary and legal costs for local politicians.

## Lithuania

### Score 6

The central government generally respects local authorities' constitutional scope of power, but centrally determined political, legal, administrative or fiscal measures sometimes constrain subnational policymaking and implementation autonomy. In addition to the problems of limited powers and insufficient fiscal resources, the elimination of county administrations and other central-level decisions have reduced municipalities' policymaking and implementation capacities in areas such as territorial planning, construction, and the regulation of land ownership.



## New Zealand

### Score 6

There is a clear legal framework for local government autonomy, consisting of the Local Government Act 2002, the Local Electoral Act 2001 and the Local Government (Rating) Act 2002. In addition, the comprehensive reform program, “Better Local Government,” was put into action during the review period, and may change parts of the legal framework. There is no de facto infringement of this scope. Local governments do not enjoy constitutional status, as they are creatures of statute. As noted already, local governments in New Zealand are unusual in terms of their relatively narrow task profile and their inability to tap into other commonly used sources of subnational revenue, such as sales and/or income taxes. Local governments therefore raise a relatively large proportion of revenue from rates and charges; and given concerns about rating levels, they are fiscally constrained from expanding their roles and functions.

#### Citation:

Department of Internal Affairs, Better Local Government: <http://www.dia.govt.nz/better-local-government> (accessed May 12, 2013).

Local Electoral Act 2001 (Wellington: The Government of New Zealand 2012).

Local Government Act 2002 (Wellington: The Government of New Zealand 2012).

Local Government Act 2002 Amendment Act 2012 (Wellington: The Government of New Zealand 2012).

Local Government (Rating) Act 2002 (Wellington: The Government of New Zealand 2011).

## Norway

### Score 6

There is ongoing tension between Norway’s local and central governments over the discretion allowed to local governments. The central government has increasingly tied the hands of local governments, for example by controlling local-level expenditure by earmarking the transfer of funds for specific purposes. There is nothing to suggest any recent reversal of this trend.

## Bulgaria

### Score 5

Bulgaria is a unitary state with two levels of government – national and municipal. The constitution vests municipalities with a relatively large set of powers and competencies, and the law generally respects this independence. However, in reality most Bulgarian municipalities are financially dependent on the national government because their own revenue base is inadequate for generating the necessary revenues. In recent years, this dependency has decreased, as the capacity of municipalities to finance a



number of policies through EU funds has gradually improved. However, municipalities have not yet achieved full financial independence, and many of the smaller ones will never do so. There have been numerous allegations that the national government is using this leverage for political purposes, but there has been no confirmation that municipalities with mayors from opposition parties have suffered from unequal fiscal treatment.

## Chile

### Score 5

Chile is a centrally organized state. This represents a structural problem given the wide-range of differences between the respective regions regarding geography, productivity and density of population. Nevertheless, local governments legally enjoy a considerable degree of autonomy concerning mandates and tasks that do not touch on constitutional issues and can be executed within the allocated budget. Furthermore, the government has tended to devolve responsibilities to local governments (i.e., in the domain of urban regulation). In comparison to local or municipal level, regional governments enjoy a high degree of budget autonomy. At regional level, the governors' autonomy is limited by their simultaneous function as representatives of the national government and heads of the regional advisory councils.

## Estonia

### Score 5

According to the Estonian constitution, local self-governments can independently decide on all local issues. All rights and responsibilities of local governments are stipulated in detail in the Local Government Organization Act. However, the limited administrative capacity and scarce financial resources of local self-governments curtails their implementation autonomy. The majority of Estonian self-governments are very small – fewer than 2,000 residents and eight to 10 civil servants in the municipal government. For example, according to the Estonian Child Protection Union, in 2013 about one fifth of children lived in municipalities, which do not have special social workers dealing with at-risk children. The shortage of administrative staff is closely related to the financial resources. The majority of local budgets are composed of central government revenue and heavy cuts in 2009 – 2011 significantly decreased the ability of self-governments to function.



## Ireland

### Score 5

Ireland is a unitary state, without regional self-government or a significant degree of autonomous local self-government. Article 28a of the constitution simply states: “The state recognizes the role of local government in providing a forum for the democratic representation of local communities, in exercising and performing at local level powers and functions conferred by law and in promoting by its initiatives the interests of such communities.” There has been no significant development through legislation of autonomous local government during the existence of the independent Irish state.

In keeping with its poor constitutional foundation, the role of subnational government is perceived as narrow and weak by the electorate. Most of the units of local government – the counties and county boroughs – are small and many have weak economic bases. The smallest county has a population of less than 30,000 people.

Eight regional authorities have been formed, comprised of groupings of counties, and they coordinate some of the county/city and sub-county activities, while monitoring the use of EU structural funds. However, these have done little to improve the functioning of local government. They have, however, led to some proliferation of quasi-autonomous non-governmental organizations (quangos). The present government included a streamlining and rationalization of these organizations in its program, but little progress has been made in this area so far.

## Israel

### Score 5

The government since 2007 has sought as part of its agenda a reform of the legal framework and management of local government. During the review period new legislation was submitted for a vote, but was returned for further work and has at the time of writing still not been approved. At a conference held by the Interdisciplinary Center (IDC) Herzliya in December 2011, a wide consensus was reached in supporting Israel’s adoption of European normative approaches to local governance. Thus Israel should offer local governance a clear legal framework in basic law, allowing local authorities more autonomy and leeway.

Israeli local governance as of the review period lacks a clear legal framework, and is legally enshrined in two main pieces of legislation and a few government injunctions. Local government is granted some specific authority and is allowed determine its own course in issues not under its direct authority when the central government has not offered clear guidance



– yet it can be forced into changing its stance by the courts. The Ministry of the Interior is the body that manages local authorities, and often intervenes in cases of municipal deficit or poor government management.

