

# SGI

Sustainable  
Governance  
Indicators

## 2015 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.

## Finland

## Score 9

Given that Finland is currently governed by a broad coalition government, the political conditions for satisfactory implementation of government plans have been good. The implementation plan for the Government Program of the former prime minister Katainen was adopted in October 2011. A February 2013 review session concluded that approximately 80% of the measures outlined in the Government 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 remained 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 nature of which, due to ideological conflicts, may prove a curse as well as a blessing. Following a cabinet reshuffle and the withdrawal of the left wing party, Vasemmistoliitto, from the coalition, the Government Program of was submitted to parliament in June 2014. This new Government Program carries forward many of the policies introduced by the Government Program of the previous government.

Disputes about building a new nuclear power plant, supported by Russian finance, caused the Green Party to withdraw from the coalition in late September 2014. Formerly a coalition of six parties, the government is now a coalition of four party with a thin majority of 3 MPs.

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 – recent examples include economic recovery, eurozone entry criteria, budget reform and fiscal discipline – government performance can be considered excellent.

Second-tier policy objectives, outlined in the Government Declaration of 2011, show mixed success rates. For example, despite the fact that the Government Declaration leads with education reform, no demonstrable progress has been made toward fulfilling the outlined policy objectives. Furthermore, in the prime minister's annual reports to the parliament in 2012 and 2013 no education policy achievements are recognized. 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%. Progress on the current Government Declaration (2014) has not yet been evaluated.

The government has exhibited capacity for appropriate policy reactions to acute emergent issues. In November 2013, 54 people died and dozens more injured following the collapse of a large building. In the aftermath of the event, then Prime Minister Valdis Dombrovskis resigned and a new government was formed. Although investigations are still ongoing, the government has already taken steps to address systemic failures highlighted by the event. The new government has introduced institutional changes, such as the reestablishment in October 2014 of a construction supervision authority at the central government level, and by legislative changes, such as increasing liability for safety violations and construction code violations and a redefinition of the division of responsibilities and assignment of liabilities in the construction process. Despite a false start with public engagement in an investigative committee, new Prime Minister Laimdota Straujuma has established an open communications channel with victims' families and NGOs to monitor the progress of investigations and systemic changes, and to highlight any hurdles that the families may be facing. For example, individuals in common law unions are unable to access the benefit or support resources offered to victims' families.

#### 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.

4. Centre for Public Policy PROVIDUS (2014). Monitoring of Systemic Change in the Aftermath of Zolitude (in Latvian) Available at: <http://providus.lv/musuvalsts/monitorings/4>, Last assessed 05.11.2014.

## New Zealand

### Score 9

Throughout the review period, National-led governments held minority status, although the current one, with 47 % of the vote and 60 out of 121 seats, has come closer to majority status than any other under MMP (indeed, the last time a party gained over 50 % of the vote was in 1951). Minority status implies that the government has to anticipate the policy preferences of other parties in Parliament and needs 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 minority government continues to focus on building a more competitive and stronger economy; responsively managing the government's finances and ensuring a budgetary surplus; building better public services on which all New Zealanders rely; and rebuilding the Christchurch and Canterbury economy as priorities for the mid-term.

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).

## Norway

### Score 9

The government is a minority government and they depend upon support from two smaller parties in the parliament. A negotiated agreement governs this relationship. However, it can be expected that over time this agreement will become considerably strained. The potential for conflict between the parties in government has represented one possible impediment to government efficiency, another challenge is gaining support in the parliament. The government can rely on a large, well-trained and capable bureaucracy to implement its policies.

## Sweden

### Score 9

The implementation capacity of the Swedish government is strong. The circa 330 executive agencies are the key actors in the implementation of policy. Over the past

few years, the departments have increased the steering of their agencies. Also, performance measurement and management have become increasingly important in monitoring the agencies and the implementation process.

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; rather, it is a more interactive form of governance where departments utilize the expertise in the agencies already during the early stages of the policy process. 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).

## 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 "veto players" outside the central government who could challenge or undermine its core policy objectives. There is no written constitution and no constitutional court able to challenge government decisions directly and effectively. 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. The devolution of certain powers to Scotland, Wales and Northern Ireland has meant that some national policy goals are subject to decisions at the sub-national level over which the central government has only limited powers. The consequences of the Scottish referendum vote are likely to raise new complications in this regard.

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 its 2011 Speech from the Throne, the federal government laid out its objectives for its new mandate, which included a continued focus on jobs, the economy and balancing the federal budget as top priorities. 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. It is nearly certain that the budget will be balanced or in a condition of surplus in time for the 2015 elections. As efforts to promote employment, the government has focused on skill training, promoting innovation, and reducing barriers to job mobility. However, while the unemployment rate has steadily dropped over the past years, many economists say the Canadian labor market is weaker than it appears; and at any rate, labor-market conditions are arguably more dependent on the business cycle and international-trade conditions than on most government-policy measures.

The federal government currently holds a majority, and thus has considerable freedom to implement its policy objectives unilaterally. 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 with regard to 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 – including 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.

Various reports from the Office of the Auditor General provide examples of the government's failure to implement its own policy programs. The latest (spring 2014) report is no exception; in particular, the report highlights the lack of sufficient data



for policy evaluation as a result of the elimination of the long-form census. The Parliamentary Budget Office, 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 parliamentary budget officer, was not reappointed once his five-year term was completed in 2013.

Citation:

2014 Spring Report of the Auditor General of Canada, obtainable at [http://www.oag-bvg.gc.ca/internet/English/parl\\_oag\\_201405\\_e\\_39319.html](http://www.oag-bvg.gc.ca/internet/English/parl_oag_201405_e_39319.html)

## Denmark

### Score 8

The current as well as former governments 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 Socialist People's Party left the government in January 2014 due to internal disagreements, a feeling that the party had too little influence and dips in opinion polls. Thorning-Schmidt continued as Prime Minister for the reduced Social Democratic/Social Liberal government.

The new government has had to deal with the fallout from the economic crisis since it came to power in 2011 and its declining support 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 in getting a few important structural reforms through, one concerning study grants (SU) and another concerning welfare support (kontanthjælp). Vivid debate has ensued on whether the government has deviated from its election platform. A reform of the unemployment insurance scheme (shorter duration and more demanding eligibility conditions), which was launched by the previous government but took effect under the current government, has been very controversial. The fact that unemployment insurance has become less generous in a period with relatively high unemployment has been difficult for the government to defend and various temporary ad hoc solutions have been implemented. The question continues to be debated and the government has appointed a commission to look further into the unemployment insurance scheme. In particular, the shortened duration of unemployment benefits has been a 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.

The 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. Even so, 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 local actions via rules and regulations. The difficult financial situation in most municipalities and the need to coordinate local needs with national budget constraints have caused tension. In the past, the municipalities failed to keep expenditure growth below the level agreed to with the central government. As a consequence, a more tight system has been implemented and it includes possible financial sanctions in case municipalities exceed the agreed targets.

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 provision and municipalities merged into larger units (now a total of 98).

Citation:

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

## Estonia

### Score 8

The Action Program of the Government 2011 – 2015 was drafted in order to implement the coalition agreement. The program is updated annually; this practice has been maintained by the Taavi Rõivas cabinet, which took office in March 2014. 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. An independent think tank, Praxis, with financial support provided by the Open Estonian Foundation, runs an interactive Web tool called Government Watch that assesses the government's performance. According to these experts, the government has accomplished 77 tasks out of a proposed 539 since 2011 (16 of them during 2013 – 2014), while 13 tasks have not yet begun. However, in almost half of the cases, activities undertaken thus far remain either superficial or only rhetorical.



The government has unfortunately discontinued its own interactive Web tool, which once allowed anyone to check on the government program's implementation status. However, formal reports on progress are accessible through the government website. In total, there are 539 benchmarks in the current Action Program, making it difficult to develop an overall picture of progress. Tasks accomplished in 2014 were mostly legal amendments (including the 2015 state budget) that will enter into force only in 2015.

Citation:

Government Watch website <http://valvurid.err.ee/filters#about,,,,,VXBkYXRl>, (in Estonian), (accessed 05. November 2014)

## Germany

### Score 8

The current government has successfully realized many of the pledges made in the coalition agreement (cf. Coalition Agreement 2014). Within a relatively short time span, the government has introduced significant changes to a variety of policy areas. It introduced a pension reform that allows eligible workers to retire at 63 and increases pension payments to older mothers and those with a reduced earning capacity. The Bundestag also approved the country's first general statutory minimum wage, set at €8.50 per hour. The regulations came into effect on 1 January 2015. In addition, the coalition parties agreed to introduce legal gender quotas for corporate boards in order to help break the glass ceiling for women in corporate leadership positions. Whereas implementation of the pension reform is expected to run smoothly, implementation of the minimum wage and legal quota reforms are expected to be much more difficult. Although each of these projects have been subject to considerable criticism from experts, the coalition government has stuck with its pursuit of its stated objectives and demonstrated its capacity for compromise.

A less favorable example concerns a much more complicated project, Germany's energy transition toward renewable energy (Energiewende). A recent National Audit Office report fiercely criticized the project which lacks proper coordination and is subject to the whims of too many ministries at both the federal and state levels, which often work against each other or create redundancies. Despite the report's criticisms (aimed primarily at the previous CDU/CSU-FDP government in power from 2009-2013), the current government remains committed to the project and how it is approached. While the government has made some efforts to, for example, contain the costs of renewables by amending the Renewables Energies Act (EEG), it remains to be seen how successful such attempts will be.

Citation:

<http://www.spiegel.de/wirtschaft/soziales/energiewende-bundesrechnungshof-kritisiert-regierung-merkel-a-987040.html>; <http://www.sueddeutsche.de/wirtschaft/bundesrechnungshof-miese-noten-fuer-merkels-energiewende-1.2095086>

## Ireland

### Score 8

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.

Three annual progress reports have since been published, the latest in March 2014. These present favorable views of the government's achievements during its three years in office. A good deal of the reported progress represents initial steps, such as the publication of bills and plans and the commissioning of reports, rather than final outcomes.

The government's reform agenda experienced a notable setback with the public's rejection of the proposal to abolish the Seanad in an October 2013 referendum. However, significant progress has been made in other areas, including the continuing streamlining of the public sector, the introduction of the property tax and water charges, the successful completion of the constitutional convention, and the establishment of a new Court of Appeal. Under the Electoral (Amendment) Dáil Constituencies Act 2013, the number of members of the lower house was reduced from 166 to 158, and the number of constituencies from 43 to 40. This will take effect in the next general election.

There is little doubt that the volume of activity has been stepped up since the government took office. One (admittedly crude) way to measure this is the sheer amount of legislation being passed. For example, the Program for Government's 2013 annual report listed 57 new pieces of legislation that had been enacted in the previous 12 months. In the year through March 2014, a further 51 acts were enacted. To put this in context, the average annual number of bills passed between 1959 and 2008 has been calculated at 37. To accomplish the increased level of activity, parliamentarians are taking fewer holidays, and the number of days that the Dáil is in session has been increased by 20% to 30%.

Citation:

The March 2014 Review of the Program for Government is available at:

<http://www.labour.ie/download/pdf/programmeforgovernmentannualreport2014.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.

## Italy

### Score 8

The evaluation of the government implementation performance is made more difficult because of the two cabinets which have governed during the period under consideration and the changing economic expectations. The Letta cabinet lasting until February 2014 was guided by more optimistic forecasts about economic

recovery and thus expected a slower and more gradual reform path. Given that cabinet's short duration, it is difficult to assess its performance. Its successor, the Renzi government, soon realized the need to increase the speed and scope of its policy action. It proclaimed therefore a broad set of ambitious economic, administrative and institutional policy reforms to be decided and implemented rapidly. Like its predecessors, the Renzi government faces significant difficulties in getting its policies approved by parliament. It should also be noted that when a new policy is approved, in most of cases (approximately 65%) its implementation requires ministerial decrees which often lag behind either because of the resistance of ministerial bureaucracies and pressure groups or because of internal incongruences in the law. This might apply in the "Jobs Act" labor market reform, which is little more than a framework in need of being filled with individual laws and provisions.

Citation:

[http://www.governo.it/Presidenza/UPG/documenti/upg/Monitoraggio\\_programma\\_21\\_10\\_2014.pdf](http://www.governo.it/Presidenza/UPG/documenti/upg/Monitoraggio_programma_21_10_2014.pdf)

## Netherlands

### Score 8

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, according to a parliamentary inquiry into governmental ICT applications, 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. Provincial and local audit chambers, which have since 2013 demonstrated horizontal and vertical cooperation and cooperation with the National Audit chamber do what they can, but the amount and scope of decentralized tasks is simply too large for their capacity at this moment. Given the fragmented and certainly incomplete overall picture, with partial successes in some areas and partial or outright failures in others, government efficiency may still be considered mostly adequate.

Citation:

Eindrapport Parlementair onderzoek naar ICT projecten bij de overheid, Tweede Kamer, vergaderjaar 2014-2015, 33 326, nr. 5

Provinciale en lokale rekenkamers, Algemene Rekenkamer Verslag 2013 ([rekenkamer.nl](http://rekenkamer.nl), consulted 27 October 2014)

## Poland

### Score 8

The second Tusk government started with an ambitious reform program and succeeded in implementing major and politically difficult reform projects such as an increase in the retirement age, a reduction in the fiscal deficit and a deregulation of

professions. Tusk also largely implemented a set of higher-education reforms initiated during his government's first term. In addition, he was generally successful in maintaining unity within his cabinet, while simultaneously managing 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 cases when parliamentary majorities were uncertain. Prime Minister Kopacz has announced intentions to focus on the two main goals the Tusk government failed to meet – achieving a sustainable fiscal consolidation and a reduction in unemployment rates.

## 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.

Given that the majority held by the two still-governing coalition parties has decreased in 2013 and a (likely) further decline would render this coalition an impossibility after the 2018 election, the current term could be a final opportunity of this government to implement policies on the basis of a broad political and social consensus. At the moment, the government is not making use of this opportunity. It has, for example, dropped the ball on a long-overdue comprehensive reform of the educational system. Similarly, the coalition has promised but not yet implemented a systematic reform of the military draft system. These are just two cases of the government failing to take advantage of the potential held by a stable governing majority.

## Belgium

### Score 7

In 2011, the government agreement announced five “major works” it had to accomplish. These included:

1. Substantial (worth €17 billion) devolution of policy to the federate entities (regions and communities). This has been completed, but with the proviso that a large share of the deficit reduction that Belgium has to go through has also been devolved.

2. Broader fiscal autonomy for the regions. This has been done largely on paper, but there has been little actual change until now.

3. A reform on the “special laws regulating the financing of the regions and communities” that would improve their efficiency and accountability. This law has been approved and gives a 10-year adaptation period to the regions. The effectiveness of these measures have yet to be tested, and this 10-year period is especially challenging for the less affluent Walloon region, which is still struggling to compensate for the decline of “old” industries.

4. A “rigorous consolidation of the federal government’s finance (worth about €16 billion) to ensure budgetary sustainability and abide by EU demands.” The effort has been substantial even if largely geared toward tax increases. The Belgian public deficit has shrunk noticeably, and now broadly matches the targets imposed by the European Commission. Yet, the newly formed government will still have to make substantial efforts and, being led by a right-wing rather than a left-wing prime minister, will likely shift the emphasis away from taxes and toward expenditures.

