



# Implementation Report

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

## Sustainable Governance Indicators 2016

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 has lately been governed by broad or fairly broad coalition governments, the political conditions for a satisfactory implementation of government plans have been good. A February 2013 session reviewing the implementation record under former Prime Minister Katainen (2011 – 2014) concluded that approximately 80% of the measures outlined in the government program had at that point 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, and municipal finances. In fact, according to the review, the largest and most difficult program issues remained unsolved. The global economic crisis of course hampered the cabinet's efforts regarding the economy, but the difficulties were also partly because of internal tensions in government. Following a cabinet reshuffle, the government program under Prime Minister Stubb (2014 – 2015) was submitted to parliament in June 2014 and was fairly well received. Given the circumstances, this program in the main carried forward the policies introduced by the previous government. The present Sipilä government announced its program at the end of May 2015; in comparison with earlier programs, which resembled a telephone directory in size, the Sipilä program is much shorter and more strategic and focused. At the time of writing, this government's likelihood of success in implementing its objectives remained an open question. However, the government had already backed away from several of its proposals, such as the abolishment of home assistance for pensioners.

Citation:

Hufvudstadsbladet March 1, 2013;

Ville Pitkänen, "Kenen ääni kuuluu hallitusohjelmassa?", Kanava, 2015, Nr 6, 40-42.

## 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, euro zone entry criteria, budget reform and fiscal discipline – government performance can be considered excellent. The government has proven to be particularly efficient in implementing policies that have been recommended by international partners (the EU, NATO, Council of Europe, OECD).

However, second-tier policy objectives show mixed success rates. For example, despite the fact that successive government declarations have identified education reform as a policy priority, little demonstrable progress has been made toward fulfilling the outlined policy objectives. Furthermore, in the prime minister's annual reports to the parliament in 2012, 2013 and 2014, no significant education policy achievements are recognized. Opposition to the implementation of education-policy objectives has been strong not only on the part of stakeholder groups and opposition parties, but also among 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 2015 this report included an evaluation of Latvia's progress toward its long-term development goals (included in the National Development Plan 2020 and the Latvia 2030 long-term development strategy). The prime minister provided parliament with a progress report on 24 separate performance indicators, reporting good progress in nine cases, adequate/weak performance in 10 cases, and poor performance in eight cases, requiring a reprioritizing or revision of policy measures.

The government has exhibited capacity for appropriate policy reactions to acute emergent issues. In November 2013, 54 people died and dozens more were 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. Institutional changes were introduced addressing systemic failures contributing to the event, such as the reestablishment in October 2014 of a construction-supervision authority at the central government level, and through legislative changes such as increases in 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 regarding 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. In 2015, two years after the event, an NGO monitoring report concluded that only six of 21 tasks undertaken by the government in the wake of this disaster had been completed.

## 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 (2015). Monitoring of Systemic Change in the Aftermath of Zolitude (in Latvian) Available at: <http://providus.lv/musualsts/monitorings/4>, Last assessed 22.11.2015.

5. Monitoring Report: Latvia's sustainable development strategy 2030 and National Development Plan 2014 - 2020, and Laimdota Straujuma's government declaration. PKC 2015. (In Latvian) Available at: [http://www.pkc.gov.lv/images/MP\\_zinojums/MPzin\\_07092015\\_Uzraudzibas\\_zinojums.pdf](http://www.pkc.gov.lv/images/MP_zinojums/MPzin_07092015_Uzraudzibas_zinojums.pdf), Last assessed 22.11.2015.

## New Zealand

### Score 9

Throughout the review period, National-led governments held minority status, although the current one, with 47% of the vote and 59 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 and minority-coalition governments have been relatively successful in implementing their agendas. The current National minority government's medium-term priorities continue to focus on building a stronger and more competitive economy; responsively managing the government's finances and ensuring a budgetary surplus; selectively building better public services; and rebuilding the Christchurch and Canterbury economy.

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

## Citation:

Statement of Intent 2014-2018 (Wellington: Department of the Prime Minister and Cabinet 2014).

Statement of Intent 2014-2018 (Wellington: State Services Commission 2014).

## 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 no longer follows a strict command and control pattern; rather, it is a more interactive form of governance where departments already utilize the expertise in the agencies during the early stages of the policy process. This pattern is largely due to the fact that policy expertise is located not just in the departments but also in the agencies. The total number of staff in the departments is about 4,600, whereas the number of staff at the agency level is about 220,000. To a large extent, and with considerable variation among policy sectors and even specific issues, agencies provide informal advice to government on policy design. In some cases, there is a weekly dialogue between departments and agencies, not just on what departments want agencies to do but also on matters of policy design. This means effectively that agencies are involved in shaping the policies they will later implement. This arrangement obviously increases the agencies' commitment to a policy, but at the same time it complicates the implementation process.

#### Citation:

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

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. For example, there are no "veto players" outside of the central government who could challenge or undermine the government's core policy objectives. There is no written constitution and no constitutional court to challenge government decisions directly and effectively. However, there is provision for judicial review, something the government is currently trying to limit given its extensive use 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. In particular, the influence of the Scottish Parliament, based in Holyrood, has increased substantially following the close outcome of the Scottish Referendum and the massive gains made by the Scottish National Party across Scotland in the last UK general election.

Historically, problems in achieving policy objectives have mainly arisen through intra-party disunity and parliamentary party rebellions. Even under the exceptional coalition government, Premier Minister David Cameron had more trouble controlling his own party's right-wing than dealing with the demands of the junior coalition partner. After the junior coalition partner – the Liberal Democrats – experienced a crushing defeat in the May 2015 general election, the United Kingdom has returned to its traditional one-party government model. Although it is unclear how much opposition David Cameron will face during his current term in office, the Conservative Party's majority in the House of Commons is very small. In a comparable parliamentary situation in the early 1990s, the policy agenda of the Conservative government of John Major was dominated by a handful of anti-EU Conservative MPs. Even if David Cameron is a stronger party leader than John Major, it will be crucial for the success of his policy agenda to control his – traditionally rebellious – parliamentary party.

## Canada

### Score 8

As a result of a parliamentary system in which members of Parliament are elected in single-member constituencies through first-past-the-post voting, the Canadian federal government frequently holds an absolute majority in the House of Commons and thus has considerable freedom to pursue its policy objectives unilaterally.

The Conservative government under Stephen Harper was very effective in implementing its own objectives in some policy areas, though less so in others. In its 2011 Speech from the Throne, the government laid out the objectives of its new mandate, with its top priorities a continued focus on jobs, the economy and balancing

the federal budget. Other objectives included investing in the country's universal health-care system, supporting communities and families, defending the rights of law-abiding citizens, and promoting Canadian values and interests, at home and abroad.

Some of those objectives have been largely met, notably the balanced budget. In September 2015, the government announced, in time for the federal election, a CAD 1.9 billion surplus for the fiscal year 2014-2015. The Conservatives were also very successful in their quest for low taxes and lean government, with a succession of policies including across the board public service budget cuts, far-reaching tax relief measures (e.g., a 2 point GST cut in fiscal year 2006-2008), and the introduction of family income tax splitting in 2015. The government also made good on its commitment to reduce tariffs and foster trade, finalizing dozens of bilateral deals as well as negotiating on the Transatlantic Trade and Investment Partnership (TTIP) and the Trans-Pacific Partnership (TPP), both of which have yet to be ratified by the countries involved.

On efforts to promote employment, the government has focused on skills training, promoting innovation, reducing barriers to job mobility and tax credits. However, while the unemployment rate has steadily dropped over the past years, many economists regard the Canadian labor market as weaker than it appears. Labor-market conditions are arguably more dependent on the business cycle and international-trade conditions than on most government-policy measures. Furthermore, the continued low price of oil and China's economic slowdown have had a dampening effect on the country's economy, with Canada officially slipping into recession in September of 2015. Along with a contracting economy, government revenues have fallen, limiting the government's resources to address policy goals. Non-financial constraints with regard to implementing policy objectives exist as well. Many social problems targeted by public policy, such as the persistent gaps in education and health between Canada's Aboriginal and non-Aboriginal populations, are in fact complex social phenomena that are only partly amenable to public policy action. 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.

## 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 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. That government was headed by the first female prime minister, Helle

Thorning-Schmidt (Social Democratic Party). The June 2015 elections led to the formation of a single party government: the Liberal Party government led by Lars Løkke Rasmussen. He has parliamentary support from the Danish People's Party, the Conservative Party and the Liberal Alliance. Together these so-called blue parties have 90 seats in the parliament, a majority of one.

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 tighter system has been implemented that includes possible financial sanctions for municipalities that exceed the agreed targets.

A major structural reform effective in 2007 changed the organization of the public sector. Fifteen counties were replaced with five regions, that were mainly responsible for health care provision, and 270 municipalities merged into 98 larger units.