Citation:

Hayman-rysh, Naomi, “Changes in the status of local government,” IDI website, October 2008 (Hebrew)

“municipalities law: Position paper,” IDC, December 2011 (Hebrew)

“Government legal proposal 292,” official legal records 1997 (Hebrew)

## Latvia

### Score 5

Local governments have a constitutional right to implementation autonomy. This right is reinforced by Latvia’s commitments as a signatory of the European Charter of Local Self-Government, and has been upheld by Constitutional Court judgments. The Ministry of Environment and Regional Development monitors local government regulations for legal compliance, and has the right to strike down regulations deemed to be in violation of legal norms.

The President’s Strategic Advisory Council has noted a tendency toward overregulation on the part of the central government, which has negatively impacted local governments’ discretionary authority.

Public discussion about the appropriate division of responsibilities and the burden of financing erupted in 2012, when the central government scaled back the Guaranteed Minimum Income (GMI) program, simultaneously reducing the GMI benefit to the poor and transferring the funding responsibility to local governments.

Citation:

The President’s Strategic Advisory Council (2013), Management Improvement Proposals, Available at (in Latvian): [http://www.president.lv/images/modules/items/PDF/Pasvaldibas\\_EGPP\\_FINAL.pdf](http://www.president.lv/images/modules/items/PDF/Pasvaldibas_EGPP_FINAL.pdf), Last assessed: 21.05.2013

## Portugal

### Score 5

Formally, the central government enables subnational governments to make full use of their constitutional scope of discretion with regard to implementation. However, subnational governments do not have their own revenue stream, instead being dependent on central government transfers. This means that the central government generally has considerable control. This control has increased in 2011 – 2013 as the central government imposed its own conditionalities on the Madeira regional government and on municipalities that requested central government help. The same is true of those municipalities which did not seek a central government bailout, as the



increasing tightening of financial expenditure cut funding for programs that involved partnerships between central and local government.

## Slovenia

### Score 5

The Slovenian Constitution and the Local Government Act give municipalities the competence for all local public affairs and some autonomy in implementing national legislation. In practice, however, financing constraints and a limited capacity in the large number of small municipalities leads to limited local autonomy. Policymakers at national level tend to neglect local interests.

## South Korea

### Score 5

While autonomous local governments are protected by the constitution, there is no constitutional specification of their competencies and rights. Due to the very high dependence on transfer payments, most regional and local governments are vulnerable to interference by the central government. The reality of inadequate budgetary and functional authority in many local areas, as well as the disproportionate influence of city and provincial authorities, often leaves local administrators and governments short on revenue and effective governing capacity. However, as local political autonomy takes root in Korea, local governments are trying to expand their discretions as much as possible, leading to policy disputes with central government.

## Turkey

### Score 5

According to Article 127, Paragraph 1 of the constitution, local administrative bodies are public entities established to meet the common needs of the local inhabitants of provinces, municipal districts and villages, whose decision-making bodies are determined by the electorate as described in law, and whose structure is also determined by law. However, according to Article 127, Paragraph 5 of the constitution, the central administration has the power of administrative trusteeship over local governments, under a framework of legal principles and procedures designed to ensure the functioning of local services in conformity with the principle of administrative unity and integrity, to secure uniform public services, to safeguard the public interest and to meet local needs in an appropriate manner.

In this sense, the municipality law grants local governments only a very limited sphere of responsibility, and what's more, places them under the



jurisdiction of provincial governors. In the past, the Constitutional Court has often annulled local government decisions (e.g., the use of Kurdish as a teaching language in schools) by arguing that such a provision threatened the societal and territorial integrity of the Turkish state. This mindset dominates the relationship between central and local governments.

In the review period, however, there have been some substantial changes concerning the alignment process with the European charter of local self-government. Regarding metropolitan municipalities, with Law 6360 on the Establishment of 13 Metropolitan Municipalities in 13 Provinces and 26 Districts and Amending Certain Laws and Decree Laws (published in the Official Gazette on 6 December 2012), the boundaries of metropolitan municipalities were revised with the goal of making the provision of public services more effective and productive. The law has been criticized, despite its “official” goal to strengthen democracy at the local level. First, the legal status of provincial administrations, villages and municipalities cannot just be changed by a special law; such changes require a constitutional amendment. Second, the law essentially violates the principle of self-government. And finally, it is questionable whether the effective delivery of social services does indeed strengthen local democracy.

## United Kingdom

### Score 5

A distinction must be made between local government and the devolved Scottish Parliament, and Welsh and Northern Irish assemblies. Local governments in England largely do little more than act as regional executors for Westminster policies and they have limited “constitutional scope,” although recent reforms were supposed to give them more discretion in the use of the funds allocated to them. But they have no way to legally challenge or oppose central government actions. Only two cities (London and Bristol, the latter only since late 2012) have directly elected mayors with executive responsibilities. They can exercise a certain degree of autonomy from central government.

The devolved Scottish Parliament and the Scottish executive have grown into major political actors whose rights, although theoretically revocable by Westminster, must be considered permanent for political reasons. Their Welsh and Northern Irish counterparts have considerable autonomy, but differ in degree from Scotland. Even if some decisions by the Scottish government provoked Westminster (most notably in the case of tuition fees), there was no intervention by the central state.



## Australia

Score 4

The responsibilities of the Commonwealth and of the states and territories are clearly laid out in the Australian Constitution. However, they have been subject to judicial review over the course of the century, which has resulted in the increasing centralization of executive power. In turn, the policies of the major political parties have been to increase this centralization in the interests of fiscal and administrative efficiency. The states and territories have sought legal redress through the courts on occasions when they have felt that their authority has been diminished by the Commonwealth government. The federal government has also on a number of occasions used its superior financial position to coerce state governments to relinquish powers or adopt favored policies of the federal government, which has had the effect of subverting their constitutional scope of discretion. Most recently, in 2013, the federal government began moves to increase school funding, but contingent on jurisdictions abiding by certain conditions.