5. Implement “social and economic reforms to address the main challenges of the future, among which population aging.” As discussed in other parts of this report, the government did implement a number of reforms to make early retirement less generous, but did not reform the pension system in such a way that it could be considered sustainable. The same applies to health care.

Besides these 5 “major works,” the government did implement substantial institutional reforms, provided valuable support to enterprises to limit the impact of the economic crisis (but failed to enact structural reforms that would have longer term impact, like substantially reducing red-tape or providing institutional stability regarding the tax system). The government also sought to reform the justice system, improve the national rail system and its management, and create a better and more ambitious Europe, but with limited results at best.

## Israel

### Score 7

In accordance with government decision 4085, the Prime Minister’s Office (PMO) publishes yearly working plans for line ministries. The yearly plan for 2014 is the first to also publish detailed benchmarks for policy goals. However, as it does not show progress for previous years, it is difficult to track long-term progress. Prominent topics on the government’s agenda in recent years such as the housing supply, the cost of living, the unrecognized settlements for the Bedouin population and illegal immigration did not reach visible resolutions or substantial achievements.

The Israeli central bank’s periodic evaluations show that the Israeli government

performs fairly well in most economic criteria such as inflation, unemployment and crisis aversion. However, the growing deficit is seen as a cause for concern, especially considering the high cost of the “Protective Edge” military operation and further political commitments for social expenditures in 2015. While the Israeli government has been modestly efficient in achieving its policy goals, it has done so by resorting to a highly disputed emergency law (the Arrangements Law) instead of through regular legislation.

Citation:

“Aspects of planning, measurements and control in government proposals brought to government’s discussion”, September 2008 (Hebrew)

“Book of working plans 2014,” PMO website (March 2014) (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)

“Financial stability report”, Bank of Israel, June 2014 (Hebrew).

“Hok Ha-Hesderim,” The Knesset website (Hebrew)

“Monitory policy report 2014 - first half”, Bank of Israel website 4.8.2014:

<http://www.boi.org.il/he/NewsAndPublications/RegularPublications/Pages/doch-mm/IMF201401h.aspx> (Hebrew)

“Yearly report 64a”, State Comptroller official publication 15.10.2013:

<http://www.mevaker.gov.il/he/Reports/Pages/113.aspx> (Hebrew)

## Japan

### Score 7

The LDP-led government that took up office in late 2012 achieved a remarkable economic policy success during its first months in office through the initiation of an extremely loose monetary policy and expansionary fiscal policy. With respect to the “third arrow” of the reform program, growth-oriented measures including institutional reform, it was far less successful and popular disenchantment grew in 2014. Although the government did implement several of its revitalization proposals, including the controversial increase of the value added tax in April 2014, and although the mid-2014 revision of the mid-2013 revitalization program was indeed considerably richer in content, in several important high-impact fields there is still too little progress, including in terms of labor market and agricultural reform.

With respect to the second major objective, constitutional reform, the Cabinet announced in July 2014 a reinterpretation of Article 9 (the “peace clause”) of the constitution, which will allow Japan to engage in collective self-defense (i.e., militarily supporting allies under attack). In that respect, the government has made progress with its agenda, while circumventing opposition to more formal legal or constitutional changes. At the same time, the government was not able to convince Japan’s neighbors of the purely defensive character of its security-related agenda. Therefore, the opportunity cost in terms of strained regional foreign relations is quite considerable.



## Citation:

Norihiro Kato, Japan's Break With Peace, The New York Times, Op-Ed, 16.07.2014, <http://www.nytimes.com/2014/07/17/opinion/norihiro-kato-japans-break-with-peace.html>

## 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 higher-education reform and a restructuring of the energy sector. The Butkevičius government has outlined a broad set of policy priorities, but its implementation record is also mixed. Lithuania will introduce the euro in 2015, and has made progress on the renovation of apartment blocks and the construction of the liquefied-natural-gas terminal in Klaipėda. However, less progress was achieved in other policy areas. Coalition politics, shifting political attention, the conflicting strategies of various advocacy coalitions, and a mismatch between government priorities and the allocation of resources during the budgeting process largely explain the failure to implement some 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 the tramway system for the city of Luxembourg, which was under discussion for 25 years before agreement was reached in 2013. A law proposal that was already very far advanced was postponed before the 1999 election. Since then, different variants have been discussed, studies have been carried out and construction on the first elements of the tram project has started.

## Citation:

<http://www.wort.lu/fr/view/un-tram-a-luxembourg-en-2017-4feadec6e4b026f9aa61740e>  
<http://www.wort.lu/fr/luxembourg/feu-vert-pour-le-tram-qui-reliera-la-gare-centrale-a-luxexpo-52468871e4b0970ab1696d8b>  
<http://www.wort.lu/en/politics/central-train-station-to-luxexpo-parliament-votes-for-the-tram-5390279cb9b398870803124a>  
<http://www.luxtram.lu/>

## Portugal

### Score 7

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, which is largely derived from the goals and targets of the MoU. This was true both before the end of the bailout program in May 2014 and afterward.

Overall, the record in terms of achieving the MoU targets is a positive one. In its overall assessment of the bailout's adjustment program, the European Commission concludes that: "Program implementation over the past three years has been successful overall in improving public finances, stabilizing the financial sector and bringing the economy back on a path of recovery," despite taking place "in the face of challenging circumstances."

At the same time, there is a perception that more work remains to be done in implementing the MoU measures, with the European Commission noting that "continued effective implementation and a speedy completion of the outstanding budgetary commitments and structural reforms will be crucial to reap the full benefits of the measures already undertaken." Likewise, the most recent OECD report on Portugal, released October 2014, noted that the implementation is very much, as they put it, a "work in progress."

In part, this is a reflection of the MoU measures having been more actively pursued in some areas than others. One area that still appeared to be under-pursued in this period was the reduction of rents in the energy sector. In its 11th evaluation report dated April 2014, the European Commission noted in this regard that, "Rent-reducing measures implemented so far in order to eliminate the tariff debt by 2020 and to ensure the sustainability of the system appear to be insufficient in view of the objective of limiting energy price increases."

#### Citation:

European Commission, "The Economic Adjustment Program for Portugal - Eleventh Review." Available online at: [http://ec.europa.eu/economy\\_finance/publications/occasional\\_paper/2014/pdf/ocp191\\_en.pdf](http://ec.europa.eu/economy_finance/publications/occasional_paper/2014/pdf/ocp191_en.pdf)

European Commission, "The Economic Adjustment Program for Portugal 2011-2014." Available online at: [http://ec.europa.eu/economy\\_finance/publications/occasional\\_paper/2014/pdf/ocp202\\_en.pdf](http://ec.europa.eu/economy_finance/publications/occasional_paper/2014/pdf/ocp202_en.pdf)

OECD Economic Surveys: PORTUGAL October 2014

## Turkey

### Score 7

Having overcome the influence of relevant veto players (primarily the Turkish Armed Forces and the Constitutional Court), the governing AKP has solidified its dominant position in Turkish politics and is well-placed to enact its policy objectives.

The AKP government's ongoing goals include improving the country's economic welfare (extending foreign-trade relations, increasing foreign direct investment); strengthening social inclusion (reforming the social-insurance system, legalizing currently illegal housing in the suburbs); establishing intra-societal peace and stability (social and cultural inclusion, 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 key diplomatic player and conflict mediator). Officially, EU accession also remains an important goal.

In each of these fields, however, the government's performance has been mixed at best. The country's economy has weakened compared with the boom years, while its once proactive and strategic foreign and security policies have become more confused, particularly toward the conflicts in its regional neighborhood. The AKP's credibility was itself undermined after the government's suppression of the Gezi protests in the summer of 2013, among other triggers. Moreover, the contradictions between the goals of political liberalization and the government's conservative-religious ambitions have become ever more visible to the public.

Citation:

Ministry of Development, 2015-2017 Medium Term Program in Macro-economic and Fiscal Targets, 8 October 2014.

Büyümede hedef şaştı, Milliyet daily newspaper, 11 September 2014, <http://www.milliyet.com.tr/buyumede-hedef-sasti/ekonomi/detay/1938470/default.htm> (accessed 5 November 2014)

Şehriban Kırış, AKP'nin planı iflas etti, Cumhuriyet daily newspaper, 10 October 2014, [http://www.cumhuriyet.com.tr/haber/ekonomi/128791/AKP\\_nin\\_plani\\_iflas\\_eti.html](http://www.cumhuriyet.com.tr/haber/ekonomi/128791/AKP_nin_plani_iflas_eti.html) (accessed 5 November 2014)

## Australia

### Score 6

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. Nonetheless, the Labor government was surprisingly productive, 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.

The federal election in September 2013 saw the Liberal-National Coalition win a solid majority in the lower house, but it did not secure control of the upper house. Passing legislation has required negotiating with the minor parties and independents with Senate seats. To date, the government has been frustrated in implementing its policy agenda on a number of fronts, including cuts to welfare payments and higher education funding, deregulation of higher education fees and introducing patient co-payments for out-of-hospital medical services.

Citation:

<http://www.theguardian.com/world/2014/nov/15/g20-tony-abbott-whingeing-about-domestic-agenda-on-world-stage>

## 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 weak in less rigidly monitored areas (i.e., implementation of some sectoral reforms such as Transantiago, the Santiago transport system). The Piñera government, for example, did not follow through on policies in the field of crime reduction and public safety, while the current Michelle Bachelet government has had to downsize its proposal for its fiscal reform. In general terms, far-reaching reforms that would require constitutional change and thus support by at least three-fifths of the national deputies and senators have not been considered as a part of government programs; this high hurdle has thus not proved to be a practical obstacle in the achievement of governments' policy objectives.

## Iceland

### Score 6

As a rule, the strength of the executive branch, with respect to the legislative branch, ensures that bills proposed by the government are rarely rejected by parliament. Thus, governments are usually able to achieve all of their policy objectives.

However, legislative proposals by the previous government were twice overturned, in 2009 and 2011, by the public in national referenda. On both occasions, the referenda concerned the introduction of government guarantees for losses experienced by Icelandic bank account holders based in the UK and the Netherlands. In both cases, the president refused to sign into effect the government's legislative proposal, which triggered a constitutional clause referring the proposed legislation to a national referendum.

Other examples of executive weakness include the failure of the previous government to deliver on three important elements of its platform: a new constitution, a reform of the system managing Iceland's fisheries and a deal on Iceland's accession to the EU that could be put to a national referendum. These failures were partly due to internal disagreements and partly due to the obstructive tactics of the opposition, including extensive filibustering for the first time in the history of the parliament.

So far, the new government has had no significant problems in implementing its policy objectives. Although, the constitution right of the president to refuse to ratify laws and refer them to a national referendum remains intact.

## 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.

## Slovakia

### Score 6

The government manifesto of the Fico government has in general been very vague, especially regarding major reform fields such as judiciary, corruption, and public administration. In some cases, such as the public-administration reform, the strategic frameworks identify primary goals, but also reiterate former goals and tend to lack action plans, timelines and budgets. Thus, though it has drafted strategies for complying with EU priorities such as the Europe 2020 program, the government's implementation capacity remains limited.

Citation:

European Commission, Assessment of the 2014 national reform and stability programme for Slovakia, COM 2014/426 final, 2.6.2014; [http://ec.europa.eu/europe2020/pdf/csr2014/swd2014\\_slovakia\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2014/swd2014_slovakia_en.pdf).

## Slovenia

### Score 6

The Bratušek government's coalition agreement was relatively vague. It listed a total of 12 priorities, the majority of which were unaccompanied by detailed plans regarding their achievement. While the Bratušek government did succeed in averting a full-blown debt crisis, thus obviating the need to draw on EU bailout funds, the pace of fiscal adjustment lagged behind forecasts. One of the government's major reform projects, the introduction of a real-estate tax, failed when the Constitutional Court declared its design to be unconstitutional in March 2014. With regard to structural reforms, some progress with privatization was evident. The Bratušek government prepared a list of 15 state-owned companies to be sold to the highest

bidder; the first of those companies, Airport Ljubljana, was sold to Germany's Fraport in September 2014. However, in other fields mentioned in the coalition agreement, such as health care, little happened.

## Spain

### Score 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. The growing power and autonomy of the government as a whole has also benefited from EU membership. 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 improve implementation performance (through more effective control of public spending by the autonomous regions and strict conduct guidelines for all central-government ministries and agencies).

Although the combination of austerity and a centralization of power could bring about further bureaucratic inefficiency with regard to policy implementation, the truth is that the Popular Party government has performed well in achieving its own declared major policy priorities: basically, public-spending cuts, structural reforms in the labor market and the banking system, and other adjustment measures linked to economic policy.

## Bulgaria

### Score 5

In general, Bulgarian governments avoid setting policy-performance benchmarks that are available to the public. The two main exceptions are within the area of macroeconomic policy, especially regarding the budget, and compliance with the high-profile requirements of EU membership. The Oresharski government failed to



meet its budgetary benchmarks; revenues were much lower than forecast, and as a consequence, the budget deficit for 2014 was significantly higher than the official projection. With respect to the European Union, Bulgaria has not yet achieved its long-standing objectives of joining the Schengen Area or of starting the process of joining the euro area. Moreover, the absorption of EU funds, which had improved for several years, worsened in the period under review. In 2014, Bulgarian civil-society actors began strictly recording the policy objectives of the government and monitoring success in achievement. It remains to be seen whether these activities will force future governments to make clear and measurable policy commitments and pressure them to try harder to meet these goals.

## Croatia

**Score 5** The Milanović government has failed to set clear and measurable goals and has been ineffective in reaching most of the policy goals formulated in its own strategies, programs and multi-year frameworks. Nor has it succeeded in addressing Croatia's economic problems. However, under the influence of EU membership, and particularly the excessive deficit procedure, some new energy has been devoted to the implementation of key policy reforms. The government has begun to implement policies to achieve its goals in the areas of pension and labor reforms.

## Hungary

**Score 5** The Orbán governments have been quite successful in consolidating political power, centralizing policymaking, and weakening the remaining checks and balances. At the same time, they have largely failed to meet broader goals such as fostering economic growth, consolidating the budget and increasing employment in the private sector. The low degree of government efficiency has been illustrated by frequent policy changes in all policy fields. A central problem has been the implementation of new bills and regulations. Overhasty policymaking has led to incoherent and contradictory legal texts, causing extreme difficulties for local and regional administrations.

## South Korea

**Score 5** Since the presidential election, Park Geun-hye has enjoyed a clear mandate from the public and has maintained fairly high approval ratings. Furthermore, the ruling Saenuri Party has a comfortable majority in the National Assembly. However, the political capital afforded by the high approval rates along with strong public support for Saenuri Party has not been utilized. Park has announced several big policy agendas, such as the Northeast Asian Peace and Cooperation Initiative, the creation

of an ecology peace park within the Korean Demilitarized Zone, the Eurasia Initiative, and her Creative Economy initiative. Yet, so far, her administration has failed to deliver on these agendas. Government officials have admitted problems in implementation due to lack of comprehensive blueprints. In the past, 90 percent or more of the policies proposed by the government and approved by the National Assembly had been implemented. However, this percentage has fallen to 30 percent since 2010, with the remaining policies discarded. Park's approval rate has recently declined to 39%.

Citation:

"S. Korea 'bureaucracy risk' derails economic innovation", Maeil Business Newspaper, March 26, 2014

"Election Win Puts Pressure on Park To Deliver", The Wall Street Journal, Aug 5, 2014.