Citation:

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

## 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 has 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 for lacking proper coordination, and being subject to the whims of too many federal and state ministries that often work against each other. In addition, the government was deeply divided over the topic of how to implement the energy transition and a government agreement was only finalized in the summer of 2015. Federal Minister of Economic Affairs and Energy termed this agreement an "historic package" for Germany's the energy transition and economic future. Germany's target of cutting carbon emissions by 40% by 2020 was reaffirmed. Lignite power plants shall be gradually reduced and providing reserve energy in the case of renewable energy shortages. Concerning the expansion of the energy grid, priority is now given to underground cables instead of overhead powerlines as a reaction to public protests. However, while initially proposed, a carbon tax was not included in the final energy agreement following protests from some unions and state governments.

Concerning the refugee and migration policies, the government is struggling to define a clear objective. While there is consensus concerning the unsustainability of the high number of refugees claiming asylum in Germany, there is no consensus on how to reduce this number.

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>;

<http://www.bmwi.de/EN/Press/press-releases.did=718600.html>

## Ireland

### Score 8

The coalition government formed in 2011 agreed on a program called Government for National Recovery 2011 – 2016. This set out a legislative program and goals for economic management. As already noted, progress toward achieving its principal economic targets has been greatly facilitated by favorable external developments. In other areas, the government can point to a high level of activity and claim a reasonable success rate.

Four annual progress reports on the implementation of this program have since been published, the latest in March 2015. These present favorable views of the government's achievements during its four years in office. However, a good deal of the reported progress represents initial steps, such as the publication of bills and plans as well as the commissioning of reports, rather than final outcomes.

The increased volume of activity noted since the government took office has been maintained. One (admittedly crude) way to measure this is the sheer amount of legislation being passed. For example, the Programme for Government's 2013 annual report listed 57 new pieces of legislation that had been enacted in the previous 12 months. In the 12 months ending in March 2014, a further 51 were enacted and in the 12 months ending in March 2015 a further 44. Among the significant laws enacted were the new Companies Act and the Regulation of Lobbying Act.

In May 2015, the government held referenda on marriage equality and on lowering the age of presidential candidates. The former was passed, the latter defeated. A parliamentary inquiry into the banking crisis was launched and completed its public hearings in September. A new Court of Appeals was legislated for and commenced operating during the year.

However, the continuing controversy surrounding Irish Water and the uncertainty as to how the issue of widespread non-registration for water billing will be resolved is a conspicuous example of the government's failure to achieve a key policy objective.

To accomplish the increased level of activity, parliamentarians are taking fewer holidays: the number of days that the Dáil is in session increased by 33% and the use of the guillotine was reduced by 75% during 2014.

Citation:

The 2015 Review of the Programme for Government is available here:

[http://www.taoiseach.gov.ie/eng/Publications/Publications\\_2015/Programme\\_for\\_Government\\_Annual\\_Report\\_2015.pdf](http://www.taoiseach.gov.ie/eng/Publications/Publications_2015/Programme_for_Government_Annual_Report_2015.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

After the failure of the previous government, the Renzi government realized that it had to increase the speed and scope of policy development. The Renzi government therefore announced a broad and ambitious set of economic and institutional policy reforms. Traditionally, Italian governments have experienced significant difficulties in securing parliamentary approval for their policy agenda. As such, the Renzi government has used law decrees ("decreti legge") and delegating laws shrewdly to overcome parliamentary delays. Law decrees are temporary legislation that becomes immediately effective and only requires parliamentary approval within 60 days, Meanwhile, delegating laws establish the general legislative principles, but leave the government in charge of defining these principles in practice. The implementation of the Renzi government's reform program occasionally proved more difficult than expected, but overall the government has succeeded in achieving its reform agenda.

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)

## 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. Upon entering office, Prime Minister Kopacz stated as her two key goals the need to achieve sustainable fiscal consolidation and to reduce unemployment. While these goals were met, the Kopacz government failed to implement the education and health care reforms announced in advance of the 2015 parliamentary elections.

## 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** On 9 October 2014, the newly instituted government published its government agreement, the document meant to guide its policy over the whole government term.

Its first objective was to increase the employment rate from 67.5% to 73.2%. The activity rate at the end of the second quarter of 2015 had instead dropped by half a

percentage point. This is due both to the global economic slowdown and a progressive loss of national competitiveness. The main reforms envisioned as a means of correcting this loss of competitiveness have been to reduce social-security contributions on a firm's first employee, to reduce taxes and general social-security contributions by companies, and to tighten the rules governing early retirement. The government did pass most of these reforms, but the jury is still out as to their effectiveness in addressing the problems identified. In particular, the so-called tax shift remains quite conservative in comparison to international recommendations.

The second objective is to reform the pension system. The short-term policy objective was to tighten early-retirement rules. This reform passed despite substantial opposition by unions and non-government parties. In the longer term, the government aims at creating a self-sustaining pension system in which pension outlays will be indexed to GDP growth, therefore fixing the pension-transfers-to-GDP ratio. The government did set up a specialized commission (Comité National des Pensions) that includes academic experts and all main stakeholders.

The agreement's third objective is to ensure the sustainability of the social-security system. Here, the government argues that the total volume of transfers as a fraction of GDP will have to be capped. One stated objective is to increase GDP, but the government arguably has little control of economic growth, which largely depends on demand in the rest of the world, as Belgium is a small open economy.

The fourth objective is to reform the tax system and enhance the government's budget balance. See the first objective above for details on the reforms related to taxes on labor. The government also committed itself to a reform of the corporate tax, an enlargement of the VAT tax base, and a shift of part of the tax burden toward environmental taxes. The government recently passed a batch of reforms implementing these measures.

The fifth objective is much broader, and concerns the energy, environment and science policy. Ministers in this area are comparatively weak within their respective parties, in some cases without experience in their portfolio areas, and achievements have accordingly been less clear cut.

The sixth objective is to improve "justice and security." The main policy lever envisioned here is to improve the "efficiency" of the justice system – that is, to make it work better with less funding. The minister of justice has a law degree and is considered quite competent. However, progress has been very limited so far. There are some plans to produce a sweeping simplification of the penal and civil codes, but many other ministers have previously set this goal for themselves without success.

The other five stated objectives concern (7) asylum and migration policy (the details of which will have to be adjusted in light of the Syrian crisis), (8) public administration and enterprises, (9) a projection of Belgian "values and interests" in international relations, (10) improvements in mobility and road safety (a largely

hopeless task given the complexity of Belgian institutions), and (11) transversal issues that include “equality and fairness”, “sustainable development” and “privacy and personal information protection.” After only one year in office, the government still seems quite determined to make progress on several of these issues, but only time will tell what exactly it can achieve.

Citation:

[http://www.premier.be/sites/default/files/articles/accord\\_de\\_Gouvernement\\_-\\_Regeerakkoord.pdf](http://www.premier.be/sites/default/files/articles/accord_de_Gouvernement_-_Regeerakkoord.pdf)

## Estonia

### Score 7

The current government cabinet under Prime Minister Taavi Rõivas took office after the March 2015 parliamentary elections. A document outlining the government’s program was signed on 8 April 2015.

Assessing the government’s performance has become more complicated than was the case under Andrus Ansip, in part due to a decline in transparency. The current government has discontinued the interactive online tool that once allowed anyone to check the government program’s implementation status. In addition, the government program does not contain benchmarks or set dates estimating when objectives are expected to be achieved. Tasks accomplished in 2014 were mostly legal amendments (including the 2015 state budget). A similar pattern followed in 2015.

The independent Government Watch web tool that allowed users to monitor the government’s performance has also ceased to exist, since its project-based financing came to an end in 2014.

## Japan

### Score 7

The LDP-led government elected in late 2012 achieved remarkable economic policy success during its first months in office through the initiation of an extremely loose monetary policy and expansionary fiscal policy. The “third arrow” of the government’s reform program – growth-oriented measures that were meant to include institutional reform – have proved far less successful, and popular disenchantment grew after 2013. However, the government has achieved several successes, at least from the perspective of its own policy agenda, including the increase in the value-added tax, the passage of a new and improved Corporate Governance Codex, conclusion of the TPP treaty, and the restart of a nuclear reactor. Several important high-profile fields including the labor market, have seen insufficient progress. With respect to agriculture, it remains to be seen whether new support schemes will undermine the liberalization envisioned as a part of TPP. Some areas of the agricultural sector may also remain excluded from liberalization; for example, the TPP results allow Japan to maintain tariffs for rice, for example.

With respect to the second major objective, constitutional reform, the cabinet announced in July 2014 a reinterpretation of Article 9 of the constitution, which will allow Japan to engage in collective self-defense (i.e., militarily supporting allies under attack). Relevant legislation was pushed through parliament in September 2015.

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 costs in terms of strained regional relations could be quite considerable.

Citation:

Mitsuru Obe, Japan Parliament Approves Overseas Military Expansion, *The Wall Street Journal*, 18 September 2015, <http://www.wsj.com/articles/japan-parliament-approves-abe-security-bills-1442596867>

## 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 introduced 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, weak political leadership, and a mismatch between government priorities and the allocation of resources during the budgeting process largely explain the failure to implement some major policy objectives.