## Croatia

Score  
value\_6

In Croatia, the autonomy of local and regional self-government units is substantially limited. In violation of the European Charter on Local Self-Government, local units are usually not allowed to regulate and expand their autonomous scope of activities on their own. In the case of activities devolved to local self-government units from the central government, there is a central government body giving instructions to county prefects and mayors. The Ministry of Administration can dissolve representative bodies of local or regional self-government units if they violate the constitution or laws. The Milanović government established an Advisory Council for Decentralization, headed by Deputy Prime Minister Neven Mimica, in February 2012, but that body hasn't come up with any kind of coherent policy proposal yet.

## Cyprus

Score 4

The constitutional status of local government suffers from confusion or vagueness, as the constitution's provisions on the issue are quite general. Municipalities were placed under the authority of either Greek or Turkish communal assemblies (Art. 86-111). However, communal chambers were abolished with the collapse of bi-communality in 1964, so local governments' fields of authority and powers are today given by articles 84 and 85 of the Law on Municipalities. Budgets as well as the management of selected financial issues and assets are subject to approval by the Council of



Ministers. The central government's discretionary powers on these issues as well as on changes in the amount of subsidy provided can be regarded as factors limiting local government's autonomy.

## Japan

### Score 4

The Japanese constitution guarantees local-government autonomy. However, articles 92 to 95 of Chapter VIII, which discuss local self-government, are very short and lack specifics. The central state makes its power felt through three mechanisms in particular: control over vertical fiscal transfers, the delegation of functions that local entities are required to execute, and personnel relations between local entities and the central ministry in charge of local autonomy. Moreover, co-financing schemes for public works provide incentives to follow central-government policies.

Over the course of the last decade, there have been a growing number of initiatives aimed at strengthening local autonomy. One major reform proposal envisions the establishment of regional blocks above the prefectural level, and giving these bodies far-reaching autonomy on internal matters (doshu system). Both the LDP and its junior partner, the New Komeito, took up this proposal in their 2012 election platforms, but their ability to realize this controversial concept remains doubtful.

The 3/11 disasters did not produce any significant changes in the debate on local autonomy. Steps taken thereafter were ambiguous. In its Basic Guidelines for Reconstruction in Response to the Great East Japan Earthquake (July 2011), the government approved the establishment of special zones for reconstruction in the region. However, measures related to these guidelines are to be overseen by the national government and the newly established Reconstruction Agency.

On the regional level, there has been considerable dissatisfaction over the degree of dependence on Tokyo. For example, Toru Hashimoto, once governor of Osaka prefecture and now mayor of Osaka City, has proposed that these two entities be united in order to make them stronger. In the 2012 general election, his newly formed Restoration Party (Ishin no Kai) won about 11% of the parliamentary seats, but did not become part of the government coalition.



## Netherlands

### Score 4

Dutch local governments are hybrids of “autonomy” and “co-government” forms. However, local autonomy is defined mostly negatively as pertaining to those tasks left to local discretion because they are not explicitly mentioned as national policy issues. Co-government is financially and materially constrained in quite some detail by ministerial grants. Increasingly, Dutch national government uses administrative and financial tools to steer and influence local policymaking. Some would go so far as to claim that, by violating the European Charter for Local Government, the aggregate of all these tools has created a culture of quality control and accountability that paralyzes local governments. This is due in part to popular and political opinion that local policymaking, levels of local service delivery and local taxes ought to be equal everywhere in the (small) country.

#### Citation:

Hans Keman and Jaap Woldendorp (2010), „The Netherlands: Centralized - more than less!“, in: Jürgen Dieringer and Roland Sturm (hrsg.), *Regional Governance in EU-Staaten*, Verlag Barbara Budrich: 269-286.

## Slovakia

### Score 4

Whereas the Radičová government favored decentralization, the Fico government has pursued a hands-on approach limiting the constitutional discretion of subnational governments. The government’s plans to streamline the central administration have raised concerns that it might further limit the role of subnational governments (Bútora 2013, 45).

#### Citation:

Bútora, Martin/Mesežnikov, Grigorij/Kollár, Miroslav (ed.) 2013:Slovakia 2012. *Trends in Quality of Democracy*, Bratislava.

## Spain

### Score 4

As discussed under Sustainable budgets and Task funding, the Organic Law 2/2012 on Budgetary Stability and Financial Sustainability of Public Administrations is now the main regulation that imposes stability, debt targets and expenditure rules on all public administrations. With this law, the central government – while formally respecting the constitutional autonomy of autonomous regions – de facto narrows their scope of discretion with regard to implementation. Although the highly decentralized Spanish system usually enables the 17 regional governments to use their substantial autonomy fully and the Constitutional Court protects the regions in cases of unconstitutional



interference, the decentralization process has not always been characterized by loyalty between the center and periphery.

In some cases the central government has deliberately attempted to weaken regions politically, while some of the regions (particularly those governed by peripheral nationalist parties like Catalonia or the Basque Country) have always tried to protect themselves from any kind of coordination. Since 2012, Catalonia has objected and even threatened secession, as a consequence of several central initiatives that, according to the regional government, may have extremely reduced its economic capacity and political autonomy. Examples of this recentralizing trend include the restrictions on regional public deficit and public debt (Organic Law 2/2012), the legal reform for seeking the unity of the market and the new education law.

## Greece

### Score 3

While nominally the autonomy of subnational self-governments is guaranteed by the constitution – which requires that the government provides them with all legislative, regulatory and financial means to accomplish their tasks – in practice, particularly in the period under review, subnational self-governments had very few means at their disposal. The government de facto narrowed the scope of discretion of subnational self-governments because it simply discovered that the state's finances were on the brink of collapse.

Citation:

Article 102 of the constitution provides for the autonomy of subnational governments.

## Hungary

### Score 3

Hungary has experienced far-reaching reforms of local government during the period. The Orbán government ended mayoral elections in municipalities with less than 2,000 inhabitants and fostered the combining of smaller municipalities. It also reduced the original functions of local self-government, especially in the realm of education, and established new tiers of state administration at the county and district level that have assumed functions that had previously been exercised by local and other subnational self-governments. As a result, not only the formal powers of subnational self-governments, but also their capacities to make full use of these powers, have declined.