## 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. In the system's current highly polarized state, the success of the executive in implementing its proposed policies depends on the majorities in Congress. From 2011 to 2013, the U.S. government was 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. Later, while it did allow automatic across-the-board spending cuts to go into effect (the so-called sequester), it has repeatedly approached failure with regard to increasing the federal debt limit.

In recent years, government has shown poor implementation performance on several matters. Most importantly, the rollout of the Affordable Care Act website was disastrous, delaying sign-ups for millions of potential clients for many months. Separately, a condition of gross neglect affecting patients in Veterans Administration hospitals persisted for a disturbingly long period of time. With the sharply divided and polarized control of government after the 2014 elections, is unlikely that the American government will have much success in defining policy goals, or in effectively pursuing those that it defines.

## Czech Republic

### Score 4

Successive governments' ability to achieve objectives has varied with the objectives. The government has tried to reconcile conflicting objectives and interests of coalition partners, but only with partial success. Tensions in governing coalitions (in both the Nečas and Sobotka governments) and the need to overrule Senate and presidential vetoes have weakened the executive power of the government. The necessity to negotiate every vote in parliament forces governments to accept a number of compromises and in general, delays implementation. Prominent examples of such

delays are anti-corruption measures in general and the law on civil service in particular. A version of this law was approved in 2002 as a requirement for EU accession, but was never implemented. President Zeman set a condition for the Sobotka government that it should present a new version of this law to parliament. This was completed and a new version approved, but implementation was further delayed by a presidential veto.

## Greece

### Score 4

Institutional structures for policy implementation and follow-up are traditionally weak in Greece and have only begun to change since the onset of the crisis in the winter of 2009-2010. External intervention at the hands of Troika representatives who have periodically visited Athens to ensure that loan agreement requirements have been met. This has involved the placement of EC, ECB and IMF officers at various levels within Greek ministries who are tasked with monitoring the development and implementation of policy reforms as stipulated in the loan agreements between Greece and its creditors. The EU created its own task force of officials (including EC officials) who reside in Athens and are able to provide Greek authorities guidance and assistance in implementing the reforms. All of this has led to substantial improvements in policy implementation in Greece in the last few years, although shortcomings persist.

Policy implementation efforts have not always been successful. From time to time, administrative incapacity coupled with resistance on the part of affected interest groups (e.g., the liberal professions) and economic recession (which has clipped opportunities to raise capital), have delayed the implementation of important policies. Examples of a lingering implementation gap include the problems still encountered by young entrepreneurs and professionals when it comes to establishing and operating a new business or entering a market niche in previously restricted professions (e.g., starting a commercial transport business using trucks, opening a pharmacy).

Nonetheless, Greece achieved fiscal consolidation in 2013-2014. Other tasks traditionally managed with efficiency – such as the conduct of nationwide university entrance examinations – were also accomplished during 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, political tensions created over this tax and DEI's reaction to it have led the government to shift gears by collecting the same revenue amount by integrating this tax into other property taxes. The new means of collecting this Integrated Tax on Landed Property (ENFIA) is to issue a separate tax claim for each property owner and have him or her pay the ENFIA tax in six installments.

Overall, during the period under review, the ministries and state agencies in charge of policy implementation have taken steps forward, but a lot remains to be done.

## 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 lack of financial resources; (b) pronounced organizational weaknesses in local and municipal governments and the decentralized agencies overseen by federal ministries; (c) electoral rules that inhibit continuity in office, which might otherwise be conducive to good government; (d) high levels of crime including but not limited to the drugs trade; and (e) some powerful and obstructive groups within civil society. Some of these, notably the first three, are currently being tackled through new reforms.

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, Mexico is a federal country, and the quality of state and municipal government varies enormously from location to location. 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 whatsoever. As for the third point, municipal authorities are elected to three-year terms of office with no reelection permitted. However, this situation may change as a result of the recent constitutional reform, which allows municipalities to set their own term limits with respect to reelection. The system being changed created some very unconstructive incentive structures, as no officeholder had any interest in the long term. The same system – with no immediate reelection permitted – has also applied to congressional posts. This system in legislative terms tended to entrench the power of party elites, who were able to weaken the executive branch of government as a result. However, the reformed system allows congressional reelection up to a maximum of 12 years. Once in effect, it should make quite a difference to the policy process.

From the perspective of citizens themselves, the Mexican state remains highly ineffective as a provider of public goods insofar as it has been unable to improve its implementation of security policies, the number-one concern of the citizenry. After barely 18 months in office (as of the time of writing), the president has enacted major reforms that will put considerable pressure on the administration's policy-implementation capacity; however, it remains too early to say whether he will succeed in achieving his policy objectives.

## Romania

### Score 4

During the period under review, the government suffered significant setbacks regarding two of its main priorities: a decentralization law, and a revision of the constitution. The decentralization project, prepared by Deputy Prime Minister Liviu Dragnea, would have introduced amendments in important areas such as agriculture, health, environment, education, culture and tourism, and took a prominent place on the government's agenda during the first half of 2013. However, the decentralization law was introduced to the public in October 2013 without prior deliberation in November 2013. The Democratic Liberals decided to challenge the act at the level of the Constitutional Court, which unanimously repealed the law in January 2014. The revision of the constitution, which was one of the centerpieces of the Social Liberal electoral campaign in 2012, also ran into political and legal difficulties. Politically, the project – spearheaded by National Liberal Party President Crin Antonescu – was undermined by the growing rift between the Liberals and the Socialists. Moreover, in February 2014, the Constitutional Court identified numerous unconstitutional provisions in the constitutional-revision proposal. The project was sidelined by the dissolution of the Social-Liberal alliance and the subsequent presidential elections, though it returned to the Ponta government's agenda for 2015.

## Cyprus

### Score 3

The current government assumed power at a time when any delay in facing the economic crisis threatened the country's economic survival. The agreement signed with Cyprus' creditors provided for harsh measures that included large-scale actions and reforms. The government was forced to follow the agreement to the letter, pursuing difficult objectives in order to stabilize the situation and contain the crisis' impact on employment, financial institutions and other sectors. These goals appear to have been met to some extent.

A number of serious issues remain unaddressed, including reform of the public sector, privatization of semi-governmental organizations, unemployment, the reestablishment of trust in the country's economy, and the creation of a national health program. The impact on peoples' lives and welfare, as well as on society at large, has been quite serious. However, the government has implemented policy objectives designed in large part by Cyprus' creditors with relative success.

## France

### Score 3

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 concerning 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. This situation has not changed over the period of observation. It will take some time (and some tangible results) before the government can restore its credibility.



## 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 PMO have closely monitored 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, as well as the strong capacities of the Prime Minister's Office. The reshuffling of the cabinet after the 2014 elections was aimed at demonstrating the power of the prime minister, and had a disciplinary effect.

## South Korea

### Score 10

Ministers in South 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 frequently reshuffles the cabinet. The average tenure of a minister has continuously declined over the past two decades. Under the previous Lee Myung-bak administration, it was about one year; this limits the independence of ministers. Public hearings of National Assembly for the candidates of ministerial positions should not be underestimated. Under Park Geun-hye's administration, three candidates for the position of prime ministers did not survive the hearing and the media's verification.

## 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.

Citation:

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

Jacobsson, B., J. Pierre and G. Sundström (2015), *Governing the Embedded State: The Organizational Dimension of Governance* (Oxford: Oxford University Press).

## United States

Score 10

The president has a high level of control over appointments such as agency and department heads. They serve at the president's discretion, and need the 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 has been notoriously decentralized, with individual agencies responsive to interest-group constituencies or congressional committees. However, 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 annually evaluates his or her ministers' policy performance. 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 Henriksen, *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 a 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 ministries. Cabinet agenda issues are in several cases prepared and coordinated in cabinet committees and informal groups and meetings, and all items are 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. Still, more than before, profile-raising attempts have been discernible.

## Iceland

**Score 9** Ministers usually follow party lines, but individual ministers have considerable authority to make independent decisions. However, non-collective decisions are rare.

The previous government, dissent between ministers had little to do with specific ministerial actions. For example, when the parliament voted in 2009 on Iceland's application for EU membership, one government minister, Jón Bjarnason from the Left-Green Movement officeholders, voted against the resolution. Bjarnason repeatedly expressed his opposition to Iceland's accession to the EU throughout his tenure. The new government has experienced no such ministerial divisions.

## Italy

**Score 9** Although Italian prime ministers have historically held weak executive powers, the dominant role played by Prime Minister Renzi – who also heads his Democratic

Party – has generally guaranteed that ministers will promote the main points in the government's program. A significant number of ministers are Democratic Party members and are intensely loyal to Renzi. There are also ministers from other parties, but these parties are weak and their ministers cannot exercise a great deal of autonomy. However, departmental self-interests have obviously not disappeared, and this may mean that decisions adopted are not always followed with adequate speed by the more detailed implementation measures required.

## Latvia

**Score 9** Organizational devices that encourage ministerial compliance include: a public statement of policy intent, a Government Declaration signed by each minister, a coalition agreement outlining the terms of cooperation between the governing parties and an informal weekly coalition council meeting. Additionally, the government office monitors compliance to cabinet decisions, while the PKC monitors the development of the Government Declaration. Both reporting streams enable the prime minister to fully monitor progress of individual ministers in achieving the government's program.

## 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 during 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 2008 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). In reality, however, whereas the National cabinet is chosen by the prime minister, Labour's is subject to an election by all of its MPs. 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-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 support parties that receive ministerial appointments outside of cabinet. While such ministers may disagree with government policy if it lies outside their ministerial responsibility, on issues within their portfolio 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.

## Spain

### Score 9

The organization of the Spanish government provides 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 at the 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, 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 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 mid-level or regional leaders of the governing party. On the other hand, the threat of 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 any balanced assessment regarding implementation of the government's program or policies. In fact, ministers that maintain an amicable relationship with the network of sectoral interests around their ministry usually receive a positive judgment from the prime minister.

## Turkey

### Score 9

The entrenched 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 even for those ministers who are professionals in their fields to come independently to the forefront. The charisma of the former 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 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 these figures had little support from the party apparatus, leaving them dependent on the prime minister. This ensures that the strong leadership of the prime minister and party leader, rather than other incentives, drives ministers to implement the governmental program. After Erdoğan was elected to the presidency, additional loyalist ministers were appointed to the cabinet. Erdoğan rejected claims that the new prime minister would merely do his bidding; however, he continues to maintain his grip on the government, stressing his intention to be an active president, and interfering in virtually every policy field and ministerial portfolio.

#### Citation:

Erdoğan says new PM will not be puppet, Al Jazeera, 27 August 2014, <http://www.aljazeera.com/news/europe/2014/08/Erdoğan-says-new-pm-will-not-be-puppet-2014827133851415267.html> (accessed 5 November 2014)

Güngör Uras, 'Bir şey' değişmeyecek ama çok şey değişecek, Milliyet daily newspaper, 11 August 2014, <http://www.milliyet.com.tr/-bir-sey-degismeyecek-ama-cok-sey-degiscek/ekonomi/ydetay/1923887/default.htm> (accessed 5 November 2014)

## 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 much power to exclude ministers from the government. The main architects of government positions are indeed the party presidents who, at the government formation stage, negotiate which portfolios they control, and then nominate their people. The main incentive of any given minister is thus to push his/her own party's views, rather than the government's potential view.

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 government. The political situation until October 2014 was that all mainstream parties were in the coalition (the Green parties provided occasional external support for some key reforms, but were not part of the government), with the fear that they may be overwhelmed by the Flemish nationalist/separatist New Flemish Alliance (N-VA), which was the main opposition party. They thus had to prove that they could work things out, and keep the government alive until the end of the legislative term. This provided strong *de facto* powers to motivate individual ministers.

## France

### Score 8

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. This statement remains true but is highly dependent on the leadership capacities of the president and prime minister. Prime Minister Manuel Valls, who came into office in March 2014, has improved the situation but remains squeezed between a reluctant party and a feeble president. In addition, the actual policy being different from the announced program on many fronts, the main feeling among observers and public at large is one of confusion and chaos.

## 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 substantial in international comparison. Ministers sometimes pursue interests that therefore clash with the chancellor or coalition agreements. In the case of the current government, the coalition agreement bears considerable political weight and has thus far proved effective in guiding ministry activities.

In terms of budgetary matters, Minister of Finance Wolfgang Schäuble is particularly powerful and is able – when he has the chancellor's support – to reject financial requests by other ministries.

Some informal mechanisms are used to coordinate government policy, with ongoing coalition coordination being particularly important. Coalition agreements provide for clear rules when a coalition committee will meet and who will join the meetings. As in previous coalitions, the current committee consists of the chancellor and the vice-chancellor, the leaders of parliamentary groups and party leaders (if they are not already covered by the persons mentioned above). The coalition committee convened only once in November 2014, when conflicts within the coalition government increased.

## Poland

### Score 8

Prime Minister Tusk and his Chancellery enjoyed a relatively strong position within the Council of Ministers, and 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 nominated by the junior coalition partner, the Polish People's Party (PSL), and who have been able to capitalize on their position of power.

## Slovakia

- Score 8** Under the Fico government, the prime minister's dominant position within Smer-SD and the strong party discipline have ensured a high degree of ministerial compliance.

## 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, there have been some deviations from this course. However, even in periods of polarized politics, the Swiss government and its policy implementation is much less driven by the interests of individual politicians or parties than is typically the case for parliamentary governments. In the 2013 – 2014 period, ministerial compliance and cooperation were much more pronounced than in 2003 – 2007.

## Bulgaria

- Score 7** 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.” The position of the prime minister thus strongly depends on his or her informal political authority. In the case of Prime Minister Oresharski, this was quite limited.

## Ireland

- Score 7** The parties participating in the present coalition government have different agendas and priorities. The allocation of ministries between them has a significant influence on the overall coherence of government policy.

Individual ministries are to a significant degree independent fiefdoms that can be used by individual ministers to pursue their self-interest – including boosting their chances of reelection – rather than any comprehensive government objective. The system requires even senior ministers to spend considerable time and energy in local constituency work, because few are sufficiently distanced from the risk of losing their seat at the next election. One newspaper recently estimated (informally) that ministers spend only about 10% of their time on national issues.

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 the independent Top Level Appointments Commission. However, a 2014 conflict over the roles of the minister for justice and the commissioner of the Garda Síochána (the police force) led to the resignation of both men, and eventually the departure of the secretary general of the Department of Justice as well.

Ministers select their own advisers and consultants and these exercise considerable influence. For the most part, however, individual ministers do implement government policy. But over time there is a tendency for some to pursue increasingly idiosyncratic goals. The ultimate sanction can be exercised by the taoiseach, as occurred in the major cabinet reshuffle of July 2014, which was designed to increase the government's cohesiveness.

## Israel

### Score 7

Influences from the OECD and global best practice methods have changed Israel's organization of government in recent years. Values of transparency, planning, comparability and supervision from a designated unit in the Prime Minister's Office (PMO) were introduced, arguably improving implementation to the overall government program by increasing ministerial accountability vis-a-vis the government and the public. These new actions accompany more traditional methods to better compliance such as weekly cabinet sessions and inter-ministerial roundtable events.

Structural elements contradict this trend by imposing centralization. The government's budget process essentially undermines the authority of individual ministers by creating a negative incentive for cooperation and forcing ministers into a more combative stance against each other. The Arrangements Law (which includes bills and amendments specifically aimed at restricting expenditures and achieving economic goals) is another bold expression of the additional power given to the budget department of the Ministry of Finance. This bill is often used to cancel or negate reforms or legislation already passed by other ministries, thus undermining their commitment to the government's program.