The Lithuanian government should additionally seek to improve its overall effectiveness and the efficiency of its spending. In the World Bank's 2014 Worldwide Governance Indicators, Lithuania's score for the issue of government effectiveness was 78.8 out of 100 (up from 73.7 in the previous year). However, the country was ranked at 92nd place worldwide in the World Economic Forum's 2015 – 2016 Global Competitiveness Report in terms of the wastefulness of government spending as perceived by the executive community. In her 2015 speech to the parliament, President Dalia Grybauskaitė identified several examples of unsustainable government projects previously supported by EU structural funds.

Citation:

The Worldwide Governance Indicators of World Bank are available at <http://info.worldbank.org/governance/wgi/index.asp>.

The 2015-2016 Global Competitiveness Report of the World Economic Forum: [http://www3.weforum.org/docs/gcr/2015-2016/Global\\_Competitiveness\\_Report\\_2015-2016.pdf](http://www3.weforum.org/docs/gcr/2015-2016/Global_Competitiveness_Report_2015-2016.pdf)

Vitalis Nakrošis, Ramūnas Vilpišauskas and Vytautas Kuokštis: Fiscal consolidation and structural reforms in Lithuania in the period 2008-2012: from grand ambitions to hectic firefighting. *International Review of Administrative Sciences* 81 (3), 2015, p. 522–540.

## 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/en/politics/central-train-station-to-luxexpo-parliament-votes-for-the-tram-5390279cb9b398870803124a>

## Netherlands

### Score 7

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 parliamentary inquiries, for information- and communications-technology applications and large infrastructure (rail, roads) projects. The government frequently formulates broader or more far-reaching policy goals than are actually pursued in practice. The national government has devolved a significant quantity 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-level audit chamber, do what they can, but the amount and scope of decentralized tasks is simply too large for their capacity at this moment. Policy implementation in the fields policing, youth care and care for the elderly in particular are increasingly sources of grave complaints by citizens and professionals; and thus becoming matters of grave concern. In academic and professional evaluation circles, a debate is emerging on how to tailor evaluation research designs to the need for more policy-oriented learning.

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, consulted 27 October 2014)

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“Fyra mislukt door NS en politiek”, in NRC-Handelsblad, 27 October 2015

“Ministries van spoor en asfalt”, in NRC-Handelsblad, 27 October, 2015

## Spain

### Score 7

The Spanish government has not set a system of benchmarks to evaluate its own performance but has been relatively successful in the implementation of major policy objectives. Two main obstacles stand in the way of the government realizing its declared objectives more easily: First, the weak mechanisms of coordination with the 17 autonomous regions (which are responsible for implementation in many policy areas), and second, the ministerial fragmentation that sees line ministries often more oriented toward their individual departmental or bureaucratic interests than toward the government’s strategic objectives. However, thanks to the significant constitutional and political resources at their disposal, the prime minister and core executive gradually gained internal executive power between 1982 and 2015, ultimately creating conditions under which a coherent set of major objectives can be developed and policy priorities successfully achieved at the national level. The government has also gained power and autonomy as a result of the country’s EU membership.

During the 2011 – 2015 legislative term, the government’s absolute parliamentary majority, the strict hierarchy within the conservative Popular Party and the window of opportunity opened by the crisis itself (making possible more centralized control of public spending by the autonomous regions and strict conduct guidelines for all central-government ministries and agencies) all combined to render the implementation of government priorities more effective. Thus, the government performed well in achieving its own declared major policy priorities: basically, public-spending cuts, some structural reforms (in the labor market and the banking system) and other adjustment measures linked to economic policy. However, the transition to a multi-party system, along with persisting economic constraints that will make future governments’ more ambitious policy objectives challenging to achieve, may undermine implementation performance in the future.

## Turkey

### Score 7

At least until the November 2015 elections, the ruling AKP’s program was focused on several guiding principles, including “market-oriented, reform- and service-based politics,” “philanthropic and regulated neoliberalism,” and a “proactive foreign policy”. This programmatic continuity underlined the government’s approach to its reformist agenda. Major objectives included improving the country’s economic welfare (extending foreign-trade relations, increasing foreign direct investment); strengthening social inclusion (reforming the social-insurance system, legalizing



irregular housing in the suburbs); establishing intra-societal peace and stability (social and cultural inclusion, a conservative approach toward religiosity especially involving strengthening the Sunni Islam identity, seeking a solution to the Kurdish issue); limiting veto players' powers (the military and the judiciary, and especially the Constitutional Court); and implementing foreign-policy goals (establishing Turkey as a key diplomatic player and conflict mediator). Officially, EU accession also remained an important target.

In each of these fields, however, the government's performance has been mixed at best during the review period. The country's economy has weakened compared with the situation some years ago, while its onetime proactive and strategic foreign and security policies have become less coherent, particularly with regard to 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 increasingly visible. Emerging authoritarian tendencies combined with the AKP's four successive electoral victories have hindered further democratization. Seeking to consolidate its control over the government, the AKP has instead sought to create a legal framework for a "monopolization" of power.

Turkey has experienced four elections since March 2014, and thus saw a period of constant campaigning starting from the Gezi protests and lasting until the November 2015 elections. These campaigns affected the efficiency and effectiveness of government-policy implementation. Moreover, regional and international circumstances should be taken into account, especially the ongoing violent conflicts in the southern neighborhood, the deep refugee crisis, the continuing weak performance of the European economy, and the tight global interest-rate policy. However, some concrete aspects of governmental inefficiency in several sectors are worthy of special mention, especially in the area of the economy. The first nine months of implementation of the government's annual economic objectives varied sharply from official forecasts in the budget and the Medium Term Plan of 2015 – 2017. Ultimately, the government had to correct its end-year expectations with regard to unemployment and inflation rates, growth and per capita income. The decrease in the current-account deficit has been attributed to the shrinking economy. Results were similarly mixed in other sectors; for instance, the Ministry of Education realized half of its 130 performance objectives, while the Ministry of Health completed 10 of 34 service-oriented performance objectives and 12 of 17 institutional-performance objectives in 2014.

During the review period, the government's foreign policy faced a number of significant challenges associated with regional and international dynamics within the Middle East, especially the conflict in Syria and Iraq. On the one hand, Turkey's own involvement in the conflict – particularly with regard to the Kurdish issue within Turkey and in Northern Syria – as well as President Erdoğan's tactical

approach to the issues led to tensions with Turkey's main Western allies, as well as neighbors such as Russia and Iran. On the other hand, the government's doctrine of "humanitarian diplomacy" with a special focus on the refugee crisis has been effectively implemented by the main actors in this field, including the Turkish Red Crescent (Kızılay), the Turkish Cooperation and Development Agency (TİKA), and the Disaster and Emergency Management Presidency (AFAD).

No significant progress was made concerning EU accession. No new negotiation chapters were opened or closed, although mutual commitments to further progress were regularly expressed. During 2015, the refugee issue led to the mutual awareness of a common problem requiring joint action; however, the deal between the EU and Turkey on handling the inflow of refugees was finalized only in late November. In Cyprus, the election of moderate politician Mustafa Akıncı as president of the internationally unrecognized Turkish Republic of Northern Cyprus in May 2015, along with the resumption of negotiations between the north and the south, offered some hope in Greece, Turkey and elsewhere that a solution on the issue of the divided island might be found. This could also create a window of opportunity for opening more chapters in Turkey's EU-accession talks.

In general, the government's past proactive and unilateral approach to foreign policy has been replaced with a multilateral crisis-management approach, especially with regard to the refugee issue and the fight against terrorism. However, this approach has not proved fully effective. It seems that the government will have to rebuild trust on many fronts before being able to return to its stability-oriented foreign-policy approach of the past. Turkey's successful performance holding the G-20 presidency in 2015 did help further this trust, however.

Citation:

Ministry of Development, 2015-2017 Medium Term Programme in Macro-economic and Fiscal Targets, <http://www.mod.gov.tr/Lists/Duyurular%20ve%20Kalknma%20Ajans%20Duyurular/Attachments/9/2015-2017%20Medium%20Term%20Program-Main%20Macroeconomic%20and%20FiscalTargets.pdf>. (accessed 27 October 2015)

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Allesia Chiriatti and Federico Donelli, Turkish 'Zero Problems' Between Failure and Success, 30 March 2015, <http://researchturkey.org/turkish-zero-problems-between-failure-and-success/> (accessed 27 October 2015)

## Australia

Score 6

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. 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 the introduction of patient co-payments for out-of-hospital medical services. These implementation problems were a factor contributing to Tony Abbott's fall. However, Malcolm Turnbull's assumption of the prime minister's position in September 2015 created some optimism that the government will be more successful in implementing its policy agenda over the coming year. For example, in October 2015 the government announced reductions in the Family Tax Benefit that appear likely to gain sufficient support from minor parties and independents to be passed by the Senate.

Citation:

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

## Bulgaria

Score 6

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 second Borissov government has succeeded in significantly decreasing the fiscal deficit. With respect to the European Union, Bulgaria has not yet achieved its long-standing objectives of joining the Schengen Area and of starting the process of joining the euro area. After a very poor absorption of EU funds in 2013-2014, performance in this area has improved dramatically in 2015. While the second Borissov government has announced major reforms in a number of areas, only a few have been implemented in its first year in office.