## Malta

### Score 3

Local councils have no constitutional right of implementation autonomy, and all their activities and responsibilities are monitored and can be challenged by the Department of Local Government. All by-laws have to be approved by the central government and decisions taken may be rescinded. These constraints are intentional, to prevent local councils from assuming responsibilities independent from the central government or adopting policies which conflict with those of the central government.

## Romania

### Score 3

Subnational implementation autonomy is often curtailed by fiscal measures enforced from the central level. Discretionary financial transfers to municipalities and counties following partisan lines have persisted throughout the period under review. In 2012, the Ponta government attempted to reverse the partisan resource allocations of the Boc and Ungureanu governments through an ordinance binding local authorities to re-channel unused resources. The ostensible rationale for the ordinance was that the bulk of earmarked monies did not meet the necessary legal criteria. Nonetheless, similar controversies over partisan allocation also haunt Ponta's government and are likely to continue as long as subnational governments rely on discretionary funds for a significant portion of their budgets.



## Indicator

## National Standards

## Question

To what extent does central government ensure that subnational self-governments realize national standards of public services?

41 OECD and EU countries are sorted according to their performance on a scale from 10 (best) to 1 (lowest). This scale is tied to four qualitative evaluation levels.

- 10-9 = Central government effectively ensures that subnational self-governments realize national standards of public services.
- 8-6 = Central government largely ensures that subnational self-governments realize national standards of public services.
- 5-3 = Central government ensures that subnational self-governments realize national minimum standards of public services.
- 2-1 = Central government does not ensure that subnational self-governments realize national standards of public services.

## Denmark

## Score 9

National laws set standard with varying degrees of discretion for local authorities. The central government can supervise whether standards are met through benchmarks and tests and can require that performance indicators be published, such as hospital waiting lists, school performance results, and so on. Here, too, an active press plays a role in exposing problems, and the central government, which is ultimately responsible politically, can intervene by setting stricter standards or transferring extra money to certain activities. Rhetorical action, such as shaming underachievers, is also sometimes part of the strategy.

## France

## Score 9

Policymakers in France share a common interest in ensuring national cohesion. This is the basis for a large number of national standards and rules that canalize local and regional policies. National standards are determined by national regulations and constitutional and administrative courts serve as arbiters in disputes over whether these standards are met. The application of national standards is facilitated by the fact that most public services are run by large private companies with a vested interest in having the same rules and standards across the country. Services such as energy supply, water distribution, garbage collection are run by many different companies, most of which belong to two or three holding companies. Market uniformity is often



much stronger (for the sake of efficiency and profit) than bureaucratic uniformity, since individual actors in companies, unlike politicians and bureaucrats, have less leeway in interpreting and adapting the law to local concerns.

## Luxembourg

**Score 9** The Ministry of Interior supports local administration. As part of territorial reforms, the administration responsible for monitoring municipal finances will be integrated within the existing national Auditing Court (Cour des Comptes). The government is not entirely free to streamline and improve local government. More than 70% of members of parliament also have a local mandate and 17 work as city mayors; conflicts of interests do arise.

## Iceland

**Score 8** A diverse set of special laws on local-government services and activities is intended to set national standards. In most cases, these laws set minimal service standards. This is most apparent in areas such as primary education, child protection and social services. However, the central government seems in some cases unable to monitor local-government compliance with these standards effectively.

## Japan

**Score 8** Japanese government authorities put great emphasis on the existence of reasonable unitary standards for the provision of public services. The move toward decentralization makes it particularly important to raise standards for the local provision of public services. On the central government level, the Ministry of Internal Affairs and Communications is in charge of this task, which involves direct supervision, personnel transfer between central and local entities, and training activities. While direct administrative supervision has lost some importance compared to legal and judicial supervision – the result of a 2000 reform that abolished local entities' agency functions in a strict sense – other channels remained important during the period under review. At the local level, particularly at the prefectural level, there is a rather elaborate training system that is linked in various ways with national-level standards.



## Norway

### Score 8

The Norwegian government is committed to providing public services that are as uniform as possible across the country. Given the large distances involved, and the remoteness of some regions, this implies that peripheral parts of the country receive large (and expensive) transfers, both directly and in the form of infrastructure investments.

Although services are reasonably uniform across the country, this has not been the case for local-government performance in all respects, in particular with respect to financial management.

A number of bodies including the regional prefects (fylkesmenn), the national ombudsman, and similar agencies in the fields of health, patients' rights and more have been established to ensure the effective and uniform application of rules.

## Poland

### Score 8

The central government has set national standards to guarantee a minimum quality of public services. In the regions, the centrally appointed head of regional administration is responsible for ensuring that national policies are implemented, and that state institutions operating in the region perform their functions properly. For a number of reasons, municipalities and regions have increasingly met existing standards. They have done this as one, their fiscal situation has improved; and two, staff has become more professional. What's more, cooperation between the two subnational levels of government has increased. However, public spending at the local level is not fully transparent. Inspections in 2011 revealed a declining, yet still relatively high number (15,800) of legal and administrative transgressions.

## Finland

### Score 7

Since local authorities have the right to fully make use of their constitutional scope of discretion, the central government has limited reach to ensure that national standards are consistently met on the municipal level throughout the country. Local government is separated from central government, and municipal bodies are partly independent of the state. Appeals to administrative courts over decisions taken by local authorities are possible on grounds that the decisions were not made in proper order or were otherwise illegal. In certain and very few specific matters (environmental or social care



issues) or decisions by local authorities must be confirmed by state authorities. The ongoing reform of municipalities and services aims at a more effective provision of services also in periphery regions, and at more sustainable municipal finances. It still remains an open and much debated question to what extent these reforms will meet stated goals.