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 2014," PMO website (March 2014) (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 policy areas. 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 (including ministers of finance, who tend to share the prime minister's party affiliation), from parliamentary factions, and from the president (who has a veto power over draft laws) as they seek to implement the major objectives of the government program. In addition, as they implement governmental policy, line ministries tend to focus on the sectoral-policy aims falling under their responsibility at the expense of related horizontal-policy aims.

## 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.

Citation:

<http://cbiver.eu/2013/10/das-wahlsystem-in-luxemburg/>

Fehlen, F. (2013), Wahlsystem und politische Kultur, in: Forum, Nr. 332, S. 41-46

## 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. When the Rutte II cabinet reached out to three smaller political parties not supporting the government agreement, interministerial commitment and coordination visibly increased.

Citation:

R.B. Andeweg & G.A. Irwin (2014), *Governance and Politics of The Netherlands*. Houndmills, Basingstoke: Palgrave Macmillan: 140-163

## Portugal

### Score 6

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 was until May 2014 operating under the terms of a bailout.

That said, the current government faces additional challenges as a result of being a coalition. Moreover, the internal organization of the government appears to have made implementation more difficult. The government has only 13 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.

## 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 incentives 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. The coalition government, re-established after the 2013 general elections, has given priority to presenting a more unified image at the cost of promoting open debates. As a result, several decisions have been blocked by conflicting interests and positions within the cabinet.

## Czech Republic

**Score 6** 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. Under the Sobotka government, ministers were also removed or exchanged by various coalition partners. These were therefore matters of difficult, and often 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** During the elections of June 2012, parties were legally required to submit party lists instead of preference lists to voters. This rendered members of parliament dependent on their party’s leader if they are to be ranked at the top of party lists. The same holds true for members of parliament who later become ministers. The organization of government has also changed in the sense that the prime minister himself and the PMO as well almost all ministers now feel the Troika’s pressure to implement the measures included in the austerity package Greece adopted in exchange for their bailout. Thus, ministerial compliance has probably improved, as ministers depend on the prime minister for their political survival, and the fear of Greece’s default has also compelled them to follow the party line set by the prime minister, particularly with regard to economic and social policy.

## 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 preceding DPJ-led governments and the current LDP-led government have sought to centralize policy-making within the core executive.

The 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 include a stronger role in top-level personnel decisions, enforced by the chief cabinet secretary, and by the formal introduction of the Cabinet Bureau of Personnel Affairs in mid-2014.

## Malta

### Score 6

The cabinet is the most important organizational device at the disposal of the government providing incentives to ensure ministers implement a government program. However, this does not take place in the form of pressure placed on a ministry, but rather through periodic discussion of progress achieved in the implementation of a program. Evidence nevertheless suggests that policy implementation is most likely to be successful following demands made by the PMO. 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), which provides advice and gives the various ministries structures, tools and reports to work with, thus building their capacity to act.

## Slovenia

### Score 6

As head of a coalition government, Prime Minister Bratušek primarily relied on frequent coalition meetings of narrow (including only the presidents of coalition parties) or broader composition (including ministers and legislators as well) to ensure the implementation of the government's program. Four ministers resigned from the Bratušek government, partially due to controversies over the government's course, but partially because of an inability to explain their personal assets.

## Croatia

### Score 5

Prime Minister Milanović has been much less effective in ensuring ministerial compliance than his predecessor. 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.

## 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 4

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 is mostly determined by each officeholder's personality and will. With the initiation of reforms and the first development of strategic-planning structures, the organization of the government is becoming more cohesive, with some incentives for the successful implementation of programs being offered.

## 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 Office has successfully monitored line ministries in all stages of the implementation process, enforcing obedience to the political will of the central leadership. As all core executive figures have been Fidesz party stalwarts, control

has functioned largely through party discipline. Those who have failed to keep discipline, even in comparatively insignificant matters, have lost their positions. The existing civil-service legislation has made it easy to dismiss public employees without justification. The third Orbán government announced a mass dismissal of public servants. In the Ministry of Foreign Trade and Foreign Affairs, changes in staff accelerated when Tibor Navracsics became EU commissioner in November 2014.

## Iceland

### Score 10

In early 2013, regulations regarding the monitoring and oversight of ministries were introduced for the first time. Under these regulations, the Prime Minister's Office must review bills from all ministries, with the 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 respective cabinet meeting. 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 is a step toward stronger, formal monitoring of ministerial bills.

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 effective alignment with the government program. Monitoring of effectiveness seems to have improved slightly since 2011.

## 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 2014-2018 (Wellington: State Services Commission 2014).

## South Korea

- Score 9** The offices of the president and the prime minister effectively monitor line ministry activities. The South Korean government utilizes e-government software (the Policy Task Management System) to monitor the implementation of policies in real time. However, political monitoring or pressure, rather than e-government, is more influential and the usual tool to supervise ministries. Ministries have little leeway in policy areas that are important to the president. In general, bureaucracy is organized in a very hierarchical way, but independence is stronger in areas that are comparatively less important to 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.

## 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 or she has neither the time nor the means for close monitoring. The prime minister's control is indirect. It is exercised through the members of the cabinet. Non-implementation will quickly become a political issue.

## Finland

### Score 8

The government monitoring of ministries is 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 inter-ministerial coordination fulfill monitoring functions as well. These forms are, however, cooperative and consultative interactions, rather than critical interactions. While the Prime Minister's Office does monitor ministries, the monitoring is implicit rather than explicit.



## Latvia

### Score 8

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. In 2012, the PKC reported a full spectrum of compliance rates, from 0% to 100% compliance.

## Lithuania

### Score 8

The Government 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 only infrequently used to propose corrective action when progress is deemed insufficient. Thus, the monitoring process does not always prevent the prioritization of sectoral or bureaucratic over full-government and horizontal 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. The terrorist attacks of July 22 did in part represent a failure to follow up on government decisions made by the relevant line ministries but these failures have subsequently been by and large rectified.

## France

### Score 7

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. This traditional pattern under the Fifth Republic failed to work during the first 30 months of the Hollande presidency due to the president's weakness and reluctance to arbitrate between ministers and divergent preferences. Since the September 2014 crisis and the resignation of the dissident ministers, Prime Minister Manuel Valls has proven able to exercise improved oversight of the ministries.

## 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 seeks to reconcile the sum of departmental claims with the total available for public spending. Whereas monitoring and oversight of most line ministry spending and policy implementation have been effective in recent years, the problem of large cost overruns in the Ministry of Health and confusion about the medium-term strategy for public health are long-standing and unresolved issues.

## Israel

### Score 7

The "Basic Law: The Government" establishes the prime minister's responsibility over the government's advancement of policy goals. This includes monitoring and guiding the work of appointed line ministers and directing their respective offices. In recent years, the Prime Minister's Office (PMO) introduced the best practice reform elements of transparency, sharing and benchmarking, which have improved systematic monitoring over ministries. A special committee formed to review the PMO noted the office's professional weakness when facing recommendations from the ministries of finance and defense, aggravated by the PMO's tendency to take on the executing responsibility of weaker ministries such as welfare and health, thus expanding its workload. Gradual change commenced with the establishment of three new professional units in the PMO, each in charge of monitoring related ministries, but future steps are uncertain.

#### Citation:

"The committee to review the PMO's", Official state publication (February 2012) (Hebrew).

"Reorganization of structure", Civil Service Commissioner information booklet No. 2, October 2012: <http://www.csc.gov.il/DataBases/NewsLetters/newsletter2/Pages/MattePMO.aspx> (Hebrew).

## Italy

**Score 7** The monitoring of the implementation of the government program is delegated to a minister (without portfolio) attached to the Presidency of the Council and is conducted by a special office of the presidency (Ufficio per l'attuazione del programma di governo). This office monitors the main legislative activities of the ministries and more recently has started to monitor regularly also the implementation activities related to the legislation adopted. The resources devoted to this function are however not yet sufficient to conduct a systematic and in-depth control.

## Mexico

**Score 7** There is inevitably some arbitrariness in evaluations, but the presidential office can choose who it evaluates and how. There are two caveats to this statement, however. First, Mexico is a federal system, and there are thus limits to the central government's power. If anything, decentralization is increasing. Second, independent agencies headed by individuals of cabinet rank have taken on an expanding role. 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 is in general relatively high for a presidential system. However, while sanctioning ministers is a sign of the president's power, it does not necessarily reflect the output of a systematic monitoring process.

## Poland

**Score 7** Ministries are obliged to keep the Chancellery of the Prime Minister apprised of legislative progress on a regular basis. Although ministries have sought to maintain their autonomy, and monitoring has remained largely formal, the prime minister and the Chancellery have controlled policy implementation to a great extent.

## Portugal

**Score 7** The current government is relatively small, with 13 ministries, 37 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. While the terms of the MOU

increased 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.

## Slovakia

### Score 7

Although Prime Minister Fico has been able to count on a significant degree of ministerial compliance, he nevertheless expanded Government Office monitoring of the line ministries, in particular regarding European affairs and economic and fiscal issues.

## 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.

The monitoring of ministers will likely improve once a legal reform that was under discussion at the end of 2014 is passed. Article 164 of this draft bill on general administrative procedures referred to a new system for systematically assessing policy implementation in the form of an Annual Evaluation Report, which would be prepared by the GO every April in close consultation with line ministries.

Citation:

<http://www.minhap.gob.es/Documentacion/Publico/NormativaDoctrina/Proyectos/MVB14A01%20%20Texto%20Le y%20de%20Procedimiento%20Consejo%20de%20Ministros%2009%2001%2015.pdf>

## 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.

The PMO has a total of 2,214 employees, a quarter of whom are experts or advisors, or able to provide similar services. A Sectoral Monitoring and Assessment Unit was established in 2011. However, this function did not initially have sufficient staff members to exercise its function. In June 2014, 400 employees were allocated to this unit to provide consultation to the PMO. The PMO's inability to ensure efficient interministerial cooperation represents a major deficiency.

#### Citation:

TC Başbakanlık Kanunlar ve Kararlar Genel Müdürlüğü Performans Raporu 2014, [http://www.basbakanlik.gov.tr/Forms/\\_Article/PerfRapor2014.pdf](http://www.basbakanlik.gov.tr/Forms/_Article/PerfRapor2014.pdf) (accessed 5 November 2014)  
Başbakanlığa 402 kadro ihdası tartışma çıkardı, 27 Haziran 2014, <http://www.memurlar.net/haber/474352/> (accessed 5 November 2014)

## 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 managed by an administrator affiliated with the Francophone Liberal (right-wing) party, who was replaced in 2010 by the only candidate who passed the selection tests. This person happened to be the former chief of staff of the previous 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. In the last government, both the minister and the general administrator hail from the CD&V, and thus cooperation was made easier. In the new government, the minister is from the N-VA, which took a large share of votes from the CD&V, which means that tensions are likely to arise again.

## Greece

### Score 6

Government ministers have in the past often resisted implementing all policy measures for fear of popular criticism. The PMO did not monitor them well either. The efficiency of the PMO's monitoring of line ministries has improved since June 2012, when Prime Minister 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 and also assigned the task of monitoring ministries to his close associates. On-site monitoring was obviously also performed by the Troika during its frequent visits.

## Japan

### Score 6

Generally speaking, the Cabinet Secretariat (Kantei), which was upgraded 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 at least some recent prime ministers and their chief cabinet secretaries have lacked the power to use this

apparatus more decisively. Using the Kantei effectively has also been hindered by the fact that the ministries send specialists from their own staff to the Secretariat.

## 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 5** 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.

## Czech Republic

**Score 5** In the Czech Republic, the government office formally monitors the activities of the line ministries. Under the Nečas and Sobotka governments, the effectiveness of monitoring was complicated by the nature of the coalition governments and the eroding informal authority of the prime minister in the coalition (under Nečas), and competition between Prime Minister Sobotka and Vice Prime Minister Babiš for the control of key ministries. The success of Babiš' ANO party in the 2014 municipal elections has further aggravated this problem.

## 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 or the coalition agreement. On topics of general political interest,



the cabinet makes decisions collectively. In case of dissent between ministers, the chancellor in principle 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 some cases, the Chancellery lacks the sectoral expertise to monitor line ministries' policy proposals effectively, which means that effective delegation from the core executive to ministers does not take place.

## Malta

**Score 5** The Prime Minister's Office today monitors the implementation activities of most line ministries, but the structures for doing so effectively are still being refined. In 2014, environmental organizations were extremely critical of the fact that the Environmental Ministry had not been consulted on outside development zone (ODZ) policy being discussed in the ministry in charge of development planning. The PMO now has an office dedicated to monitoring. Furthermore, line ministries' policy implementation is also monitored by the cabinet office, which is part of the PMO, and which ensures that PMO decisions are implemented by the ministries.

Citation:

MEPA Reform is an exercise in dishonesty Times of Malta 25/04/14

## Slovenia

**Score 5** The weak capacity of the Government Office (GO) and the predominance of coalition governments have limited the GO's role in monitoring line ministries' implementation activities. The GO tends to respect the assignment of ministries in the coalition agreement, and most monitoring takes place in coalition meetings.

## Bulgaria

**Score 4** 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, oversee most of the line ministries' policy activities, especially in the areas financed through EU funds. The chief secretary and the directorates also provide some administrative support to the prime minister and the head of his political cabinet, who exercise more direct control over the ministries on a political basis. The exercise of this control tends to be informal rather than formal, and its effectiveness declined after the 2013 change in government.

## Croatia

### Score 4

The Secretariat General of the Government is just one of the central government organizations involved in monitoring the activities of line ministries. Its restrictive remit constitutes a major capacity gap. More important has been the Ministry of Finance, as the 2010 Fiscal Responsibility Act has given it far-reaching powers to monitor the activities of any organization drawing funds from the central budget.

## 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. Since 2013-2014 the General Audit Chamber studies have indeed focused on particular subjects and, obviously after some consultation, on departmental domains.

Citation:

Algemene Rekenkamer, Onderzoeksrapporten (rekenkamer.nl, consulted 5 November 2014)

R.B. Andeweg & G.A. Irwin (2014), Governance and Politics of The Netherlands. Houdmills, Basingstoke: Palgrave Macmillan: 188, 198-203

## Cyprus

### Score 3

The state structure contains no specific mechanism for monitoring the work of line ministries. The Directorate General for European Programs, Coordination and Development performs generic monitoring, and some task-specific structures in individual ministries exist. The issue of creating a central body to oversee and coordinate planning and policy implementation is still under discussion. A task-force team with guidance from the presidential palace currently fulfills some very basic planning and coordination functions.

## 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, Prime Minister Orbán's second government replaced 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 adopted a hands-on approach and closely monitored the agencies' implementation activities. The third Orbán government has brought most agencies under the direct control of the Prime Minister's Office.

## 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. Opposition parties now have the opportunity to establish investigating committees in parliament – even against the will of the ruling majority. This development represents a broadening of the scope of political oversight and potentially involves the need and opportunity to monitor bureaucracies more thoroughly.

## 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 2013 (Wellington: State Services Commission 2013).

## 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.

Citation:

Jacobsson, B., J. Pierre and G. Sundström (2015), *Governing the Embedded State: The Organizational Dimension of Governance* (Oxford: Oxford University Press).