## 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 Bachelet government has had to downsize its tax- and education-reform proposals. 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. Thus, this high hurdle has not yet proved to be a practical obstacle in the achievement of governments' policy objectives. Nevertheless, Bachelet has launched a debate on a constitutional reform.

## Iceland

Score 6 As a rule, the strength of the executive branch vis-a-vis 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 due to internal disagreements between the coalition parties (Social Democrats and Left-Green movement) and the obstructive tactics of the opposition, including extensive filibustering.

The current government has so far had few problems in implementing its policy objectives, even though some ministerial initiatives have been thwarted.

## Israel

Score 6 In accordance with government decision 4085, the PMO publishes yearly working plans for line ministries. The yearly plan for 2014 was 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. In fact, a large share of government decisions is not implemented. According to several sources in the PMO, in recent years the PMO has outright rejected calls for monitoring the implementation of government decisions. Some of these sources claim that the government avoids monitoring its implementation of policy decisions because it expects that the outcome would be unflattering.

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:

Kashti, Or, “The government made decisions, but no one monitors its compliance,” Haaretz, 6.2.2015: <http://www.haaretz.co.il/news/politics/premium-1.2558823> (Hebrew).

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“Yearly report 64a,” State Comptroller official publication, 15.10.2013: <http://www.mevaker.gov.il/he/Reports/Pages/113.aspx> (Hebrew).

## Malta

Score 6

Over the last two years, government efficiency has improved. Central to this improvement has been the Prime Minister’s Office and the government’s aim to make Malta one of the most efficiently governed EU member states. 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. However, the civil service was widely neglected between 2008 and 2013, which has created obstacles. In principle, all ministries are expected to draw up strategic documents, which include targets and performance indicators. In addition, every agency is required to evaluate its implementation of policy and provide annual reports to the respective ministerial permanent secretary. However, the Auditor General’s 2015 report identified persistent failings, particularly concerning projects related to the EcoGozo program. These projects “experienced long delays,” while checks and balances were completely missing, and procurement rules were not followed. The report stated that the EcoGozo directorate within the Gozo Ministry was weak, while no independent verifications of the quality of materials were conducted and there were conflicts of interest. For example, the Auditor General noted that the architect responsible for the

tender call also acted as project supervisor and project leader. The architect was therefore responsible for certifying his own work. “Performance guarantees were expired or overlooked, no copies of insurance policies regarding projects were found and limited verification was done of the quality and quantity of materials used in projects,” the Audit Office reported.

Citation:

Gozo projects lacking good-governance rules Times of Malta 16/12/2015

## Portugal

Score 6

The XIX constitutional government that took office on 21 June 2011 following the 5 June legislative elections, and which continued to hold office throughout the period under review, had a governance program 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.

The European Council and European Commission reviewed Portugal’s economic performance in 2015, with each body making positive observations as well as many negative ones.

It should be clear that the priorities of the government during the review period were in fact the priorities of the European Union. While Portuguese government policy represented one element of successful implementation in this regard, other factors were also relevant, including the health of the global economy, global interest rates, and alternative investment opportunities. In addition, as Portugal is a democracy, and any government must take into consideration the dynamics of political parties and organizations in civil society, there are limitations to the scope of policy implementation.

Citation:

[http://ec.europa.eu/economy\\_finance/eu/countries/portugal\\_en.htm](http://ec.europa.eu/economy_finance/eu/countries/portugal_en.htm)

## 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. Reform projects such as the amendment of freedom of access to information legislation or the adoption of a new construction act have taken more time than originally planned or have been withdrawn from the political agenda.

## Slovenia

- Score 6** The Cerar government's coalition agreement has been relatively comprehensive and more detailed than those of previous governments. The agreement stipulates that the governing parties will strive to steer Slovenia through the political, social, economic and ethical crisis by securing economic growth, protecting existing jobs and creating new jobs. As for privatization, the agreement took a cautious approach and remained relatively vague. Given the lack of consensus among the coalition partners about the remaining role of the state, it did not come as a surprise that some privatization decisions led to cracks in the coalition. The promised privatization of Telekom Slovenije, the largest communication company in the country, fell victim to political opposition from within and outside the governing coalition. Other goals stated in the coalition agreement were also not met. The Cerar government failed to prepare even a first draft of the announced health-care reform in its first year in office and has not yet come up with a framework for pension reform.

## Croatia

- Score 5** The Milanović government failed to set clear and measurable goals and was ineffective in reaching most of the policy goals formulated in its own strategies, programs and multi-year frameworks. It did not carry out the systematic reform of public administration and state-owned companies that it had promised for 2015.

## 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 sustainable economic growth that exceeds the EU average, 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 and by the lack of coordination of 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 county 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 so far. Park has announced several big policy agendas, such as economic democratization, welfare-system improvements, 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. However, her administration had as of the time of writing failed to deliver on any of these agendas. Government officials have admitted problems in implementation due to lack of comprehensive blueprints. In the past, 90% 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% since 2010, with the remaining policies discarded.

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

Policy implementation in the separation-of-powers system is conditioned by the potentially conflicting goals of the legislative and executive branches, especially when they are controlled by different political parties (so-called divided government). In the current highly polarized state of the political parties, cooperation between the branches can be virtually nonexistent. From 2011 to 2015, with a Democratic president, Republicans controlling one or both houses of Congress, and an aggressive far-right (“Tea Party”) Republican faction that was often able to block action, the U.S. government has had profound difficulty in accomplishing any policy goals.

In 2015, with the Republican congressional leadership eager to avoid further blame for disruption and deadlock, the president and Congress had some notable successes in reaching agreement, for instance forging a bipartisan budget agreement and authorizing necessary debt-limit increases for the duration of the Obama presidency. However, the Tea Party Republicans were so incensed by their party’s compromises with the Democrats that Republican Speaker of the House John Boehner felt compelled to resign his position in October 2015.

As for implementing legislation, the U.S. 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. A number of states led by Republican governors have declined to participate in the ACA’s expansion of Medicaid, which provides coverage to low-income individuals. Other administrative calamities have concerned the Veterans’ Administration hospitals, the Internal Revenue Service, the Secret Service (protective services), and the National Security Agency



## 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. Generally speaking, the Sobotka government has largely met its economic objectives. However, tensions in governing coalitions especially between the Social Democrats and ANO, as well as the need to overrule Senate and presidential vetoes (civil service law, law on children groups) have weakened the executive power of the government. The necessity to negotiate every vote in parliament forces government to accept a number of compromises, amendments and in general, delays implementation. Prominent examples of such delays are anti-corruption measures in general and the law on the public prosecutor's office in particular.

## Greece

Score 4 Policy implementation efforts have been problematic throughout the period under review and even more so since the government turnover of January 2015. 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 in a previously restricted profession (e.g., starting a commercial transport business using trucks, opening a pharmacy).

Greece achieved fiscal consolidation between 2013 and 2014. Nonetheless, in 2015, as the new coalition government was still trying to formulate policies in the rapidly changing environment of negotiations with Greece's creditors, the achievement of policy objectives was severely delayed. Greeks were allowed to file their 2014 income tax declarations in late August 2015. Thus, they started paying income tax only at the end of the summer of 2015. Moreover, it was only in October 2015 that the ministry of finance sent citizens notices on owed Integrated Tax on Landed Property (ENFIA) for the year 2014. Overall, during the period under review, the ministries and state agencies in charge of policy implementation have backpedaled regarding implementation.

## Romania

**Score 4** The Ponta government met only part of its relatively vague self-declared policy objectives. While it presided over a booming economy and succeeded in increasing the absorption of EU funds, it did not bring the promised parliamentary and government stability and led only half-heartedly the announced fight against corruption. It managed to increase the minimum wage, substantially raise wages in the health sector and expand spending on R&I. At the same time, the tax reform associated with the amendment of the fiscal code remained the main structural reform realized in the period under review. The announced education and public administration reforms have progressed only slowly.

## Cyprus

**Score 3** The MoU signed by the current government with creditors soon after it came to power in March 2013 included harsh measures intended to face a crisis that threatened the country's economic survival. The imposition of large-scale actions and reforms in order to implement the agreement to the letter appeared unavoidable. The goals were to stabilize the situation and contain the crisis' impact on employment and people's living standards, as well as on financial institutions and other sectors. This effort was successful to some extent.

Additional actions such as public-sector reforms, the privatization of semi-governmental organizations and the creation of a national health care program are following at a relatively slow pace. The crisis-management policies' negative impact on individuals' lives and welfare, as well as on society at large, cannot be denied despite the relative success of policies designed to fulfil obligations toward the country' creditors.

## 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 under review, including for the proposed 2016 budget. It is doubtful that the government will be able to restore its lost credibility.

## Mexico

### Score 3

The government is effective at policy implementation in some areas, but several factors regularly impede effective implementation. The most significant of these have been: (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 prior to the recent reforms; (d) high levels of crime including but not limited to the drugs trade; and (e) some powerful and obstructive groups within civil society

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. Moreover, Mexico is a federal country, and the quality of state and municipal government varies enormously. Some municipalities are professionally organized, but others lack such basic public institutions as a police force. As for the third point, municipal authorities were until recently elected for three-year terms of office with no re-election permitted. However, a recent constitutional reform now allows municipalities to set their own term limits with respect to re-election. The system with no immediate re-election permitted created some very unconstructive incentive structures, as no officeholder had any interest in long-term issues. The same system – with no immediate re-election permitted – has also been 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 re-election up to a maximum of 12 years. This should make quite a difference to the policy process.