## Germany

### Score 7

In Germany, public services are provided by various levels of government: the federal administration, the administrations of the individual federal states, municipal administrations, indirect public administrations (institutions subject to public law with specific tasks, particularly in the area of social security), nonpublic and nonprofit institutions (e.g., kindergartens or youth centers), and finally judicial administrations. While some standards have a national character and thus have to be respected at all levels, this is not the case for others in areas such as education. The principle of federalism implies that the provision of public services will not be uniform across the country. This principle limits the ability to set binding standards unless the states voluntarily agree. It is an essential feature of federalism that it respects differences in preferences, allowing for experiments and heterogeneity in the provision of public services.

The first reform of federalism, adopted in 2006, gave the states a number of (minor) new legislative competences, which they started to use during the period under review. Since the states have adopted differing policies in some areas, this has led to a very slight decrease in the national uniformity of public services.

## Ireland

### Score 7

Most of the main public services (health, social welfare, education, public transport and building and maintaining the primary national road network) are controlled and provided by central government and there is little scope for influence at local level.

The attainment of national (or, more usually now, EU) levels of public services is prescribed and monitored in other areas where local government plays a greater role, notably environmental services and standards.

The Environmental Protection Agency (EPA) plays a key role in enforcing standards in this area. The Office of Environmental Enforcement supervises the environmental protection activities of local authorities by auditing their performance, providing advice and guidance, and in some cases giving binding directions. It can assist the public in bringing prosecutions against



local authorities found to be in breach of significant legislation. In other areas – the provision of social housing, maintenance of local roads, and other such issues – the attainment of national standards is largely constrained by the resources made available by the central government. There is significant variation between local providers in these areas.

## Israel

### Score 7

Israel has pursued administrative reform in local governance, aiming for higher accessibility, transparency and better local services based on an economic point of view, as local residents are seen as “clients” who are entitled to agreed-upon social commodities. In addition to better access to information (via websites and telephone connections), Israel has begun to implement a so-called services treaty. This treaty aims to standardize local services used by residents while at the same time informing residents of their rights and the general services situation of their city or town. This is also a useful tool for the central government, as it enables authorities to keep track of the actions of local authorities in non-economic arenas, usually the purview of the Ministry of Finance and the Ministry of the Interior. Under the logic of decentralization, tools such as this allow the central government to loosen its grip on local authorities and rely on local government to offer better local solutions. A branch of the Ministry of the Interior has been reviewing this process and good results have emerged from pilot cities.

Still, Israel’s central administration maintains its leverage over local authorities, which often stray with regard to spending and service provisions. If it is shown that a local authority has failed to provide critical services to its residents or has fallen into debt because of management failures, the interior minister is authorized to remove the elected local council and nominate a professional council to take over. Such a move can cause political discontent (for instance, the nomination of a mayor from outside a community to serve in largely Arab municipalities). Since the number of professional committees has grown in recent years, some argue that a different solution is needed.

#### Citation:

Bersler-Gonen, Rotem, “Service treaty in local government in Israel - review,” Ministry of the interior website (December 2011) (Hebrew)

“Local government in Israel,” Knesset website (Hebrew)

“On nominated councils and democracy,” Hithabrut website (NGO) (Hebrew)

Local Government in Israel, Knesset website (English)

[http://www.knesset.gov.il/lexicon/eng/LocalAuthorities\\_eng.htm](http://www.knesset.gov.il/lexicon/eng/LocalAuthorities_eng.htm)



## New Zealand

### Score 7

It is not central government as such but a dense network of agencies that are involved with the development and monitoring of local government: the Minister of Local Government, the Department of Internal Affairs, the Local Government Commission, Local Government New Zealand (representing local councils on the national level), the Office of the Controller and Auditor General, the Office of the Ombudsman and the Parliamentary Commissioner for the Environment. Their roles range from strategic development and policy, regulation and monitoring, to handling complaints about the activities and operation of local government. At the time of writing a comprehensive reform program, “Better Local Government,” is under way that may bring about more national scrutiny of local government.

## South Korea

### Score 7

The Ministry of Public Administration and Security, created through a merger of earlier agencies, is in charge of ensuring that local governments maintain national minimum standards. However, many local governments, particularly in rural areas, have a much lower professional standard than the city government of Seoul or the central government. While the provision of basic services is similar in all regions, there is a huge difference in the provision of additional services such as recreation facilities between affluent (i.e., self-sufficient) regions like Seoul or the southeast and less prosperous (i.e., dependent on transfer payments) regions in the southwest.

## Switzerland

### Score 7

The Swiss political system is one of the most decentralized systems in the world. Cantons and municipalities enjoy very substantial autonomy. Within the scope of their quite significant competencies, it is up to the cantons and municipalities to decide what public services they want to offer, to what extent and at what level of quality. Therefore, there are no national standards for public services except with regard to those limited parts of the administration that implement federal law. However, all public services have to comply with the rule of the law and the human rights set out in the constitution. A comparatively small number of issues (i.e., social policies) are decided at the federal level, and are thus subject to national standards. In these cases, federal laws are implemented by cantonal administrations, which have to follow national norms.



## United Kingdom

### Score 7

There are supposed to be national standards for service delivery by local authorities or the parallel networks of agencies for specific policies such as the trusts running health care, but recent scandals have shown that implementation can be unsatisfactory and thus that there can be “postcode lotteries” in standards. Very recently, the Care Quality Commission, a body designed to oversee the quality of health and social care, has been criticized for a lack of transparency. Although the government has the capacity to ensure national standards on this issue, it is not doing enough to “watch the watchers.”

All members of the civil service are pledged to a range of codes (such as the Civil Service Code, the Directory of Civil Service Guidance, etc.) to ensure national standards in performance, conduct and delivery. In 2012, the Standards Board for England – which has scrutinized civil service commitments to the codes since 2000 – was abolished. The central government has encouraged local authorities to set up regional standards boards. This is in line with the Localism Act 2011 which changed the powers and scrutiny of local government in England. The current Civil Service Reform, which started in 2012, sets a new range of national standards, especially in skills, accountability and transparency.