## 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 counselor and appointed by a minister. Agencies implement policies within the broader policy area, and are accountable to the relevant ministry. Ministers appoint agency directors. These organizational arrangements enable ministries to monitor the activities of executive agencies. However, agencies have grown substantially both in terms of staff and task volume; this may ultimately produce negative effects such as a lack of coordination between the ministry and agency, or misuse of administrative power by executive-agency CEOs. This latter problem is illustrated by the increase in corruption offences within these institutions.

## 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. Not all

agencies are 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. Monitoring takes many forms and a system of political undersecretaries of state has been designed to foster the monitoring activities of individual ministers.

## Germany

### Score 8

Executive agencies' competences and responsibilities are explicitly detailed in law, edicts, statutes and other regulations. Their activities are not only subject to legal, but also to functional supervision. The latter implies that agency's 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 their oversight mechanism. A number of independent agencies, including the Federal Employment Office, the Federal Network Agency, the Bundesbank and others have deliberately been placed beyond the effective control of the federal government. It is important that monitoring agencies maintain organizational independence so that they may monitor government's course of action and the financial impact of government decisions and activities on the federal budget.

Citation:

<http://www.spiegel.de/wirtschaft/soziales/energiewende-bundesrechnungshof-kritisiert-regierung-merkel-a-987040.html>

## 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 resulted in very high debts incurred by state agencies such as those identified above. The cost of servicing such debts was assumed by the state budget. In the long run, this pattern, along with other governance deficiencies, led to Greece's deep, ongoing fiscal crisis.

After Greece's first bailout in 2010, the supervision of state agencies tightened considerably. 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 the 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.

Citation:

<http://www.mss.public.lu/acteurs/igss/>

<http://www.igf.etat.lu/>

## 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 process launched in 2012 (coordinated by the Commission for the Reform of the Public Administrations, CORA) consisted in reinforcing control over these agencies, and in some cases entailed the absorption of the smallest agencies by the ministry in charge of their task area. The reorganization of this so-called public sector has included the first comprehensive register of all existing agencies or any other semi-autonomous bureaucracy in Spain, several mergers, and the liquidation of many public companies. Some difficulties and delays have been encountered during the implementation of this plan in 2013 and 2014. The CORA has also promoted the introduction of mechanisms to prevent the “unnecessary creation of future entities and the continuous review of the functions, goals and structures of existing bodies, in order to facilitate their subsequent restructuring if decided.”

#### Citation:

Gobierno de España. 2013. Report of the Commission for the Reform of Public Administrations (CORA). Madrid: Ministry of Finance and Public Administration. [www.seap.minhap.gob.es/dms/en/areas/reforma\\_aapp/CORA-INGLES--web-/CORA%20INGLES%20%28web%29.pdf](http://www.seap.minhap.gob.es/dms/en/areas/reforma_aapp/CORA-INGLES--web-/CORA%20INGLES%20%28web%29.pdf)

## 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 relevant secretary's office that monitor the activities of subordinate agencies. 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 only a few major cases among the dozens of agencies and hundreds of programs emerging in each presidency.

## 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 stood among the 25 banks failing the ECB “stress tests” in October 2014. 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 is state postal services, which have started to earn a profit and 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 changes in government in 2011 and 2014 showed that the selection of candidates through the ADP is in fact quite weakly established, as there is still an understanding that a successful candidate is a "government officer" rather than a "state officer." The monitoring of bureaucratic activities and executive agencies, especially at the subnational level, tends to be distorted by this effect.

## 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.

## Israel

### Score 7

As in many other western countries, the Israeli government is undergoing a process of agencification and outsourcing in recent decades in order to enhance its regulatory functions and retract its role in direct public provision. While ministries connections with agencies and NGOs are restrained by contractual agreements as well as by financial and legal oversight on conduct, the content and quality of services are not under similar appraisal. Thus, while most ministries sufficiently monitor their respective agencies, some ministries - notably education and welfare - are criticized for failing to implement government policies by effective monitoring of services.

Various government committees and reports issued recommendations to improve professional and organizational capabilities of ministries but as of yet there is no clear comprehensive plan to deal with such failures.

Citation:

Dagan-Buzaglo, Noga, "Aspects in privatization in the education system", Adva center 2010. (Hebrew)

Detal, Lior, "The Ministry of Education inc.: This is how hundreds of private bodies receive some 11 billion shekels", theMarker 5.10.2014:

<http://www.themarker.com/news/education/1.2450395> (Hebrew).

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

Limor, Nissan, "Regulation and oversight over third sector organizations", Social security no. 70 (2005), 159-187.

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

"Public service provisions using outsourcing", JDC publication. (Hebrew)

"The Ministry of Health", in Annual report 63c for 2012, the State Comptroller publication 8.5.2013:

<http://www.mevaker.gov.il/he/Reports/Pages/114.aspx?AspxAutoDetectCookieSupport=1> (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.

## 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 arm's 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. 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 agencies are neither reliable nor adequate.

## Turkey

### Score 7

Turkey is a unitary state divided into 81 provinces (Article 126 of the constitution). Power is devolved in such a way as 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). The central government has provincial organizations that differ in size and capacity and are regularly scrutinized by the central government. Independent administrative authorities such as the Telecommunications Authority and Energy Market Regulatory Authority are not monitored, but are subject to judicial review.

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). It ensures that administrative bodies cooperate with public auditing bodies, and makes its own 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.

Law No. 5018, adopted in 2004, introduced a strategic-management approach under which all public agencies must prepare a strategic plan, annual program and activity reports. The subunits' performance is assessed on the basis of these documents. However, neither strategic management principles nor internal oversight mechanisms have been effectively implemented by the administration.

Citation:

Tamer Çetin and Fuat Oğus (eds.), *The Political Economy of Regulation in Turkey*, New York, Springer, 2011.  
 N.Z. Gürkan, *Kamu mali yönetiminde iç denetim uygulaması ve iç denetim algısı*, MA Thesis, 2010.  
<http://eprints.sdu.edu.tr/id/eprint/690>

## United Kingdom

### Score 7

Central state ministries have no formal oversight power with regard to 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.

Nevertheless, repeated problems have been apparent in significant agencies such as the UK Border Agency, which is responsible for overseeing the entry and management of foreign nationals. The fact that it was a monitoring agency (a chief inspector) that exposed some of these problems could be interpreted as an indication that good monitoring was taking place; however, the scale of the problems suggests otherwise, and the agency was recently taken back under direct political control. A number of child-abuse scandals and the recent case of the alleged takeover of schools in Birmingham by “Islamists” revealed problems with regard to monitoring local-level entities, including local child care, youth offices and police services. The scale and in some instances the duration of these cases casts doubt on the general effectiveness of the monitoring of local bureaucracies.

#### 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 rd Annual Conference of the European Group for Public Administration, Bucharest, 7th – 10th September 2011.

## Lithuania

### Score 6

Lithuania’s fragmented structure of agencies and other public-sector organizations undermines the effective monitoring of bureaucratic performance. While agencies subordinate to the central government or individual ministries can be monitored relatively 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, and the interest shown by ministers and other politicians in the performance of agencies depends on the changing salience of political issues. In 2012, the Governance Coordination Center was established as a part of the State Property Fund. Among other tasks, it monitors the implementation of state-owned enterprises' goals, and produces regular reports on the performance of these enterprises. Beginning in 2013, the scope of annual public-sector reports produced by the Lithuanian Ministry of the Interior was expanded to include municipal organizations. However, this ministry's reports remain of a descriptive nature, lacking specific recommendations as to how the performance of individual organizations or their groups might be improved.

## Mexico

### Score 6

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 governing secretariat and contacting the president directly. Pemex, the state-owned petroleum company, is notorious for such attempts, although it does not always succeed.

## South Korea

### Score 6

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 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 as well as mid-sized conglomerates 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.

The nuclear scandals concerning bribery and faked safety tests for critical plant equipment, which took place in late 2013, are further examples of supervisory failure.

Citation:

"Scandal in South Korea Over Nuclear Revelations", The New York Times, Aug 3, 2013

## 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. Agencies take diverse organizational forms and are monitored in different ways. Most of them enjoy little autonomy, and are monitored relatively tightly. In many cases, both the government and parliament are directly involved in supervision.

## Ireland

### Score 5

The Health Services Executive (HSE) is the executive agency responsible for providing public health care. It is the largest semi-autonomous bureaucracy in the country. Cost overruns and poor outcomes have been a persistent feature of this agency. These continued during and after the Troika program. The HSE was formed by the amalgamation of local health boards 10 years ago, and it is difficult to identify the savings that were promised due to this rationalization. This history weighs heavily on public perceptions of what is now happening with the formation of the new national water authority.

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 all 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.” Its reports contain details of overspending and inefficiencies, and make recommendations for improving financial administration within the public sector.

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.

Citation:

The latest (2013) OCAG reports on the accounts of the public services are available here:

<http://www.audgen.gov.ie/viewdoc.asp?fn=/documents/annualreports/2013/Report/En/ReportIndex.htm>

[http://www.audgen.gov.ie/viewdoc.asp?fn=/documents/annualreports/2013/AppAcc/En/AppAccIndex\\_2013.htm](http://www.audgen.gov.ie/viewdoc.asp?fn=/documents/annualreports/2013/AppAcc/En/AppAccIndex_2013.htm)

A list of special reports on value for money in the public sector is available here:

<http://audgen.gov.ie/viewdoc.asp?DocID=-1&CatID=5&UserLang=EN&m=13>

## Slovakia

### Score 5

The politicization of agencies has continued. Prime Minister Fico has gradually replaced a majority of the heads and core executives of all state agencies at the national level. As he has not yet succeeded in weakening the legal powers of independent executive agencies, he has sought to control them via personnel



changes, as well as by increasing their financial dependence on the central government. As with the line ministries, the government has closely monitored the agencies' implementation activities. The politicization of agencies has infringed upon their independence.

## Bulgaria

**Score 4** The capacity of ministries to monitor the implementation activities of the bureaucracies and executive agencies within their task areas is quite limited in institutional terms. The monitoring that does take place tends to focus only on priority areas – such as the absorption of EU funds – and tends to rely on informal rather than formal mechanisms.

## Croatia

**Score 4** Croatia has about 75 executive agencies, six of which 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 on the agencies' management 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 proliferation of agencies has been a source of waste and inefficiency. 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. A full monitoring of regional health care agencies, their spending and procurements has to date not been established. Despite major regional differences and deviations from “standard costs,” established by recent studies, systematic oversight is not in place. There is considerable doubt surrounding regional

government's capacity to manage health care funds and resources properly, a fact that has cast doubt on decentralization efforts.

## 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. The PMO, through the Principal Permanent Secretary's Office, has become more involved in monitoring processes.

## 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 restored 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

The monitoring of agencies in Romania has been plagued by political clientelism and the capacity reduction suffered by many ministries following the often-haphazard personnel reductions associated with the austerity measures adopted in 2010 – 2011. Many agencies fail to provide information on their websites, in violation of the legislation on decisional transparency.

## Slovenia

### Score 4

Following the passage of the 2002 Civil Service Act, which has made it easier for the government to get rid of unwanted personnel, politicization has increased in

Slovenia's executive agencies. Despite a rhetorical commitment to depoliticization in the 2013 coalition agreement, the Bratušek government replaced a number of experienced senior civil servants with less qualified staff loyal to the coalition parties, and filled leading positions in executive agencies with politically loyal personnel. Political and personal ties have prevented misconduct and incompetency from being sanctioned.

## Iceland

### Score 3

The monitoring of public agencies by ministries is weak. Public agencies and government ministries have often spend more money than allotted to them in the government budget. This problem has been exacerbated by the limited capacity of the National Audit Office (Ríkisendurskoðun) to monitor the activities of those agencies within its jurisdiction. From 2000 to 2007, the National Audit Office audited only 44 out of 993 or 4.4% of the agencies within its jurisdiction. In 2009, almost half of the National Audit Office's efforts (43%) were diverted to financial auditing related in some way to the economic collapse and its consequences. Moreover, National Audit Office's resources have been cut. Between 2011 and 2012, the number of personnel were reduced from 47 to 42. Consequently, the effectiveness of the National Audit Office has decreased in recent years.

Citation:

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

Nation Audit Office Annual Report 2013. (ÁRSSKÝRSLA RÍKISENDURSKOÐUNAR 2013. APRÍL 2014).

## Cyprus

### Score 2

Line ministers oversee and give policy guidance to semi-governmental organizations (S-GOs), whose governing bodies are appointed by the Council of Ministers. The budgets of S-GOs and local authorities are reviewed by line ministries, approved by the cabinet and voted into law by the parliament. However, this oversight, as well as that of local government, has been deficient, resulting in mismanagement of finances and other problems. Clientelist practices in which resources, personnel appointments and promotions largely serve government and partisan objectives are at the root of this problem. Following amendments to the law on the renewal and appointment of S-GOs governing-bodies in early 2014, there was some public debate as to whether past practices had indeed been abandoned. Regardless, the need for closer scrutiny of the work of S-GOs and local authorities is generally stressed by authorities and social actors.

Citation:

1. Law on the appointment of governing bodies of S-GOs, [http://www.cylaw.org/nomoi/enop/non-ind/1988\\_1\\_149/full.html](http://www.cylaw.org/nomoi/enop/non-ind/1988_1_149/full.html) (in Greek)

## 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. The block-funding structure is intended to give provinces and territories greater flexibility in designing and administering programs.

Canada's government announced in December 2011 that the CHT will continue to grow at 6% annually until 2016 – 2017 to meet the increasing cost of health care. In addition, the CST will continue to grow at its current rate of 3% annually in 2014 – 2015 and beyond. The CHT and the CST will be reviewed in 2024.

## 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 Cooperation 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-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. There are annual negotiations with the municipalities and regions about the financial framework agreement. Since municipalities act independently – though coordinated via their organization (Kommunernes Landsforbund) – the financial decisions of the municipalities have not always added up to a sum consistent with the overall targets set by the Ministry of Finance. This implied for some years that expenditure growth exceeded targets. This has led to a new system – part of the Budget Law approved by Parliament in 2012 – which includes financial sanctions. The sanctions have both an individual and collective element. If the sum of expenditures exceed the agreed target, the “bloktilskud” is reduced by an equivalent amount. This reduction is levied 60% on the municipalities which exceeded expenditure targets and 40% on all municipalities (distributed according to population size). The new system has been very effective and municipalities have been well within targets in recent years. Since 2002, municipalities have been part of a so-called tax freeze implying that taxes (e.g., income and building sites) cannot increase. If one municipality increases some tax it should be matched by a decrease in another municipality.

Many municipalities currently find themselves in a very tight financial situation and have had to reconsider resource use on core activities like child- and old-age care and schooling.

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 collect more than twice as much in income taxes as central government. A government grant system enables local governments to continue to provide public services where they experience a funding gap. In essence, a portion of locally collected taxes is put into a common pool, from which transfers are made to financially weak local governments. 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 of municipalities and services, started in 2006, has led to a reduction of the number of municipalities from 415 to 348 in 2009. The reform aims to, among other things, secure sufficient financing and an efficient provision of services. The government has introduced a further, although highly contested, reform project to create five larger entities for social and health service provisions in a more efficient way (SOTE). This reform will be implemented 2016.

Citation:

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

## Iceland

### Score 8

The issue of grant-based funding has been a constant source of conflict between local and central governments. Meanwhile, the division of responsibilities between the central government and local governments has changed, but not radically. In 1996, full responsibility for primary education was transferred from the central government to local governments. In general, this transfer of responsibilities has been achieved without imposing a heavy financial burden on local governments. However, some of the smallest municipalities have experienced fiscal difficulties, as a result of these transfers, and have been forced to amalgamate services with neighboring municipalities. Full responsibility for services for disabled individuals was transferred to local governments in 2010 and took effect in January 2011, without conflicts concerning funding arrangements arising between the central government and local governments. Further transfers of responsibility, for example, are planned. However, those negotiations have postponed due to disagreements over funding arrangements between central government and local governments.