From a public perspective, the state remains highly ineffective in providing public goods, as it has been unable to improve its implementation of security policies. The ongoing challenge of re-establishing state authority in parts of the national territory undermines attempts to strengthen social inclusion and internal security.

However, the president has enacted major reforms that will increase government capacity, though it remains too early to say whether he will succeed in improving government efficiency.

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 the nominations of the various party factions. The recent successful challenge demonstrated that Liberal prime ministers are also increasingly dependent on their caucuses.

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

In the second Orbán government, the prime minister and his PMO closely monitored the activities of all ministries and ministers, and largely succeeded in disciplining them. The high level of ministerial compliance was made possible by Orbán's strong and uncontested position as party leader and prime minister, as well as the strong capacities of PMO. In the third Orbán government, ministerial compliance has diminished. The replacements for the purged Simicska followers have been loyal, but incompetent, so that their actions have been chaotic. The increasing disorder has led to the soft resistance of János Lázár, the head of the Prime Minister's Office, who indirectly but publicly criticized the official line, including Orbán and some ministers. The reshuffling of the cabinet in autumn 2015 aimed at demonstrating the power of the prime minister.

## 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 preceding Lee Myung-bak administration, this average period of service was about one year. This high degree of turnover limits ministerial independence, as they are unable to develop their own voice to pursue their own or institutional policy ideas.

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. 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. ed. Copenhagen: Forlaget Thomson, 2006.

## France

Score 9

Compliance by ministers, if assessed comparatively, is good, as a minister can be dismissed at any time and without explanation. In the French majority system and in the absence of real coalition governments, the ministers, who are nominated by the president, are largely assigned to him. Together with the effective hierarchical steering of governmental action, ministers have strong incentives to implement the government's program, following guidelines produced by the president and the prime minister. This statement remains true but is highly dependent on the leadership capacities of the president and prime minister. Up to 2014, due to insufficient presidential leadership, cases of compliance rules infringement by prominent ministers occurred, undermining the credibility of governmental action. Prime Minister Manuel Valls, who came into office in March 2014, has put an end to this and restored strict compliance rules. However, he remains squeezed between a reluctant party and a feeble president.

## Iceland

Score 9

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

Under 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, voted against the resolution. Bjarnason repeatedly expressed his opposition to Iceland's accession to the EU throughout his tenure. The current 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 the 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 with cabinet decisions, while the PKC monitors implementation of the government declaration. Both reporting streams enable the prime minister to fully monitor individual ministers' progress in achieving the government's program.

## 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 (15) 1 "National-led Administration: Consultation and Operating Arrangements," the government at the time of writing 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, they are bound by collective responsibility on issues within their portfolio.

Citation:

Cabinet Office Circular CO (15) 1 (Wellington: Cabinet Office 2015).



## 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 All prime ministers since the restoration of democracy have presided over single-party governments – Spain being the only EU country aside from Malta in which there has not been any experience with coalitions at the central-government level. This may change in the near future, considering the ongoing transformation of the traditional two-party system into something more complex. However, until the end of 2015, Mariano Rajoy had the capacity to impose his views in the Council of Ministers and the party meetings that he also chaired. He was free to reorganize government structures and to dismiss ministers he did not consider able or willing to implement the government's program. He did so twice during the period under review, dismissing the minister of health, social services and equality in December 2014 and the minister of education and culture in June 2015.

The constitution (which stipulates that parliamentary confidence rests personally with the prime minister and his comprehensive government program), the Spanish party system (featuring prime ministers that have up to this point also been the strong leaders of very disciplined parties), and the organization of the executive thus provide strong incentives for all ministers to implement the overall government program rather than seeking the sectoral interests of their individual departments. However, the fact that the 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. Moreover, 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 in political trust than to any balanced assessment regarding implementation of the government's program or policies.

## United Kingdom

Score 9

The prime minister has traditionally had more or less absolute power to appoint politicians to government positions. He can thus use his power of patronage to earn him the loyalty of his backbench MPs 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 Conservative MPs elected since 2010 are sometimes considered to be more prone to rebellion – any MPs with strong political ambitions have to be wary of being branded as mavericks.

The return to the usual system of one-party government may, somewhat paradoxically, result in more difficulties in sticking to the government's program. This is principally because of the government's small majority. In contrast, the coalition government had a large majority and the coalition agreement proved to be an effective disciplining device.

## Belgium

Score 8

One should distinguish *de jure* powers from the government's *de facto* powers to provide incentives to each minister. *De jure*, the prime minister has little power to exclude ministers from the government. The main architects of government positions are the party presidents who, at the government-formation stage, negotiate for control of the various portfolios, and then nominate their people. Every minister's primary incentive is thus to push his or 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.

## Bulgaria

Score 8

The prime minister does not have significant legal powers *vis-à-vis* his ministerial colleagues. The 1991 constitution defines the Council of Ministers as a collective body, with the prime minister being only “an equal among equals.” The position of the prime minister thus strongly depends on his or her informal political authority. When the prime minister is a party leader and features a relatively strong personality,

as in the case of the Borissov governments, the informal influence is significant. The right of the prime minister to fire deputy ministers is a major power in ensuring that ministries comply with the cabinet's priorities.

## Estonia

**Score 8** 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. However, the coalition government that came to power in 2015 is less coherent than its predecessors.

## Finland

**Score 8** A number of mechanisms are in place that serve to bind ministers to the government's program. Government programs result from negotiations between the political parties forming the government; in consequence, the coalition partners and ministries closely monitor implementation. Cabinet agenda issues are generally prepared, discussed and coordinated in cabinet committees as well as in informal groups and meetings. On the whole, ministers are closely watched, and are expected to be integral parts of cooperative units. They would no doubt find it difficult as well as unrewarding to pursue narrow self-interests. Nevertheless, individual figures' profile-raising attempts have been more discernible in the Sipilä cabinet, largely within the so-called Finns Party.

## Mexico

**Score 8** 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 the cabinet becomes more politicized and 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.

## Poland

**Score 8** Prime Minister Kopacz and her 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 2014-2015 period, ministerial compliance and cooperation were much more pronounced than in 2003 – 2007.

## Germany

**Score 7** 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). During the period under review, the coalition committee informally became the most institution in resolving political disagreements within the government. Some ministers openly contradicted the policies of the government and of Chancellor Merkel, especially regarding energy and migration policies.

## 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 altered Israel's organization of government in recent years. Values of transparency, planning, comparability and supervision from a designated unit in the 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 pathways to better compliance, such as weekly cabinet sessions and interministerial 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 (an omnibus 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).

## Japan

Score 7

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 effectively veto specific sectoral policies. 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.

Recent governments, including the current Abe government, have sought to centralize policymaking within the core executive. Some measures have been institutional, such as giving new weight to the Council for Economic and Fiscal Policy, 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, aided by the formal introduction of the Cabinet Bureau of Personnel Affairs in mid-2014.

## 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 voters, and not the party, decide on the composition of parliament and even of the government, since those candidates with the best results usually become ministers. This system encourages politicians to pursue personal initiatives, but as they generally address small lobbies, such projects do not typically 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://www.luxembourg.public.lu/de/le-grand-duche-se-presente/systeme-politique/systeme-electoral/http://cbiver.eu/2013/10/das-wahlsystem-in-Luxembourg/>

[http://www.forum.lu/pdf/artikel/7726\\_334\\_Fehlen.pdf](http://www.forum.lu/pdf/artikel/7726_334_Fehlen.pdf)

[https://www.forum.lu/wp-content/uploads/2015/11/7695\\_332\\_Fehlen.pdf](https://www.forum.lu/wp-content/uploads/2015/11/7695_332_Fehlen.pdf)

## 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 7

The organization of and power relations in the parliamentary/cabinet system ensure that ministers have incentives to implement the government's program. This was further reinforced by the stipulations of the Memorandum of Understanding (MoU) and the fact that Portugal was operating under the terms of a bailout until May 2014, and continued its austerity policies through the period under review here.

That said, the government faced additional challenges both as a result of being a coalition and due to the effects of the upcoming parliamentary elections on 4 October 2015. Moreover, the internal organization of the government appears to have made implementation more difficult. The government had 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 the economy, employment and environment – made it difficult to ensure complete implementation.

## Turkey

Score 7

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 and standing of the party leader 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 under former Prime Minister and current President Recep Tayyip Erdoğan has made it even more difficult for ministers to follow their own agendas, a situation which has continued under Prime Minister Davutoğlu so far. 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.

Erdoğan also intervenes in the nomination of deputies, appointment of higher civil



servants and the organization of electoral campaigns by taking part actively in these events. In other words, it is argued that the office of the president, now located in a lavish presidential palace and entrusted with increasing powers, has replaced those otherwise established by the constitution. Thus, the current constellation raises the question whether the effectiveness of the executive in general and the government in particular will be diminished by the existence of several centers of power and suggests that the democratic separation of powers as a whole are eroding.