Citation:

HM Government 2012: The Civil Service Reform Plan; <http://resources.civilservice.gov.uk/wp-content/uploads/2012/06/Civil-Service-Reform-Plan-acc-final.pdf>

## Australia

### Score 6

The Commonwealth has a strong commitment to providing uniform national services, and it makes considerable effort to ensure that program delivery, particularly in health and education, is as uniform as possible across the country. This attempt at uniformity is necessarily complicated by differences in sizes of states and population distribution, and by resistance from state governments keen to preserve their independence. Variation in funding levels according to need (as determined by an independent statutory authority, the Commonwealth Grants Commission) helps to ensure uniformity. Moreover, contingent funding is regularly used by the Commonwealth to achieve uniformity in minimum standards.



## Austria

### Score 6

The national and state governments share responsibility for many issues, including schools and health care. Each side tends to blame the other for specific implementation shortcomings. In most cases, the parties governing on the national level also control the state governments. Party alliances do not prevent the emergence of conflicts deriving from this structural division of power, but the conflicts are somewhat muted by party links.

The national government has relatively few instruments by which to make state governments comply with its formal policies. Oversight of municipalities, by both the states and the federal government, is more effective.

Conflicts between state and federal governments have to be brought to the Constitutional Court.

## Canada

### Score 6

In many areas of provincial jurisdiction, perhaps most notably in education, the federal government does not in principle have the authority to ensure that provinces meet national standards. Contrary to most other advanced countries, Canada has no minimum funding levels, national educational goals or overarching curriculum. Yet despite the complete control exercised by the provinces, Canada's educational system is arguably quite successful, and remains similar across the various provinces, which invest in mandatory education at comparable levels and achieve comparable results for their students. Graduation rates are similar, as are the results on pan-Canadian and international tests, such as the Programme for International Student Achievement (PISA), operated by the Organization for Economic Cooperation and Development (OECD).

In other areas where the federal government transfers funds to the provinces, it has the leverage to insist on certain standards. Health care is the main area in which this occurs. The Canada Health Act of 1986 requires provinces to meet five principles for health care: care must be available to all eligible residents of Canada, comprehensive in coverage, accessible without financial or other barriers, portable within the country and during travel abroad, and publicly administered. All five principles must be met by the provinces if they are to receive full federal funding. The federal government has challenged certain provinces for failure to meet these standards. However, no funds have been withheld since 1993. Some feel that the federal government should be more aggressive in ensuring that national standards are met in the health area.



## Czech Republic

### Score 6

In the Czech Republic, the responsibility for overseeing subnational governments rests with a department in the Ministry of the Interior. Its concern is compliance with existing law and not assessment of efficiency, but laws extend across such issues as regular financial accounting, fair conduct of elections, avoidance of conflict of interest, compliance with rules on disposal of waste materials and freedom of information. The ministry's annual reports show regular monitoring of all levels of self-government, as well as substantial efforts to inform councils of existing legal constraints. The number of breaches of the law following consultation and advice from the ministry continues to decline. However, in 2013 EU financial controls discovered severe administrative irregularities in EU funds in several regions. This points to the gap between national and EU standards, which threatens the effective use of EU structural funds.

## Estonia

### Score 6

The issue of national standards is relatively new to Estonia's leadership. First the European Union, and later the OECD, brought it onto the government's agenda. Until recently, only transportation and water management had quality standards, though local self- governments were totally left out. Local self-governments and their unions had to take their own responsibility in ensuring quality of services. Yet as a result of the criticisms and recommendations made in the OECD Governance Report 2011, the Ministry of Economic Affairs and Communications established a special unit responsible for elaborating a comprehensive system of public service standards. The new system, which was under design at the end of the review period, will include local self-governments and local services.

## Latvia

### Score 6

Autonomous local-government functions are subject to laws and regulations emanating from the central government. These regulations delineate common standards and define the scope of local-government autonomy in particular cases. The President's Strategic Advisory Council has warned that overregulation is creating a serious encroachment on local-government autonomy. The council has called for a limit to bureaucratization and a reduction in the volume of regulations governing functions that are mandated as autonomous.



The executive has said it would create a new one-stop client-service system across the country, which would centralize the contact point for accessing public (central and local government) services. The new system will also create common standards for local government services by 2016. The policy was approved by the cabinet in 2013, and implementation is expected to start in 2014.

Citation:

1. The President's Strategic Advisory Council (2013), Management Improvement Proposals, Available at (in Latvian): [http://www.president.lv/images/modules/items/PDF/Pasvaldibas\\_EGPP\\_FINAL.pdf](http://www.president.lv/images/modules/items/PDF/Pasvaldibas_EGPP_FINAL.pdf), Last assessed: 21.05.2013
2. Regulation Regarding Concept of the Public Service System Development (2013), Available at (in Latvian): <http://www.likumi.lv/doc.php?id=254910>, Last assessed: 21.05.2013.
3. Freedom House (2012), Nations in Transit, Country Report, Available at: [http://www.freedomhouse.org/sites/default/files/NIT2012Latvia\\_final.pdf](http://www.freedomhouse.org/sites/default/files/NIT2012Latvia_final.pdf), Last assessed: 21.05.2013

## Lithuania

### Score 6

National public-service standards at the subnational level are ensured through centralized or regional governance arrangements. For example, landfills are connected in a regional network of service providers. The decentralized provision of other public services at the local level has produced uneven quality in areas such as school education or the accessibility of primary health care services. The Public Management Improvement Program aims at defining minimal-quality standards for various public functions such as health care, education and social services.

Citation:

[http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc\\_l?p\\_id=418407&p\\_query=vie%F0ojo%20valdymo%20to bulinimo%20programa&p\\_tr2=2](http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=418407&p_query=vie%F0ojo%20valdymo%20to bulinimo%20programa&p_tr2=2)

## Malta

### Score 6

There are two main avenues through which the central government seeks to ensure that local councils realize national standards within their limited range of public services: the Department of Local Government and the National Audit Office. The first is responsible for monitoring and reporting on the performance of individual local councils. The benchmarks for services provided by local councils are set by central departments. The second avenue is through the work of the National Audit Office, which independently investigates local council activities both from a purely auditing perspective and from a “value for money” perspective. Reform of local councils has by and large been driven by the National Audit Office rather than the



Department of Local Government. National standards at the local level are also reinforced through the councilors' code of ethics and the Local Councils Association.