## 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.

## 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.



## Czech Republic

### Score 7

The regional tier within the Czech system of governance has taken on greater importance following a process of consolidation of various administrative functions. The budgetary allocation of taxes, tax autonomy and financial decentralization have enabled regional governments to exhibit more autonomy in fulfilling governing functions and managing basic infrastructure. EU regional funds constitute an important resource for regional development. However, due to severe irregularities in financial administration and the misappropriation of EU funds, some regions – in particular in the north – have had access to EU funds in 2013 frozen. All negotiations over regional budgets remain complicated by opposing political majorities on a central, regional and municipal level; this trend was further strengthened by the 2014 municipal elections, in which new governing coalitions emerged, in particular in the capital city of Prague.

## Ireland

### Score 7

One of the motivations for the creation of Water Ireland in 2013 was to remove responsibility for the provision of water services from local governments, many of which had failed to provide a reliable supply of high-quality water to their populations and had seriously under-invested in water infrastructure over the years, perhaps largely due to inadequate funding from the central government. The water initiative paralleled the decision in 2005 to remove the provision of public-health services from regional health boards, centralizing this power instead in the Health Services Executive. As we have seen, this has not resulted in a smoothly functioning health care delivery system.

The functions and services that remain the responsibility of subnational units of government are largely funded by the central government rather than from local resources. In 2013, grants from the central government accounted for 43% of the current revenue and 90% of the capital revenue of subnational governmental units. Local taxes accounted for only 28% of their current receipts. While the introduction of the local property tax will raise the proportion of funds coming from local sources, subnational units of government will remain heavily dependent on the central government for resources. This dependence is proportionately greater in the case of smaller and poorer local units.

The receipts from the new local property tax (LPT) are to be distributed as follows: in 2015, 80% will be retained locally to fund vital public services, while the remaining 20% will be redistributed to provide top-up funding to certain local authorities that have lower property-tax bases due to variance in property values.

No local authority will receive less income from the LPT in 2015 than they received from the Local Government Fund in 2014.

## 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. However, the new government has weakened this goal, as it does not subscribe to a top-down strategy for municipal mergers. The aim is to have no municipality under 3,000 inhabitants, thus reducing operational costs and improving 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:

Halsdorf, J.-M. (2013), Die Kommunal- und Verwaltungsreform im Großherzogtum Luxemburg - Grundzüge und Perspektiven, in: Junkernheinrich, M./ Lorig, W. H. (Ed.): Kommunalreformen in Deutschland, Baden-Baden, pp. 445-462

<http://www.gouvernement.lu/3673077/25-conseil>

[http://www.legilux.public.lu/leg/textescoordonnes/compilation/code\\_administratif/VOL\\_8/ORGANISATION/TXT\\_ORGANIQ.pdf](http://www.legilux.public.lu/leg/textescoordonnes/compilation/code_administratif/VOL_8/ORGANISATION/TXT_ORGANIQ.pdf)

<http://www.syvicol.lu>

## 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 access to 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.

## Poland

### Score 7

Since 1999, Poland has supported three tiers of subnational governments: municipalities, districts and regions. A number of reforms, most notably the health care and education reforms enacted in 1999, increased the responsibilities of subnational governments, but in some cases did not provide sufficient additional resources. The increasing availability of EU funds has helped to alleviate this problem.

## Sweden

### Score 7

Unfunded, or insufficiently funded, mandates has been a longstanding issue in Sweden; indeed recent studies show an almost complete unanimity among local governments with regard to their frustration of insufficiently funded mandates. 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.

Citation:

Pierre, J. (2014), *Globalization and Governance* (Cheltenham: Edward Elgar).

## 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.

The 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. However, despite their recent reaffirmation, these could change if fiscal consolidation requires severe spending cuts under the next government.

The Scotland Act 2012 gave the Scottish Administration new taxation and borrowing powers, but further extensive change is now likely as a result of the 2014 Scottish Referendum, with a consensus behind following the Smith Commission recommendation to devolve power over income tax and certain other revenue streams. 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. A new settlement for Northern Ireland is also under discussion, but agreement had not been reached at the time of writing. At some stage, a debate on financial matters in England must also be expected.

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

[http://www.smith-commission.scot/wp-content/uploads/2014/11/The\\_Smith\\_Commission\\_Report-1.pdf](http://www.smith-commission.scot/wp-content/uploads/2014/11/The_Smith_Commission_Report-1.pdf)

## Australia

### Score 6

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 previous Labor government had 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. The coalition government elected in September 2013 has not, however, shown the same commitment to increasing health and education funding and indeed has indicated an intention to scale back federal funding. In the fiscal year 2014/15, the coalition government is faced with a significant budget deficit and will most probably cut task funding further.

Citation:

<http://www.smh.com.au/comment/joe-hockeys-myefo-spells-end-of-australian-economic-boom-20141215-127pwh.html>

## Chile

### Score 6

Chile's central government exercises strong control over municipal and regional budgets, and accounts for a significant proportion of local revenue. Currently, 18% of the federal government's budget is redistributed to the regional and local level (OECD average is about 45%). 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 must be regarded as a structural problem. The current government has convoked a commission to study the issue of decentralization, with the ultimate goal of addressing this issue. The commission's proposal, which was presented publicly and supported by President Bachelet at the beginning of October 2104, included the following aspects, among others:

- Regional representatives (Intendentes) should be elected directly and be accountable to citizens of their region regarding promises made in their political programs.
- The amount of federal funds provided to regional governments should be increased.

The decentralization proposal contains an implementation timeline stretching through 2016.

Citation:  
<http://descentralizacion.cl/>

## 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.

## Germany

### Score 6

The delegation of tasks from the national to the subnational level without commensurate funding has been a sore point of German fiscal federalism. The first stage of the German Federalism Reform, which abolished some forms of mixed financing, represented a positive step in addressing this problem, though other problems soon emerged with the new provisions.

Municipalities have suffered under the weight of increasing costs of welfare programs. Although welfare benefits are defined by federal legislation, municipalities have often had to bear the bulk of their costs. However, a number of adjustments over the last years have substantially rejuvenated municipalities and states. The Hartz IV reform, which merged welfare benefits with unemployment benefits for the long-term unemployed, shifted minimum income payments for individuals capable of work from municipalities to the Federal Employment Agency. In addition, the federal government has begun to take over parts of certain other costs for long-term unemployed persons (*Kosten der Unterkunft*). In 2009 the federal government began compensating municipalities for basic income support provided to pensioners, the percentage of which reached 100% in 2014. According to the 2013 coalition agreement, further compensations for municipalities are planned for benefits to the handicapped. Financial burdens associated with education have also been shifted to the federal level. The recent amendment to the Federal Training Assistance Act (*BAföG*) increases the federal government's financial support from 65% to 100% as of 2015. In short, although the federal government's financial support to subnational levels with respect to benefits for the handicapped or children, the situation has improved considerably.

New challenges confirm that the federal level is prepared to relieve subnational levels in the event of unexpected financial stress prompted by conditions or events beyond the local government's control. An agreement was quickly reached in November 2014 that enabled the federal government to compensate states and municipalities for the costs associated with an increasing number of asylum seekers and refugees from the (civil) wars in Syria, Iraq and elsewhere.

A continuing problem for the German federal system is the fact that states lack revenue autonomy. Municipalities, by contrast, have some substantive tax autonomy. In autumn 2014, the Konvent für Deutschland, a cross-party group of former leading state politicians, sharply criticized the grand coalition for failing to draw up coherent proposals and strengthen the financial responsibility of states in the context of the upcoming reform of fiscal equalization (the Fiscal Equalization Act expires in 2019).

Citation:

[http://www.bundesbank.de/Redaktion/EN/Downloads/Publications/Monthly\\_Report\\_Articles/2014/2014\\_09\\_federal\\_financial](http://www.bundesbank.de/Redaktion/EN/Downloads/Publications/Monthly_Report_Articles/2014/2014_09_federal_financial).

## Israel

### Score 6

Local authorities have three main types of income: local taxes (property tax, fines, tolls) earmarked to finance local services, government funds designated for social and educational services, and governmental balancing grants for basic services that weak local authorities are unable to fund. The government's budgeting procedure for local government is clearly articulated and includes progressive budgetary support. Over the years the Ministry of the Interior expanded its oversight over local authorities, as issues of politicization, corruption and management failures resulted in unwieldy deficits or even municipal bankruptcies. Research focusing on social services show that although Israel funding levels are comparable to other OECD countries, its local authorities receive less government funds when taking into account the proportion of responsibilities the government delegates to the local level.

Citation:

Ben Basat, Avi and Dahan, Momi, "The political economy of local authorities," IDI website 2009 (Hebrew)

Saada, Aria, "Ombudsman's report 5771: Budgeting social services for local authorities equality lacking," Abiliko website 9.7.2010 (Hebrew)

Ben Basat, Avi and Dahan, Momi, "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, Dahan, Momi, and Klor, Esteban F., "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. The current government, guided in part by a spending review that found considerable financial waste at the local and especially at the regional levels, has continued this approach. Local governments have tried to resist this fiscal squeeze without great success and have had to increase local taxation. As a result, functions delegated to subnational governments are now often underfunded, and local authorities have been forced to cut services.

## 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 independent 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 an imbalance between central and local government budget pressures. In 2011, local government expenditure increased by 10.2%, while central government expenditure increased by 2.4%. However, local government income increased by 2.6%, while central government income increased by 10.5%.

#### 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

Lithuanian municipalities perform both state-delegated (funded through grants from the central government) and independent (funded through a national tax-sharing arrangement and local sources of revenue) functions. 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 addressed by a joint commission that includes the Lithuanian government and the Association of Lithuanian Municipalities. Proposals have been made to change the existing legal framework governing the allocation of municipal revenue, with the aim of securing more funds for municipalities from this source.

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>

## Netherlands

### Score 6

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.

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). As of 2015 national government implements far-reaching decentralizing of policy tasks (in youth work, chronic patient care, social benefits, activating employment programs). In spite of this, local government budgets are supposed to contribute to the national 3% EMU government deficit norm by accepting a decrease in their total budgets of -0.4% on average. In 2014 local governments on average receive €1091 per inhabitant; in the coming years this will decrease to approximately €950. In addition, national government has restricted the way municipal governments spend their own income. Local governments will be expected to “do more with less” in the upcoming years.

Citation:

Gijs Oskam, Gemeentefonds voor beginners, september 2012  
([Congresstudiecentrum.nl/producten/2012raadopzaterdag/B1%20Gemeentefonds](http://congresstudiecentrum.nl/producten/2012raadopzaterdag/B1%20Gemeentefonds))

Vaststelling van de begrotingsstaat van het gemeentefonds voor het jaar 2014, fig. 2.2.3, p. 13, Tweede Kamer, vergaderjaar 2013-2014, 33 750 B, nr.2

## Portugal

### Score 6

Portugal continues to be one of the most centralized countries in Western Europe, with autonomous self-governing areas solely in the island regions of the Azores and Madeira. 308 municipalities represent the main subnational level of government. According to 2012 data (the latest available), Portugal saw its ratio of local government expenditure to GDP – already one of the lowest of the EU – drop to 6%, from 7% in 2011. This is almost half the average EU level in 2012 (11.8%).

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. These debts continued to be evident during the period under analysis here, with a number of municipalities – the most dramatic being Aveiro, in September 2014 – being forced to request bailout packages from the central government. These rescue packages are granted with conditionalities attached, notably in terms of reducing public expenditure. Overall – as in other policy areas – the main focus today in terms of subnational delegation is on curbing public expenditure rather than on policy delivery.

Citation:

Eurostat data - “Government revenue, expenditure and main aggregates”

TVI24, “Governo faz empréstimo urgente a Aveiro,” 30/09/2014. Available online at: <http://www.tvi24.iol.pt/economia/camaras/governo-faz-emprestimo-urgente-a-aveiro>

## Slovakia

**Score 6** In Slovakia, the degree of decentralization is relatively high. However, funding for subnational governments has been precarious. Municipalities and regional self-governments often complain about unfunded mandates. At the same time, their own fiscal discipline is poor, and a portion of their fiscal problems stem from their leaders' irresponsible behavior. Within the framework of the Fico government's ESO (Effective, Reliable and Open State Administration) public administration reform, local governments have been integrated into 72 district offices. These will also take over the responsibilities of the regional environmental offices, the regional bodies for transportation and forestry management, and regional cadastral offices. It remains to be seen whether this administrative consolidation will improve task funding, as funding for these district offices was still under discussion at the time of writing.

## Spain

**Score 6** In the context of the deep economic crisis and public-spending cuts that have characterized Spain through 2014, it is difficult to assess whether 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), or if the central government deliberately shifted unfunded mandates to the regions. 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 ("Comunidades Autónomas") 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.

The period under review has been deeply affected by the previous enactment of the Organic Law 2/2012 on Budgetary Stability and Financial Sustainability of Public Administrations. Under this legislation, regional governments must now approve an expenditure ceiling in keeping with the stability target and the expenditure rule. As a result, 25% of Spain's public-spending cuts have been made by the autonomous regional governments. Richer regions are asking for a 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. Catalonia's bid for independence has been fueled by widespread social unrest related to the region's limited fiscal capacity to support the taxes collected there.

In 2012, the central government introduced a scheme for providing liquidity to the Comunidades Autónomas that were facing great financial difficulties. The Regional

Liquidity Fund (FLA) and the so-called Supplier Fund (FFPP) created by this program have ensured the regions' financial sustainability, with significant reductions in their costs. These mechanisms are grounded on strengthened fiscal conditionality and supervision through continuous monitoring, thus ensuring the achievement of the budget deficit targets. At the end of 2014, the central government announced that it would further reduce the cost of this funding (lowering the interest rate for funds provided to 0% from 1%). This provision of inexpensive liquidity indicates a somewhat renewed support for the regions. Finally, 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. Moreover, the government has forbidden them from carrying out unfunded tasks on policies for which the legal competence is regional and not local.

## Turkey

### Score 6

Municipal governments depend on financial contributions from the central government. Many municipalities do not have the sufficient resources to finance basic duties. 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 2014 fiscal year, the government allocated TRY 346 million to a village infrastructure project (KÖYDES), TRY 557 million to the Drinking Water and Sewer Infrastructure Program (SUKAP), TRY 220 million to the Social Support Program (SODES), TRY 499 million to development agencies, and about TRY 400 million to municipalities for sewage treatment and offsets of other expenses.

The incumbent government 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 have taken into consideration the number of inhabitants and the locality's relative position on 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. As of February 2014, municipalities owed a collective total of TRY 131 million to the Treasury.

The recent change in regulations governing metropolitan municipalities was designed to generate funds for them. However, this shift will in turn cause smaller administrative units to be fiscally and administratively dependent on the metropolitan municipalities. In other words, the authority held by subunits such as villages and small towns will be undermined in the long run.