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)

Why does Erdoğan need to defend himself? Hürriyet Daily News, 3 October 2015. <http://www.hurriyetdailynews.com/why-does-erdogan-need-to-defend-himself.aspx?PageID=238&NID=89331&NewsCatID=409>

Daniel Dombey, Turkish president tightens grip on state, The Financial Times, 15 April 2015, <http://www.ft.com/cms/s/0/f89a7b74-c747-11e4-8e1f-00144feab7de.html#axzz3rIjSiYj> (accessed 27 October 2015)

## 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. Under the Sobotka government, and also the Nečas government, ministers from all coalition partners were removed for different reasons 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. For example, in March 2015, ANO replaced the minister of justice with the ministry's state secretary, and the Social Democrats replaced the education minister in May 2015 with a female minister. In the first case, the minister was fired for failing to make progress throughout her department while in the latter case, the minister was fired for failing to cooperate with female staff in a civilized manner. Given the fragile state of the government coalition, each party seeks to maintain the image of providing driven and efficient ministers.

## Malta

**Score 6** The cabinet is the most important organizational device at the disposal of the government providing incentives to ensure ministers implement the government's program. Meanwhile, the powers of the Prime Minister's Office have increasingly been used to drive policy implementation. The ministerial secretariat is generally responsible for overseeing the implementation of a program. In addition, the Management Efficiency Unit provides ministries with advice and capacity-building tools. Party summits can also impact policy implementation, though only marginally. Informal coalitions, such as those between civil society groups and individual ministries, can drive implementation in certain policy areas, such as the extension of LGBT rights.

## Slovenia

**Score 6** As head of a coalition government, Prime Minister Cerar primarily relied on frequent coalition meetings of narrow (including only the presidents of coalition parties) or broader composition (including ministers and members of parliament as well) in order to ensure the implementation of the government's program. While five ministers resigned or were removed from the Cerar government in first 12 months in office, these changes were only partly due to controversies over the government's course.

## 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.

## Greece

**Score 5** Since 2012, ministerial compliance has improved, as the fear of Greece's default and the specter of Grexit have compelled ministers to follow the party line set by the prime minister, particularly with regard to economic and social policy. Ministerial compliance was relaxed after January 2015 and for the period up to the signing of Greece's third bailout package (July 2015). This was owed to the fact that the coalition government which came to power in January was not prepared to formulate, let alone executive, concrete policy decision. Syriza and (much more so) its junior coalition partner, the right-wing nationalist party ANEL, were unprepared to assume the responsibilities of government. Soon after January 2015, this became evident with regard to incentives for ministers to implement any policies.

## 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. The initiation of reforms and strategic-planning structures designed to improve government coherence is still at an early stage; successful implementation may be an incentive for greater compliance.

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.

The new Liberal government has, for the first time, made public the mandate letters. The media and the general public will now be monitoring the activities of ministers to assess the degree to which they achieve the tasks set out in the mandate letters.

## Hungary

- Score 10** The Prime Minister's Office has successfully monitored line ministries in all stages of the policy 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.

## 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-of-government policy approach. The National Party-led government has introduced a

performance-improvement framework 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 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. Ministers have to reveal their preferences in cabinet meetings, cabinet committees and bilateral meetings with the prime minister or chancellor. Consequently, monitoring is relatively easy for the core executive.

Several additional monitoring and coordination measures introduced under the coalition government have since become obsolete with the return to a one-party government. However, some recent initiatives have reinforced central oversight, including the establishment of a Major Projects Authority - due to be integrated in January 2016 into a new Infrastructure and Projects Authority.

## 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 or the congressional committees with jurisdiction over the policy area. Recent years have seen a number of serious failures of administrative control.

In 2015, agents of the Secret Service responsible for protecting the White House and the president were discovered asleep on the job after working shifts that required severe sleep deprivation. Separately, the National Security Agency has been exposed in recent years as having violated the legal terms of its surveillance authority, even eavesdropping on the phone calls of German Chancellor Angela Merkel.

## 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.

Citation:

Jørgen Grønnegård et al. Politik og forvaltning. 3. ed., 2011.

## 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 as well as other formal and informal meetings. In general, the various forms of interministerial coordination also fulfill monitoring functions. However, these forms are characterized by cooperative and consultative interactions rather than critical interactions. While the Prime Minister's Office does monitor ministries, the monitoring is implicit rather than explicit.

## France

**Score 8** Line ministry activities are generally well monitored, but several factors influence the impact of oversight, including: the strength of the prime minister; the relationship of the minister with the president; the political position of the minister within the majority or as a local notable; media attention; and political pressure. 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 8** 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 the department 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.

Having corrected its excessive deficit in 2015, Irish policymakers were constrained by the rules of the EU fiscal compact in framing their 2016 budget. These reduced flexibility at the national level with regard to tax cuts and expenditure increases. However, these constraints were somewhat offset by revenue buoyancy resulting from unexpectedly rapid economic growth.



## Italy

**Score 8** The monitoring of the implementation of the government program is delegated to a minister without portfolio, who is attached to the Presidency of the Council of Ministers and supported by a special office of the presidency (Ufficio per l'attuazione del programma di governo). The current minister is one of the more powerful government figures and is a close confidant of the prime minister. 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 office publishes a monthly report.

Citation:

<http://www.programmagoverno.gov.it/monitoraggio-dellattuazione-programma/monitoraggio-su-attuazione/>

## 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.

## 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. As part of one EU-funded project, the Government Office recently reviewed monitoring and evaluation practices, and made a number of recommendations as to how performance measurement could be improved in line ministries (including the development of key performance indicators or indicator libraries in various policy areas).

## 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.

## 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 PMO introduced best practice reform elements of transparency, sharing and benchmarking, which have improved systematic monitoring of 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. This is aggravated by the PMO’s tendency to take on executing responsibility of weaker ministries (e.g., 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).

## 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 government in the period under review was relatively small, with 13 ministries, 37 secretaries of state and one undersecretary of state. Ministries in Portugal 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 was stronger in some dimensions (notably in 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 the Government Office's responsibilities in monitoring line ministries, particularly with respect to European affairs and economic and fiscal issues.

## Spain

**Score 7** The activities of all line ministries are monitored by the Spanish Prime Minister's Office (PMO), the Government Office (GO, *Ministerio de la Presidencia*), and ultimately 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 line ministries. The head of the Prime Minister's Economic Office has also coordinated the important weekly meeting of the government's Delegate Committee for Economic Affairs since 2012. The GO, headed by the powerful deputy prime minister, monitors the activities of line ministries through the weekly meetings

which prepare the way for Council of Ministers meetings. The capacity of the GO to monitor ministers will likely improve once the new law on general administrative procedure (passed in October 2015) has fully taken effect, as it introduces a new system for systematically assessing policy implementation in the form of a periodic evaluation report that would be prepared in close consultation with line ministries.

Nevertheless, this monitoring cannot guarantee that no sectoral ministry will ever prioritize vertical over horizontal interests. The organizational resources of the prime minister's direct entourage and the GO as a department are limited, and these bodies rarely engage in direct coordination of ministerial departments. Only the prime minister or the deputy prime minister are entitled to play this role. However, apart from controversial or emergency issues (security crisis management has been centralized within the PMO since 2012, for example), they do not have enough time or information to maintain a systematic monitoring and coordination role.

## Turkey

### Score 7

The Prime Minister's Office has, among other measures, 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 program and ideology.

The PMO has a total of 2,243 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 to provide the PMO consultation. Beginning in May 2015, about 266 career employees from various public institutions were assigned to this unit. However, observers argue that these senior civil servants lack sufficient infrastructure and effectiveness and some liken the unit to a "detention camp" for bureaucrats allegedly closer to the illegal Gülenist "parallel state" structure.

#### Citation:

TC Başbakanlık 2014 Yılı Faaliyet Raporu, [http://www.basbakanlik.gov.tr/docs/KurumsalHaberler/2014-yili-basbakanlik-faaliyet-et-raporu\\_150302134448.pdf](http://www.basbakanlik.gov.tr/docs/KurumsalHaberler/2014-yili-basbakanlik-faaliyet-et-raporu_150302134448.pdf) (accessed 27 October 2015)

Cinnah'taki toplama kampı, Taraf daily newspaper, 25 September 2015, <http://www.taraf.com.tr/cinnahtaki-toplama-kampi/> (accessed 27 October 2015)

Kamuda Paralel tasfiyesi, Akşam daily newspaper, 12 September 2015, <http://www.aksam.com.tr/ekonomi/kamuda-paralel-tasfiyesi/haber-442223> (accessed 27 October 2015)

## 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 structures inside ministries 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 fact that the tenure of the general administrator and the minister are different opens the gate to potential tensions between the minister and the ministry. A concrete example is that of the minister for mobility, Jacqueline Galant. She has to handle particularly sensitive issues in the Belgian multiregional context, and the head of her administration was appointed before her term. She thus seeks external advice from external advisors over which she has more political control, and sometimes acts against the recommendations of her administration. This has created an open rift, with mutual accusations of betrayal and "sabotage" frequently leaked to the press, at the cost of partial policy paralysis.