## Portugal

### Score 6

National standards are largely uniformly applied, albeit as a result of the control and provision of most public services by the central government. There are, however, differences between municipalities in some services, such as infrastructure, culture and increasingly also extra-curricular educational offerings.

## Sweden

### Score 6

Public services have been extensively decentralized over the past decades. Once services are transferred from central to local government, safeguarding national standards and even defining and sustaining those standards becomes problematic. The same problem applies to increasingly privatized services, where the oversight over national standards becomes even more challenging.

Decentralization and local autonomy are essentially institutional choices and, as all choices, these arrangements have their downsides. One of the problems with a decentralized system is that it becomes very difficult to enforce national standards. This became obvious to the government after the extensive decentralization reform during the 1980s and early 1990s. In primary and secondary education, the past two decades have witnessed central government trying to regain some control in order to ensure some degree of national standards. The main strategy towards this objective has been to carefully evaluate the performance of schools and publicize evaluation reports (i.e., to “name and shame” underperforming schools). In addition, central government has tried to increase equality among local authorities by revising the general regulatory framework of primary and secondary education, and by targeting financial resources to improve the quality of teaching.

In short, Sweden's decision to move toward decentralization and privatization suggest that the government is no longer prioritizing national standards.



## Belgium

### Score 5

Formally the national government has no authority over regional governments and administrations, but it can impose some standards and policies. Environmental policies have been largely regionalized, but environmental standards and norms are set at the federal level. Also, sub-national and local executives have to abide by budgetary constraints set by the central government. Responsibilities for several policy levers are shared by different government levels, in which case the central government has partial authority over regional governments' courses of action.

Altogether, the central government does not have the ability to enforce or control more detailed standards in terms of things like performance figures, as just one example. The government can only try to maintain influence through more general (legal or budgetary) levers. One example is the national minister of the economy, Johan Vande Lanotte, who works at improving competition among energy and telecom operators, sometimes against the will of regional ministers. The national minister cannot directly set standards at a local level, but he can use market policy to improve these standards indirectly.

## Mexico

### Score 5

In general, the central government does as well as it can. As is likely the case in all federal and decentralized countries, the central government would like more power over subnational governments than it has. It would particularly like more power over municipalities. There are indirect ways by which the central government tries to control municipalities, but they are not always successful. High levels of corruption and inefficiency in several states/municipalities inhibit effective implementation of public policy standards. More recently, there have been some scandals relating to national standards. For example, not a single government entity seems to know how many teachers there are in the Mexican public sector, let alone how well they teach, what they teach or how they teach. Part of the recent education reform requires the statistical agency INEGI to conduct a census of the teaching profession, which has never been done before.



## Netherlands

### Score 5

There is no single institution that monitors national standards for services at local level. Monitoring is left to the various ministries allotting “doeluitkeringen” or policy-related national subsidies.

Local governments themselves also try to meet mutually agreed national standards. Several studies of local audit chambers involve comparisons and benchmarks for particular kinds of services. Local governments have, on a voluntary basis, been organizing peer reviews of each others’ executive capacities. In 2009, the Association of Dutch Local Governments established the Quality Institute of Dutch Local Governments (Kwaliteitsinstituut Nederlandse Gemeenten). Nevertheless, due to strong decentralization plans including cutbacks, there is serious concern about the future feasibility of uniform national standards in municipal service delivery to citizens.

Citation:

Raad Financiële Verhoudingen:

[http://www.rob-rfv.nl/documenten/reactie\\_rfv\\_op\\_decentralisatiebrief.pdf](http://www.rob-rfv.nl/documenten/reactie_rfv_op_decentralisatiebrief.pdf)

Raad voor het Openbaar Bestuur:

[http://www.rob-rfv.nl/documenten/reactie\\_rfv\\_op\\_decentralisatiebrief.pdf](http://www.rob-rfv.nl/documenten/reactie_rfv_op_decentralisatiebrief.pdf)

## Romania

### Score 5

The central government generally tries to ensure that subnational governments realize national standards of public services. However, the enforcement is sometimes undermined by the inadequate funding of subnational governments, which undermines their capacity to deliver services at national standards.

## Spain

### Score 5

During 2012 and 2013, the new regulations on financial sustainability of public administrations or on the local government (among others), have strengthened the tools for the Spanish central government to ensure that regional and local governments realize uniform national minimum standards. The central government has in principle always been committed to ensuring these, but it has never been completely effective. In some cases, regional governments design and implement their own public policies without following clearly defined national standards. As a result, there may be some variation in the quality of public services offered by Spain’s regions. In general, minimum standards are set by basic national legislation, but are not subsequently enforced. In fact, instruments of enforcement vary greatly



according to policy field, with education and the pension system perhaps the best defined areas, while housing, family policy and social care are among the most heterogeneous. The formal administrative method for monitoring the provision of services by the autonomous regions through supervision (the Alta Inspección) has not been effective.

## Turkey

### Score 5

The Ministry of Interior Affairs closely monitors the structure and quality of services provided by municipal governments, through its own local agencies and administrative trusteeship (through internal and external audits, and audits by civil service inspectors). The Union of Municipalities of Turkey also offers nationally or EU-funded training and technical support for municipalities in this respect.

While the United Nations Development Program (UNDP) support to the further implementation of local administration reform in Turkey project (LAR Phase 2) has been completed, Turkey aims to fulfill some requirements according to the European Local Self-Government Charter. In this context, city municipalities are working to establish Departments tasked with Monitoring, Investment and Coordination individually, according to Law 6360. The main duties of these departments are: to efficiently provide, monitor and coordinate investments and services of public institutions and organizations; to provide and coordinate central administration investments in the provinces; to guide and inspect provincial public institutions and organizations. Still, the major issues in standardizing local public services are essentially financial, technical and personnel-driven. Turkey remains within the OECD the country with the largest regional disparities.