Citation:

2014 Yılı Merkezi İdare Bütçesi, <http://www.bumko.gov.tr/TR,4570/2014.html>, (accessed 5 November 2014)

En borçlu başkan Karaosmanoğlu, Zaman daily newspaper, 26 March 2014, [http://www.zaman.com.tr/ekonomi\\_en-borclu-baskan-karaosmanoglu\\_2207240.html](http://www.zaman.com.tr/ekonomi_en-borclu-baskan-karaosmanoglu_2207240.html), (accessed 5 November 2014)  
TC Maliye Bakanlığı 2014 Yılı Bütçe Sunuş Konuşması, (TBMM Plan ve Bütçe Komisyonu), 22 October 2013, <http://pbk.tbmm.gov.tr/dokumanlar/2014-butce-sunum.pdf>, (accessed 5 November 2014)

## Belgium

### Score 5

Some core 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 Flemings and Francophones, 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 the central government. Activities delegated to municipalities by the central government are financed in two ways; first, a portion of the revenues from some general taxes is designated for the municipal budgets, and second, the central government pays a subsidy. Every year, the Ministry of Finance claims that all delegated activities have been 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.

## Japan

### Score 5

Local governments – prefectures and municipalities – strongly depend on the central government. Local taxes account for less than half of local revenues and the system of vertical fiscal transfers is fairly complicated. 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 to reduce 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. Past countermeasures have included a merger of municipalities designed to create economies of scale, thus necessitating lower expenditures for personnel and public investment. In addition, the LDP and others have contemplated a reorganization of Japan's prefectural system into larger regional entities (doshu). Such a reform is highly controversial, however, and although it was publicly debated around the time of the 2012 general election, the LDP has not pushed the idea since. In June 2014, the government announced a new set of special economic zones (tokku), in which national regulations are eased and which could serve as a field experiment for an improved division of power between the center and the regions. Many observers doubt whether the approach taken is bold enough.

#### Citation:

Takuji Okubo, The truth about Japan's tokku special zones, JBpress Website, 02.07.2014, <http://jbpress.ismedia.jp/articles/-/41109>

## Malta

### Score 5

Local councils in Malta are primarily municipal 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 councillors 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.

## 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 total revenue, the most important being the property tax (approximately 4% of revenue). The second most important source of revenue is the various types of administrative fees (user charges being the most significant among them, as they collectively 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 subnational governments' revenues derive 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, and thus face severe difficulties in providing public services.

#### Citation:

World Bank, 2014: Public Finance Review Croatia: Restructuring Spending for Stability and Growth. Washington, D.C. ([http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2014/12/12/000470435\\_20141212074111/Rendered/PDF/783200REVISED00PFR0final0report0ENG.pdf](http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2014/12/12/000470435_20141212074111/Rendered/PDF/783200REVISED00PFR0final0report0ENG.pdf)), 60-69.

## Cyprus

### Score 4

Local government bodies receive substantial subsidies from the state budget, with funds often earmarked for specific projects. In recent years, the overall amount of this subsidy has been decreased through government decisions and parliamentary action. 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. The structure and functions of local government, including the number of municipalities, are being examined in possible preparation for reform.

## Estonia

### Score 4

Estonian local governments are heavily dependent on financial resources from the central budget, as revenue from local taxes is negligible. 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 fully restored. As a result, local governments have serious difficulties in financing the tasks required by law. These unfunded tasks have produced heated debates between the local and central governments, and have resulted in several court cases, with favorable outcomes for the local governments.

## Slovenia

### Score 4

In the wake of the economic crisis, municipal governments – the sole tier of subnational self-government in Slovenia – have suffered substantial fiscal difficulties. The volume of funds they received from the national budget was reduced during economic crisis, especially after the Janša government's adoption of the Fiscal Balance Act in 2012. At the same time, local governments have only limited ability 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 have had trouble financing investments in municipal infrastructure and public buildings. Municipalities have attempted to raise more funding from EU structural funds, but success has been limited due to a lack of skilled personnel. The Bratušek government's plan to introduce a real-estate tax, the revenues of which would have been divided equally between the central government and municipalities, raised some hopes. However, the Constitutional Court overturned the tax provision in March 2014.

## South Korea

### Score 4

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 sub-national governments need substantial support from central government, particularly outside the Seoul region. In addition, local administrations lack sufficient manpower and central government staff are often delegated to sub-national authorities.

Recently a new conflict between central and local governments arose over social welfare funding. Park Geun-hye's election pledge to expand social welfare programs, without raising taxes, led to local government challenges to central government. In September 2014, local governments made the unprecedented move of challenging central government over the lack of support for welfare funding. It was the first time that local authorities had grouped together to challenge the central government. They criticized the central government for shifting the huge monetary



burden, for implementing basic welfare programs, to regional governments, even though local governments were already deeply troubled financially and could not execute basic administrative affairs, like repairing roads or sewer systems.

Citation:

OECD, Government at a Glance 2009

OECD, Government at a Glance 2011

“High welfare-related costs stymie local governments”, Korea JoongAng Daily, Oct 14, 2014

## Greece

**Score 3** During the period under review, the government, anxious to effect fiscal consolidation, was extremely frugal with regard to task funding. Moreover, municipal authorities were no longer allowed to obtain easy credit from state-owned banks. As a result, subnational governments began scaling back social and cultural services.

## Romania

**Score 3** The funding of subnational governments is a serious problem in Romania. In September 2014, 11 local authorities filed insolvency claims. Most localities are strongly dependent on discretionary allocations from the central government, which tend to be allocated along partisan criteria. From 2012 to 2014, the Ponta government significantly expanded the State Reserve Fund, a major instrument in providing such allocations.

## Hungary

**Score 2** The second Orbán government merged small local authorities and shifted a portion of subnational self-governments former competencies to the central government administration. However, the transfer of competencies from the subnational to the national level has gone hand in hand with an even stronger reduction in subnational governments’ revenue sources. As a result, the latter have fewer resources for the remaining tasks than before. The third Orbán government continued the populist policy of imposing caps on energy prices and the costs of other services for households. By limiting the profits of public-sector service providers, this policy has deprived local authorities of much-needed revenues.

## 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

Local government in Iceland has no constitutional status, beyond a paragraph in the 1944 constitution that states that municipal affairs shall be decided by law. The Local Government Act (Sveitarstjórnarlög) states that local governments shall manage and take responsibility for their own affairs. The parliament or the responsible ministry – currently the Ministry of the Interior – have the power to take decisions that affect local government. However, beyond these decisions, local governments are free to engage in any governing activities that are not forbidden by law. The proposed constitutional bill has a provision on local governments.

## 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, as has been illustrated by the Canada Job Grant Program, which was introduced in the 2013 federal budget and was finalized in 2014 after several months of intense negotiations between the provinces and the federal government. The program, which exists under federal authority but is administered by the provinces, will cover a significant amount of training cost for each eligible worker. 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, sub-national autonomy is guaranteed and protected by law. Although, 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. The only exception to this rule is when there are major national interests at stake and when the involvement of local government is integral to the pursuit of a national policy as it is the case with the accommodation of the increasing number of asylum seekers in Sweden.

## 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. Examples include health and education policies and the relative authority held by states (Länder) in these areas, which successfully precludes the central government from taking on a stronger role.

## 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 Parliament 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 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. The first and second Federalism Reform packages slightly extended state competences. Financially, a highly developed fiscal-equalization system that includes horizontal (interstate) and vertical (both general and special-purpose grants from the central level) elements provide funding for state tasks. However, the fiscal equalization system is currently subject to heavy debate and in need of fundamental reforms. Moreover, states lack autonomous tax sources (with the exception of the real-estate transfer tax) (see “task funding”).

## 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.

## Czech Republic

- Score 7** The discretion of local and regional governments over exactly how resources should be spent does not face formal limitations. Effective discretion is limited by budget limitations, but money can be transferred between uses. More significantly, regional governments are effectively constrained by the need to ensure set standards for key services, notably education, which limits the scope for transferring funds between uses. In 2014, NGOs campaigned for stronger transparency in local and regional government spending to curb irregularities in awarded contracts.

## 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 which is common in a recently decentralized political system. Tensions between the two levels have increased as a result of the strained fiscal context: the central government

is seeking greater oversight over local governments (often perceived as the culprits of unrestrained spending) and cutting transfers to them. This was mainly true for some regional governments which had trouble offering public services because of mismanagement and/or corruption. It should be emphasized that in several emergencies, the national government has given substantial financial aid to municipalities and regions.

## 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/>

[http://www.forum.lu/pdf/artikel/7660\\_330\\_Eicher.pdf](http://www.forum.lu/pdf/artikel/7660_330_Eicher.pdf)

## Mexico

### Score 7

The Mexican constitution gives subnational entities, in particular states, considerable opportunity to influence policy. However, fiscal federalism in Mexico still relies heavily on transfers and thus gives the central government much fiscal leverage, which is the result of a traditional pattern of structuring political processes in a centralist or hierarchical manner. On the other hand, the economic heterogeneity among states is so substantial that there is a need for a solidary-oriented transfer system. Thus, a highly decentralized and purely competition-based system of fiscal federalism would not be a good fit for the existing degree of regional disparity. This latter fact has to be considered when interpreting criticism of the central government for taking an over-controlling attitude to implementation. Moreover, considerable administrative-capacity deficits and illiberal political practices persist at the state level, and even more so at the local level. Moreover, governance problems in a number of regions tend to be more challenging than those at the central level.

## Poland

- Score 7** The process of government decentralization that started in 1998 has been broadly accepted. Both the Tusk and the Kopacz governments have 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 on hospital privatization.

## 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. Prime Minister Valls has announced some measures designed to rationalize powers and spending, which would be a welcome reform. At this stage, however, it is difficult to know if the government will be able to overcome the varied and strong oppositions to its still rather vaguely formulated projects.

## 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,



culminating in the Local Government Act 2002 Amendment Act 2014. The Amendment Act became law in August 2014. According to the Department of Internal Affairs, the act includes, among others things, changes in regard to what development contributions can be used for; encourages more collaboration and shared services between local authorities; introduces new requirements for infrastructure strategies and asset management planning; allows elected members to use technology to participate in council meetings, rather than attending in person; requires local councils to disclose information about their rating bases in long-term plans, annual plans and annual reports; and requires them to disclose risk management arrangements for physical assets in annual reports. In addition, the act includes provisions that enable the Local Government Commission to establish local boards as part of new unitary authorities, and in existing unitary authorities. 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 October 9., 2014).

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 2014 (Wellington: The Government of New Zealand 2014).

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, rather it is being enhanced with a more centralist tendency in the present government.

## 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 the local or municipal levels, 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 Union for Child Welfare, about one-fifth of children in 2013 lived in municipalities that did not have special social workers dealing with at-risk children. The shortage of administrative staff is closely tied to financial resources. Local budgets are dependent on central-government revenue and funding cuts have undermined local governments' ability to function.

## Ireland

### Score 5

Ireland is a unitary state, without a significant degree of autonomous local or regional 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."

In keeping with its weak constitutional foundation, the role of subnational government is viewed by the electorate as confined to a narrow range of functions. Most of the units of local government – the counties and county boroughs – are small, and many have weak economic bases.

The role of subnational units of government has been progressively reduced, most notably by the removal of their responsibility for the provision of health and water services (respectively in 2005 and 2014). However, the government decided that local authorities that stand to receive more income in 2015 from the LPT than they received from the Local Government Fund in 2014 will be entitled to use a certain portion of that additional funding for their own discretionary purposes as part of their normal budgetary process.

While the Local Government Reform Act 2014 introduced some important changes in the structure of local government (merging three pairs of city/county councils and replacing town councils with municipal districts), it did not radically alter the structure or functions of local government.

Eight regional authorities were formed in 1994, comprised of groupings of counties. 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 but they have led to some proliferation of quasi-autonomous non-governmental organizations (quangos).

## Israel

### Score 5

The legal framework for local governance is based on the “ultra vires” principle, according to which local government is only authorized to act within the parameters designated by law. While local government is elected and some stronger municipalities are able to expand their influence of policy, often times it acts merely as a local branch for implementing central government policy. In light of frequent problems of corruption, management failures and over politicization during the 1990s, the Ministry of the Interior expanded its oversight over municipalities, allowing the ministry to appoint permanent outside accountants, cancel an approved budget and even dissolve the council and nominate a professional alternative. These steps of centralization are intentional and constitutional, and often prevent local autonomy.

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 autonomy. This right is reinforced by Latvia’s commitments as a signatory of the European Charter of Local Self-Government, which have been upheld by the Constitutional Court. 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 for central government to over-regulate, which has negatively effected local governments’ discretionary authority.

Public discussion about the appropriate division of responsibilities and the burden of financing erupted in 2012, when central government simultaneously reduced the Guaranteed Minimum Income benefit and transferred responsibility for financing the program 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, the European Charter on Local Government (ratified in 1996) and the Local Government Act give municipalities responsibility for all local public affairs and some autonomy in implementing national legislation. In practice, however, financing constraints and a limited administrative capacity in the large number of small municipalities limit local autonomy. Policymakers at the national level tend to neglect local interests.

Citation:

Rožen Tomaž and Miro Haček. 2014. Merjenje upravljalne sposobnosti lokalnih samoupravnih skupnosti: primer slovenskih občin (Measurement of administrative capacity of local governments: case of Slovenian municipalities). Faculty of Social Sciences, Ljubljana.

## South Korea

### Score 5

While autonomous local governments are protected by the constitution, the constitution does not clearly define specific competencies and rights. A major obstacle to sub-national, self-governments is the lack of fiscal autonomy for local governments. Due to the very high dependence on transfer payments, most regional and local governments are vulnerable to interference by the central government. Furthermore, the share of transfer revenues (the sum of local allocation tax, national subsidies and local transfer tax) has risen from 48% in 2004 to 58% in 2012. 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, local governments are trying to expand their executive authority as much as possible, leading to policy disputes with the central government.

Citation:

Joong-Ho Kook (2014), Does Local Autonomy Enhance the Autonomy in Local Public Finance? Evidence from the Case of Korea, [http://www.akes.or.kr/eng/papers\(2014\)/127.full.pdf](http://www.akes.or.kr/eng/papers(2014)/127.full.pdf)

## Spain

### Score 5

As discussed under “Sustainable Budgets” and “Task Funding,” 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 may narrow 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 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 severely reduced its economic capacity and political autonomy. Examples of this recentralizing trend include restrictions on regional public deficits and public debt (the aforementioned Organic Law 2/2012), the legal reform on market unity, and the new education law.

However, it is also true that thanks to the regional liquidity mechanisms (FLA and FFPP) introduced in 2012 and extended through 2015, the central government has decisively helped the cash-strapped regions and local entities. Otherwise, considering the extraordinary funding difficulties they have faced since 2010 (lacking access to international capital markets), they could not have continued to exercise some of their policy functions. Fourteen of the 17 Comunidades Autónomas have borrowed money from the liquidity fund. Catalonia has actually been the region to take greatest advantage of this rescue fund, and despite the region’s secession threats, the central government even eased the terms of its financial support during 2014.

Citation:

[http://icf.gencat.cat/web/.content/documents/20\\_-1\\_icf/arxius/Fitch-Ratings-\\_-Press-Release.pdf](http://icf.gencat.cat/web/.content/documents/20_-1_icf/arxius/Fitch-Ratings-_-Press-Release.pdf)

## 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.

Past reforms driven by the process of alignment with the European charter of local self-government have changed Turkey's administrative structure and the relationship between the center and subnational bodies. A December 2012 law revised the boundaries of metropolitan municipalities with the goal of making the provision of public services more effective and productive. The law has been criticized, as it appears to set aside the principle of subsidiarity despite its "official" goal of strengthening democracy at the local level. First, the legal status of provincial administrations, villages and municipalities cannot be changed through a special law without consultation or referendum; such changes require a constitutional amendment. Second, the 2012 law essentially violates the principle of self-government. And finally, it is questionable whether the effective delivery of social services is indeed relevant to strengthening local democracy.