## Greece

**Score 6** The efficiency of the PMO's monitoring of line ministries improved between 2013 and 2014, when PM 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 also performed by the Troika during its frequent visits, until New Democracy lost the European Parliament elections of May 2014 to the Syriza party and implementation of reforms was slowed down by PM Samaras. Since the

government turnover of January 2015, monitoring has been further relaxed because the PMO, under Syriza's leader and PM Alexis Tsipras, was completely absorbed by the futile effort to change the course of Greece's bailout program, overturning the austerity program imposed since 2012. After the failure of Syriza's effort, the Greek parliament's approval of the third bailout program in August 2015 and snap elections in September 2015, the PMO turned inwards and slowly started to monitor the implementation activities of line ministries. Such monitoring is, however, unpredictable, given that the Greek PM has publicly stated that neither he nor his ministries believe in the policies which they are required to implement.

## Japan

**Score 6** Generally speaking, the Kantei, upgraded over a decade ago, offers a means of monitoring ministry activities. In recent years, its personnel has expanded, improving its monitoring capacity. However, effective use of the Kantei has been hindered in the past by the fact that the ministries send specialists from their own staffs to serve as Secretariat employees. It de facto lacks the ability to survey all activities at all times, but the current chief cabinet secretary is considered a decisive power in the enforcement of government-office positions.

## Luxembourg

**Score 6** There is no formal monitoring by the Prime Minister's Office, as no institutional resources exist to carry this out. The small size of the government administration and ongoing 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.

Citation:

<http://www.merissehovic.eu/letzebuerg/demokratische-kontrolle-des-geheimdienstes-in-Luxembourg-wieso-wir-eine-gesetzesreform-brauchen/>

Schroen, M. (2009), Das politische System Luxembourgs, in: Ismayr, W. (ed.), Die politischen Systeme Westeuropas, Wiesbaden, pp. 483-514.

## Romania

**Score 6** The government has a special office in charge of monitoring the activities of line ministries and other public bodies, the Control Body of the Prime Minister. While suffering from having limited staff and resources, this office monitors the activity of most line ministries fairly effectively. It has been criticized for dubious political interventions.

Citation:

GOVERNMENT OF ROMANIA (2015) Government's Working Apparatus. [Online] Available from: <http://gov.ro/en/government/organization/government-s-working-apparatus>. [Accessed 07/11/15].

## Czech Republic

**Score 5** In the Czech Republic, the government office formally monitors the activities of the line ministries. Under the Sobotka government, the effectiveness of monitoring was complicated by the nature of the coalition government and the competition between Prime Minister Sobotka and Vice Prime Minister Babiš for the control of key ministries. The success of Babiš' ANO party in the municipal elections in October 2014 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 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. Concerning topics of general political interest, the cabinet makes decisions collectively. The internal rules of procedure require line ministers to inform the chancellor's office about all important issues. However, in some cases, the Chancellery lacks the sectoral expertise to monitor line ministries' policy proposals effectively. During the last year and especially during the migration crisis ministers openly contradicted Chancellor Merkel. Previous to the refugee crisis, conflicts within cabinet were rare, because disagreements were resolved outside of cabinet meetings. However, since the crisis, ministers have openly clashed during cabinet meetings.

## Malta

**Score 5** The Prime Minister's Office (PMO) monitors the implementation activities of most line ministries and the structures for doing so effectively are being continually refined. The PMO now has an office dedicated to monitoring. Furthermore, the cabinet office, which is part of the PMO, monitors policy implementation by line ministries and ensures that the respective ministry implements the decisions of the

PMO. However, coordination remains difficult. In June 2015, the education minister was reported to have said that ministers would cooperate during cabinet meetings, only to work solely for their ministry once cabinet meetings were concluded. The problem, the education minister stated, was that the cabinet-style of government nurtures a silo mentality.

Citation:

<http://www.timesofmalta.com/articles/view/20151010/local/around-70-per-cent-of-last-budget-measures-implemented-pm.587638>

Bartolo insists that ministries should support each other, pull the same rope Independent 10/06/15

## 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, through the party apparatuses, rather than formal.

## 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, 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 policy-program budgeting system philosophy developed in the 1970s. However, political developments (the election campaigns in 2010, a Council of Ministers breakdown in 2012) have in recent times prevented this. In 2012, yet another system of program budgeting – this time called "responsible budgeting" – was introduced. Since 2013 – 2014, General Audit Chamber studies have indeed focused on particular subjects, and following 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 (DGEPCD) performs generic monitoring functions, with task-specific structures existing within individual ministries. At present, a task-force team with guidance from the presidential palace fulfils basic planning and coordination functions. However, no central body tasked with overseeing and coordinating overall planning and policy implementation exists.

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

The third Orbán government has closely controlled the appointment and activities of the heads and core executives of all state agencies at the national level. Simicska followers have been removed from state agencies, and some of them, such as the president of NAV, Ildikó Vida, or the former minister Lászlóné Németh, have been among the most professional pro-government experts. This political purge is still going on at the highest and middle levels of government and public administration. The centralization of state administration in county-level government offices has also extended the government's control over all subnational agencies, since they have been concentrated in these county offices. As in the case of line ministries, the government adopted a hands-on approach and closely monitored the agencies' implementation activities.

### Australia

Score 9

The performance of ministries in monitoring the activities of executive agencies varies, in part due to differences in the degree of independence granted to agencies. For example, central bank independence is core to the credibility of monetary policy and is legislatively protected, which constrains Parliament's capacity to monitor the agency. This notwithstanding, the general pattern over recent years has been one of increasing accountability of the 170-plus statutory authorities and officeholders to the relevant federal minister. The most notable concrete indicator of this trend is that in 2002 the Australian government commissioned a review of the corporate

governance of Commonwealth statutory authorities and office holders, the Review of the Corporate Governance of Statutory Authorities and Office Holders (the Uhrig Review). The objective of the review was to identify issues surrounding existing governance arrangements and provide options for the government to improve the performance and get the best from statutory authorities, their office holders and their accountability frameworks. The review was completed in 2004 and a number of the recommendations have since been adopted.

## Austria

- Score 9 Ministries are responsible for monitoring the bureaucratic structures individually subject to them. All bureaucracies (except those within the judicial branch) are legally bound by instructions issued by their ministers (according to Art. 20 of the constitution), and have to report regularly to the ministries. The Austrian Court of Audit is the only institution aside from the parliament that monitors the government and its bureaucracies on a broader, cross-ministerial basis. 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 governing line ministries.

State Services Commission: Annual Report for the Year Ended 30 June 2015 (Wellington: States Services Commission 2015).

## 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 4,600. The total staff in the agencies is about 220,000. 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.

Citation:

Jørgen Grønnegård Christensen et al., *Politik og forvaltning*. 3. udgave, 2011.

## 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 results-management practices to monitor agencies in their various task areas. In many cases, a balanced score system is used. However, not all agencies are monitored to the same extent. Some agencies, such as the National Funding Agency for Technology and Innovation (Tekes), which operates under the Ministry of Employment and the Economy, have a high degree of autonomy, with monitoring taking place only on a general level. Other agencies are accorded a somewhat lesser degree of autonomy. However, as a rule, they do 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 support the individual ministers in their monitoring activities.

## 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, meaning that agencies' decisions and administrative instructions will be reviewed. 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 effectiveness and financial impacts. The National Regulatory Control Council has tried to increase its powers over legislative and bureaucratic processes at federal and state levels. The Taxpayer's Association monitors levels of waste in the use of public resources.

## 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 happens, 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/>

[http://www.mf.public.lu/finances\\_publiques/](http://www.mf.public.lu/finances_publiques/)

## 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. 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 and other structures in addition to an already complex direct administrative structure since the 1990s. These structures have often been left with little in the way of ex post monitoring. However, in the context of the bailout and the need to reduce public expenditure, the government has increased its scrutiny of the operation of these non-governmental organizations as well as the state administration. However, this interest is fundamentally centered on financial and budgetary aspects rather than the implementation of policy per se.

## Spain

**Score 8** Spain's ministries have the capacity to monitor the activities of the administrative bureaucracy and executive agencies with regard to implementation. One of the main ingredients of the administrative-reform process launched in 2012 (coordinated from the Government Office through the Commission for the Reform of the Public Administrations (CORA)) consisted of reinforcing central control over these public bodies, and in some cases entailed the absorption of the smallest agencies by the ministry in charge of their task area. This reorganization included the first comprehensive register of all existing agencies or any other semi-autonomous

bureaucracy in Spain (Inventario de Entes del Sector Público Estatal, Autonómico y Local), and resulted in several mergers and the liquidation of many public companies. Some difficulties and delays were encountered during the first years of implementation, but the plan was almost accomplished by the end of the period under review. In 2014, the Council of Ministers unified internal monitoring of all public entities, giving this responsibility to the Auditor General's office. In addition, the recently passed Law 40/2015 promotes 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." An integrated framework of evaluation, monitoring and independent audit of all agencies will be also be introduced as a result of this recent legislation.