However, harmonizing standards by changing the legal status of local administration as attempted by Law 6360 will not be enough to realize uniform standards unless financial resources are made available to provide for a higher quality of public service. One way to accomplish this could be the setup of regional development agencies, the goal of which would be to address and lessen Turkey's deep regional socioeconomic inequalities. Given that these agencies are spread across Turkey, they may even deepen regional disparities.

## United States

### Score value\_6

Due to the dual nature of the U.S. federal system, the issue of national standards applies mostly to co-financed federal programs, where the federal government asserts its right to set and monitor compliance with these standards. The bulk of public services are delivered by local and state



agencies with minimal intervention by the federal government. The question of enforcing federal standards arises in specific areas where federal policymakers have sought to impose such standards, sometimes to enforce citizens' rights under the federal constitution, and other times for policy reasons. The Civil Rights Division of the Justice Department, for example, applies close scrutiny to Southern states that are subject to preclearance of election changes under the Voting Rights Act. As another example, the Environmental Protection Agency requires states to meet air quality standards under the Clean Air Act. On the other hand, states exercise wide discretion in setting standards of eligibility for Medicaid coverage or with regard to unemployment insurance. The Obama administration has granted waivers that allow individual states to relax work requirements for welfare recipients (under Temporary Assistance for Needy Families).

## Bulgaria

### Score 4

In Bulgaria, the effectiveness of national government oversight and the compliance with national standards in the decentralized provision of public services differ among functional spheres. For example, educational standards have to be provided by schools through budgets delegated by the national or the local government and are being observed relatively objectively and effectively through external evaluation. At the same time it seems that in the sphere of environmental standards, waste management and forestry, and in healthcare services at local level, the monitoring is uneven and some localities have much lower standards than others.

## Italy

### Score 4

Minimal standards for decentralized public services (such as public health, utilities, etc.) are agreed upon and set at national level in a number of areas. The permanent conference for relations between the state, regions, provinces and cities (Conferenza Stato-Regioni ed Unificata) is an important forum in which national standards are discussed. However, the implementation of these standards is far from satisfactory: as the administrative quality of different local authorities varies significantly, standards can differ substantially from one area of the country to another. In many fields the north-south divide remains significant and efforts to overcome it have not proven very successful.

National standards have increasingly been adopted for utilities (water, electricity, telephone, etc.), but, in most cases, independent authorities are responsible for their definition and implementation. Implementation in this



field is fairly adequate. As municipalities and also regions have a crucial role in defining quality of life of citizens but national standards are not guaranteed, this point contributes much to the north–south divide and seriously affects equality of opportunities.

## Slovakia

**Score 4** There are only poorly defined standards of public services, especially with regard to the independent functions of subnational governments. Moreover, the monitoring of standards is often fragmented. The Fico government's plans for administrative reform have not addressed this issue.

## Chile

**Score 3** Due to the different financing structures at regional and municipal levels, the national government can only guarantee services at an adequate standard at regional level. The central government has clearly failed to establish national standards at municipal level. In addition, relatively poor municipalities and those in rural regions often lack the capacity to meet national standards for public services, especially in the fields of health care and education.

## Hungary

**Score 3** In Hungary, the quality of subnational public services has suffered from the reorganization of subnational government. The new subnational tiers of state administration lack experience in providing services. Preoccupied with start-up concerns, officials have not paid much attention to service quality. The provision of those public services left with subnational self-governments has suffered from self-governments' lack of financial resources and administrative capacities. The central government has failed to address these problems.

## Slovenia

**Score 3** In Slovenia, standards of public service are poorly defined, especially with regard to the independent functions of municipal governments. Moreover, the monitoring of standards is often highly fragmented. In the case of health care, for instance, the Public Agency for Drugs and Medical Accessories, the National Institute for Health Protection, the Public Health Inspectorate and



the Office for Drugs and Pharmaceutical Control are all involved in supervision. Despite their inclination towards centralization, neither the Pahor nor the Janša government tackled the issues.

## Croatia

### Score 2

There are no national standards for public services in Croatia. Modern systems for the improvement of service quality such as ISO, EFQM or similar public management standards are not implemented in the Croatian public sector. Moreover, the productivity, efficiency and quality of local self-government units are not systematically measured, and the existing monitoring of local government budgets covers only the economic purposes of local government spending and not its outcomes. There is not even a catalogue of services that local and regional self-government units (municipalities, towns, countries) should provide to the local community. The absence of clear national standards is particularly visible in the field of social policy. Here, the implementation of central government regulation has differed strongly among municipalities. Some of the latter have even ignored legal requirements such as the provision in the Act on Social Welfare that municipalities should use 5% of their budgets for housing allowances for socially marginalized groups.

## Cyprus

### Score 2

Standards and indicators at the central government level are generally neither consistent nor universal; those that are tend to be followed in incoherent ways. National standards of public services are rarely achieved. One example is the performance of public employees, which is internally assessed as “excellent” in more than 99% of cases. More important, there is no mechanism to monitor or ensure compliance with standards. Rules and regulatory frameworks meant to apply across various central-government levels are applied somewhat inconsistently, with their interpretation and implementation left to each body’s individual discretion. For example, each municipality has its own body for appointments and promotions.

## Greece

### Score 2

Before the crisis, an uneven allocation of staff, infrastructure and funds rendered the standards for public services unpredictable. The only thing that was reasonably predictable was that public services, such as public health and education, were substandard in mountainous regions and remote



islands. For example, hospitals, welfare services and schools were understaffed in these areas. In 2011 – 2013 owing to the crisis, the situation became worse as supplies like drugs were depleted, while cuts in government spending led to uncertainty about the time, scope and quality of public service delivery at the subnational level.



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