#### Citation:

Uğur Ömürgönülşen and Uğur Sadioğlu (eds.) 2014. Workshop on Local Governance and Democracy in Europe and Turkey. Hacettepe University, Ankara: TBB Publication.

## 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 included in the 2011 Localism Act were intended to give them more discretion in the use of the funds allocated to them and in a variety of regulatory tasks. However, they have no way to challenge or oppose central-government actions. Only four cities in England have directly elected mayors with executive responsibilities: London (as a result of acts only applicable to the city), Bristol (following a positive result in a local referendum in 2012), Leicester and Liverpool (which chose to establish mayors

without holding a popular vote. These mayors can exercise a certain degree of autonomy from the central government, including the right to go beyond merely statutory tasks. Although the 2010 coalition agreement enabled other cities to opt for mayors, they all rejected the idea. Elected mayors are a feature of a small number of other local authorities.

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 this differs in degree from that held by Scotland. Even if some decisions by the Scottish government have provoked Westminster (most notably in the case of tuition fees), the central state has not intervened.

Citation:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/5959/1896534.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5959/1896534.pdf)

<http://www.parliament.uk/business/publications/research/briefing-papers/SN05000/directlyelected-mayors>

## 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. However, given the restrictions of the Australian constitution, the federal-state relationship is suboptimal, but not as problematic as some state representatives suggest. 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.

Citation:

[https://www.ceda.com.au/research-and-policy/research/2009/11/economy/six\\_myths\\_federal\\_state](https://www.ceda.com.au/research-and-policy/research/2009/11/economy/six_myths_federal_state)

## Bulgaria

### Score 4

Bulgaria is a unitary state with two levels of government – the national and the municipal. The constitution vests municipalities with a relatively broad set of powers

and competencies, and the law generally respects this independence. However, in reality most Bulgarian municipalities are financially dependent on the central government, because their own revenue base is inadequate for generating the necessary revenues. The central government has instrumentalized this dependence for political purposes. In early 2014, it implemented a specific program for investments in municipalities which disproportionally benefited local governments run by the parties making up the ruling coalition.

## Croatia

### Score 4

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 by the central government, a central-government body issues instructions to county prefects and mayors. The Ministry of Administration can dissolve the representative bodies of local or regional self-government units if they violate the constitution or laws. In February 2012, the Milanović government established an Advisory Council for Decentralization headed by Deputy Prime Minister Neven Mimica, but as of the time of writing, that body had not yet produced any kind of coherent policy proposal.

## Cyprus

### Score 4

The constitutional status of local government is vague. Municipalities were originally placed under the respective authority of Greek and Turkish communal assemblies (Art. 86-111). However, communal chambers were abolished with the collapse of bi-communality in 1964, and local governments' fields of authority and powers are today defined by articles 84 and 85 of the Law on Municipalities. Budgets, along with management decisions regarding selected financial issues and assets, are subject to approval by the Council of Ministers. These discretionary powers and changes in the amount of subsidy provided can be regarded as limiting local government's autonomy. The situation may change following a possible "reorganization and restructuring of local government," as provided for by the MoU.

## 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 ally, the Komeito, took up this proposal in their 2012 election platforms, but their ability and willingness to realize this controversial idea remains doubtful. After Toru Hashimoto, a strong proponent of regional empowerment and current mayor of Osaka City, substantially lost popular support in 2013, incentives for the ruling parties to embrace issues of regionalization declined.

## 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.

## Greece

### Score 3

While the autonomy of subnational self-governments is nominally 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 narrowed the scope of discretion of subnational self-governments because 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 undergone a far-reaching reform of local government. The second Orbán government fostered the fusion of small municipalities' administrations (though mayors can still be elected). It also reduced the original functions of local self-governments, especially in the realm of education, and established new tiers of state administration at the county and district level that were given some of the functions previously exercised by local and other subnational self-governments. This stripping of competencies was especially severe in the case of the city of Budapest, a traditional liberal stronghold. Following the local and regional elections in October 2014, self-governments have functioned fully under the new regulations. On the one hand, the reform lifted a significant burden from smaller units, as it professionalized services in deconcentrated state bodies. On the other hand, the general shift of competences did not at all improve self-governments' performance flexibility in those areas remaining under their control. As a result, both the formal powers of subnational self-governments and their capacities to make full use of these powers have declined. A lack of resources and chaotic policymaking on the national level (with policies largely administered on the local level) are two reasons for this process. In campaign speeches during the 2014 local elections, Prime Minister Orbán repeatedly made clear that only those municipalities that elected a pro-government leadership would qualify for financial support by the central government or EU transfers.

## 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

Implementation autonomy within subnational units is often curtailed by fiscal measures enforced from the central level. The allocation of discretionary financial transfers and investment projects to municipalities and counties along partisan lines has persisted throughout the period under review. The controversial Emergency Ordinance No. 55/2014, which overrode earlier legislation by allowing local mayors and county/local-council members to change their political affiliation, was an attempt by the Ponta government to secure its influence at the local level after the breakup of the socialist-liberal coalition in February 2014.

## Slovakia

### Score 3

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 administration have raised concerns that the role of subnational self-governments might be further limited. Critics fear that the creation of the new district offices will lead to a concentration of power and a further politicization of local government bodies.

## 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.

An example of the tension between central government concerns for welfare arrangements and local authorities' push for flexibility and freedom are proposals to introduce minimum standards for various public services, which intend to reduce variation across the municipalities.

## 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 utilities are provided by large private or semi-public 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 as of 2013, 17 worked as city mayors. This is a reason why conflicts of interests between national and local mandates sometimes arise in parliamentary processes, depending on the issues being discussed.

Citation:

<http://www.tageblatt.lu/nachrichten/luxemburg/story/31314170>

## Iceland

### Score 8

A diverse set of special laws set national minimum standards for the provision of local government services. These laws relate particularly to primary education, child protection and social services standards. However, central government proven of consistently monitoring compliance with these standards.

## 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, as a result of a 2000 reform that abolished local entities' agency functions in a strict sense (direct administrative supervision has lost some importance compared to legal and judicial supervision) other channels remained important during the period under review. At the local and 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 with the aim of guaranteeing 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 been able to meet existing standards. Primarily, these subnational bodies' fiscal health has improved, and their staff has become increasingly professional. Moreover, the degree of cooperation between these two subnational levels of government has increased. However, public spending at the local level is not fully transparent.

## Finland

### Score 7

Since local authorities have the constitutional right to use their own discretion, the central government has limited reach to ensure that national standards are consistently met. Local government is separated from central government with municipal authorities recognized as existing independently 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 – such as, environmental or social care issues – local government decisions must be confirmed by state authorities. The ongoing reform of municipalities and services aims to increase the effectiveness of

public service provision in peripheral regions, and to increase the fiscal sustainability of local governments. It remains an open and debated question as 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 federal states, municipalities, 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 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 and second Federalism Reforms, adopted in 2006 and 2009 respectively, granted states a number of (minor) new legislative competences, which they started to use during the period under review. The second Federalism Reform was important in that the issue of debt limits has been agreed upon as a package deal between political parties and between the federal level (Bund) and states (Länder). New debt brakes – chaining states to balanced budgets – were introduced to take effect in 2016 (federal level) and 2020 (states).

## 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. As already noted, responsibility for water services is being centralized.

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 across the country. 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

The provision of local services in Israel is dispersed between many agents, including local authorities, NGOs, government and municipal corporations and institutions such as public and private hospitals. The bulk of social services is provided by local authorities proportionally funded according to their revenues and share of dependents. While some local authorities fair well and offer supplementary social support, weaker local authorities such as largely Arab or Jewish-orthodox municipalities struggle to maintain government standards. This incited the expansion of the central government's authorities during the 2000s, authorizing the Ministry of the Interior to closely supervise and even to dissolve councils that fail to deliver proper services, at the cost of democratic local representation. Another solution has been the advancement of service treaties in local authorities which aim to standardize local services used by residents while informing residents of their rights and the level of general services in their city or town. A branch of the Ministry of the Interior reviews this process with pilot cities showing positive results.

The privatization of social services continues to exhibit problems as weak social ministries struggle to regulate the quality and content of care. Several reports on education services point to ideological conflicts and poor management as well as an increase in the share of privately financed activities and consequent inequality. In 2014, following the recommendations of a special committee on the state of health services, the regulation on all hospitals was transferred to a new authority in order to prevent conflicts of interest in the management of governmental hospitals. Like health services, other policy arenas are expected to undergo restructuring in order to strengthen regulation and insure standards are met.

#### Citation:

Arlozerov, Meirav, "First achievement for the German committee: The government will approve the establishment of a regulatory authority over hospitals", *TheMarker* 25.5.2014: <http://www.themarker.com/news/health/1.2330341> (Hebrew)

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

Local government in Israel, Knesset website:

[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 end of 2013 a comprehensive reform program, “Better Local Government,” was introduced whose provisions are part of the Local Government Act 2002 Amendment Act 2014. These reforms are intended to bring about even 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. In parallel with overall growing voter volatility, political majorities in the nine states have grown subject to greater volatility, which has prompted officials at the federal and state levels to demonstrate greater political openness toward each other.

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 Program 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

A department within the Ministry of the Interior is responsible for overseeing subnational self-government. Its concern is compliance with existing laws and not the assessment of efficiency; laws cover such issues as regular financial accounting, the fair conduct of elections, the avoidance of conflict of interest, the compliance with rules on the disposal of waste materials and freedom of information. Its 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, a gap still exists 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. First the European Union and later the OECD brought it to the government's agenda. Until recently, transportation and water management were the only issues subject to quality standards, and local self-governments were not part of this national system. Local self-governments and their unions were responsible for ensuring service quality on their own. Based on 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-services standards. The new system was supposed to include local self-governments and local services. In 2013, a green paper on public services was compiled, released to the public for consultation, and thereafter approved by the government cabinet. The government also decided to launch a pilot project to design three public services according to the new standards. This process is still underway, and there is thus no comprehensive system of standards today. Moreover, two important aspects should be stressed. First, in the green paper as approved, the focus was shifted from municipal services to online services. Second, there are massive problems with regard to establishing public-services standards at the municipal level due to the persistent shifts in local-government formations. Thus, expectations that existed before the green paper have not been realized.

## 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. The President's

Strategic Advisory Council has warned that over-regulation is seriously encroaching 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 introduce national standards for local government services by 2016. The policy was approved by the cabinet in 2013 and pilot projects have been implemented by a number of local governments. An evaluation conference, in September 2014, documented many instances of successful pilot projects as well as favorable client satisfaction responses to surveys. However, the comparability of data sets between institutions is a challenge. Legislative changes to support broader implementation of this policy have stalled in parliament.

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. In addition, the Sunset Commission – a commission tasked with finding ways to improve state administrative functions – has advised the central government to provide recommendations to municipal authorities regarding general administrative functions such as personnel policies. However, any such recommendations have yet to be systematized.

Citation:

The Public Management Improvement Program (in Lithuanian) is available at [http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc\\_l?p\\_id=418407&p\\_query=vie%F00jo%20valdymo%20tobulinimo%20programa&p\\_tr2=2](http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=418407&p_query=vie%F00jo%20valdymo%20tobulinimo%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 toward 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.

## Belgium

### Score 5

Formally the national (federal) government has no authority over regional governments and administrations, but it can impose some standards and policies. Environmental policies, for instance, 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 the implementation of strong decentralization plans, including cutbacks, uniform national standards in municipal service delivery to citizens will diminish.

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)

Kwaliteits Instituut: <https://www.kinggemeenten.nl/>

## Romania

### Score 5

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

## Spain

### Score 5

Since 2012, 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 particularly 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 United Nations Development Program (UNDP) support for the implementation of local-administration reform in Turkey (LAR Phase 2) has been concluded, Turkey still aims to fulfill some requirements of the European Local Self-Government Charter. In this context, municipalities are working to establish departments tasked with monitoring, investment and coordination. The main duties of these departments are to provide, monitor and coordinate public institutions and organizations' investments and services; to provide and coordinate central-administration investments in the provinces; and to guide and inspect provincial public institutions and organizations. However, the most significant outstanding issues with regard to standardizing local public services are essentially financial, technical and personnel-driven. Within the OECD, Turkey remains the country with the largest regional disparities.

#### Citation:

Musa Meşe, Belediye Şirketleri Üzerine Bir Değerlendirme, Sayder, April-June 2011, <http://www.sayder.org.tr/dergi-belediye-sirketleri-uzerine-bir-degerlendirme-12-23.pdf>

Nihat Işık and Filiz Demir, Kamu Harcamalarında Etkinlik ve Verimlilik: Karaman Belediyesi Hizmetleri Üzerine Bir Uygulama, Maliye Dergisi, 163, July-December 2012, [http://dergiler.sgb.gov.tr/calismalar/maliye\\_dergisi/yayinlar/md/163/163-09.pdf](http://dergiler.sgb.gov.tr/calismalar/maliye_dergisi/yayinlar/md/163/163-09.pdf)

## United States

### Score 5

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 Environmental Protection Agency, for example, requires states to meet air-quality standards under the Clean Air Act. On the other hand, states exercise broad 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 compliance with national standards in the decentralized provision of public services differ among functional spheres. For example, education is provided by local schools on the basis of funds delegated by the national or the local government, with standards upheld relatively objectively and effectively through external evaluation. However, in the sphere of environmental, waste-management and forestry standards, as well as in the local-level health care sector, 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 seriously affects equality of opportunities and national cohesion. 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.

## Slovakia

- Score 4** Public-services standards are poorly defined, especially with regard to the independent functions of subnational governments. Moreover, the monitoring of compliance with these standards is often fragmented. The Fico government's ESO project has focused on increasing the administrative capacity of subnational governments by realizing economies of scale and by sharing and centralizing services such as facility management, procurement and payroll management. However, implementation of these envisaged changes has been slow.

## 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. This segregation is also evident in Santiago itself, where public schools in richer districts clearly tend to show higher standards and better results than public schools from poorer districts.

## Hungary

### Score 3

In Hungary, the quality of subnational public services has suffered as a result of the reorganization of subnational governments. The state administration's new subnational tiers lack experience in providing services. Preoccupied with getting started, they have not paid much attention to service quality. The provision of those public services that have been left with subnational self-governments has in turn suffered from self-governments' lack of financial resources and administrative capacities. The central government has exercised strong control, but has not focused on quality issues. As a result, national standards have increasingly been undermined, especially in the fields of health care, education and social services.

## Slovenia

### Score 3

In Slovenia, public-service standards 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 all play oversight roles. Despite its inclination towards centralization, the Bratušek government did not tackle the issue.

## 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 local-government budgets are currently monitored only on the basis of the economic purposes of local-government spending, rather than on 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 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 implemented tend to be followed in incoherent ways. National standards of public services are rarely achieved. For example, public employees' performance used to be internally assessed as "excellent" in more than 99% of cases. More importantly, there is no mechanism to monitor or ensure compliance with standards. The reforms currently underway are intended to develop sufficient strategic-planning capacity to enable standards, rules and regulatory frameworks to apply consistently across all government levels. To a large extent, this would eliminate individual discretion as a factor in each body's interpretation and implementation of the law. However, this reform effort has only just begun.

## 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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