Thus, the ministries can now monitor the activities of all executive agencies and force them if necessary to act in accordance with the government's program. However, it is also true that thanks to bureaucratic drift and/or flexibility in their functioning, some of these semi-autonomous public bodies 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).

Citation:

Latest quarterly report on the follow-up of CORA Public Administration Reform, September 2015. [www.seap.minhap.gob.es/dms/es/web/areas/reforma\\_aapp/proceso/CORA-Informe-trimestral-de-seguimiento-septiembre-2015.pdf](http://www.seap.minhap.gob.es/dms/es/web/areas/reforma_aapp/proceso/CORA-Informe-trimestral-de-seguimiento-septiembre-2015.pdf)

Ley 40/2015, de Régimen Jurídico del Sector Público [https://boe.es/diario\\_boe/txt.php?id=BOE-A-2015-10566](https://boe.es/diario_boe/txt.php?id=BOE-A-2015-10566)

## 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.

## 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, and public social service centers (Centres Publics d'Action Sociale (CPAS) / Openbare Centra voor Maatschappelijk Welzijn (OCMW)). 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 European Central Bank (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 problems with delays. 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 of 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.

## Greece

**Score 7** 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. Between 2011 and 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. In the period under review, the decline of New Democracy's legitimacy after it lost the European Parliament elections of May 2014 to Syriza, the ensuing government instability in 2015, two parliamentary elections and a national referendum clearly negatively affected the intensity of monitoring bureaucracies and executive agencies by the competent ministers.

## Israel

**Score 7** As in many other westernized 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.

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

The State Supervision Board, which is subject to the Presidency of the Republic, provides supervision and prepares in-depth reports upon the request of the Presidency. These reports were made public until recently; since 2009 only summaries of the reports are available.

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

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 any agencies that the ministry oversees. However, there is no longer an expectation that the minister will have to resign if problems arise in an agency. The ongoing Civil Service Reform also seeks to introduce new instruments of performance control and individual accountability, for example, through guidance, such as *Managing Public Money*.

Nevertheless, problems have arisen. The UK Border Agency, which is responsible for the entry and management of foreign nationals, has been taken back into the Home Office to improve transparency and political accountability. Meanwhile, a series of child-abuse scandals revealed shortcomings in the monitoring of local-level entities, including local childcare, youth and police services. To some extent, quality control bodies – for example, HM Inspectorate of Constabulary for the police – provide safeguards through setting standards. However, some public agencies have been heavily criticized. For example, the House of Commons Public Accounts Committee has been very critical of HM Revenue and Customs, the tax collection agency.

The new government has announced a reform of local governance. This would mainly include a decentralization of decision-making and monitoring competences to local mayors – an office which is quite unusual in the United Kingdom. Although it is too early to evaluate the impact of these reforms, they will change the way local governance is evaluated and monitored in the UK.

:

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. In 2015, the Sunset Commission reviewed the performance of public nonprofit institutions and proposed a number of recommendations, some of which were related to improving monitoring of these institutions.

## 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. For example, nuclear-power-industry scandals emerging in 2014, which concerned bribery and faked safety tests for critical plant equipment, were an example of supervisory failure. In the same year, President Park also abolished the Coast Guard due to its failure during the sinking of the Sewol. In 2015, the MERS outbreak revealed some serious flaws in the hospital-regulation system. In general, Park's authoritarian but incapable and unpredictable leadership style cannot be conducive to effective monitoring and voluntary compliance.

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 such as in Germany. 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 government agency responsible for providing public health care. It is the largest semi-autonomous bureaucracy in the country. It was formed by the amalgamation of local health boards 10 years ago; it remains difficult to identify the savings that were promised due to this rationalization. On the other hand, cost overruns and low delivery standards have been a persistent feature of the agency. The history of HSE weighs heavily on public perceptions of the new Irish Water agency.

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

The Office of the Comptroller and Auditor General (OCAG) is responsible for auditing and reporting on the accounts of 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>

## Malta

### Score 5

Malta is a unitary state. As such monitoring of bureaucratic agencies is undertaken by, for example, parliamentary oversight, such as during parliamentary committee sessions or annual budget debates. The National Audit Office produces an annual report on the civil service and supports the work of the Public Accounts Committee, a permanent parliamentary committee. The ombudsman also produces a procedural

audit, while the Department of Local Government assesses the performance of local government bodies. There is also an internal audit office within ministries. The Prime Minister's Office, through the Principal Permanent Secretary's Office, has become more involved in monitoring processes.

## Mexico

**Score 5** 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. In addition, ministers or the cabinet are not monitoring the military and the police effectively.

## 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.

## 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. Monitoring of regional health care agencies, and health care expenditure and procurements is inadequate. 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.

## 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 adequate oversight over the dozens of billions of euros of expenses managed by bodies at some distance from the central government. The original intention was that the Framework Law would apply fully to some 75% of the agencies; by 2012 it had less than 25% of its intended function. In 2014 – 2015, it became clear that several oversight agencies and inspectorates, such as the Inspectorate for Health Care and the Authority for Consumers and Markets, were not quite up to their tasks. ICT projects for the national government too were not being properly monitored, resulting in huge time- and cost-overruns. The Social Insurance Bank (Sociale Verzekeringsbank, SVB) was for far too long unable to disburse personal benefits to special-education students and senior citizens eligible for day and home care on time and in the correct amount.

Citation:

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

“Wéér een slecht pgb-rapport”, in NRC-Handelsblad, 25 August 2015

A. Pelizza and R. Hoppe, Birth of a failure. Media debates and digital infrastructure and the organisation of governance, in Administration & Society, 2015

Instellingsbesluit Onderzoekscommissie intern functioneren Nederlandse Zorg Autoriteit (NZa), 27 October 2015

Authorities Consument en Markt: samenwerkende huisartsen hoeven niet bang te zijn voor boete, NRC.nl, 19 September 2015

## 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, which is in violation of decisional transparency legislation.

## 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 public administration in the 2014 coalition agreement, the Cerar government has replaced a number of experienced senior and even some mid-level civil servants with less qualified staff loyal to the coalition parties, and has filled leading positions in executive agencies with politically loyal personnel. Also, ministerial cabinets are largely filled with politically loyal personnel that usually lack the requisite expertise to carry out its functions and aid the minister. Political and personal ties have prevented the prosecution of misconduct and incompetency.

## Iceland

- Score 3 The monitoring of public agencies by ministries is weak. Public agencies and government ministries have often spent more money than allotted to them in the government budget. This problem has been exacerbated due to 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 was reduced from 47 to 42. At the end of 2014, the National Audit Office employed 43 people. 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).  
Nation Audit Office Annual Report 2014. (ÁRSSKÝRSLA RÍKISENDURSKOÐUNAR 2014. APRÍL 2015).

## Cyprus

### Score 2

Line ministers oversee and give policy guidance to semi-governmental organizations (SGOs), whose governing bodies are appointed by the Council of Ministers. The budgets of SGOs 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 still in place. Amendments to the law on SGO governing bodies made in early 2014 appear to offer more room for oversight and supervision, but also provide ample ability to continue past practices. Similar efforts have been made with regard to local authorities that have also lacked oversight, and which today are edging toward serious budget problems. Thus, the government seems aware of the need for closer scrutiny in order to improve governance; however, it has hesitated to take decisive action against clientelism.

## Citation:

1. Press report on state-municipalities relations, Cyprus Mail, <http://cyprus-mail.com/2015/09/09/government-keeping-local-authorities-on-a-ventilator-president-says/>
2. Law on the appointment of governing bodies of SGOs, [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 (ETFF) 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 fiscal year to meet the increasing cost of health care. In addition, the CST will continue to grow at its current rate of 3% annually in fiscal year 2014-2015 and beyond. The 2015-2016 fiscal year transfer amounts total CAD 67.9 billion, representing a more than CAD 3 billion raise over the previous year, and a roughly 60% increase since fiscal year 2005-2006. The CHT and the CST will be reviewed in 2024.

Citation:

Department of Finance, Canada, Federal Support to Provinces and Territories. Retrieved 2015 from <http://www.fin.gc.ca/fedprov/mtp-eng.asp>

## 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 OECD country. The main source of local tax revenues is the so-called rates, which are taxes on real-estate holdings. At the time of writing, local governments had 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. In any case, there is a divide between those cantons that pay more and those receiving payments.

## 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 exceeds 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, collecting more than twice as much as the central government in income taxes. A government grant system additionally enables local governments to continue to provide public services when 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 intended to cover all citizens. However, local governments are tasked with providing these services, which means 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 and yet unfinished, has led to a reduction in the number of municipalities from 415 to 348 in 2009. Among other goals, the reform aims to secure sufficient financing and an efficient provision of services across the country. The government has introduced a further reform project – this one highly contested – to create larger entities tasked with providing social and health services in a more efficient way (SOTE). According to expert assessments, the final November 2015 compromise solution of 15 social services and health care entities within 18 autonomous regions is less satisfactory in terms of efficient funding and democratic organization than was an original proposal for a maximum of nine to 12 SOTE regions.

Citation:

Government press release on “Government decision on next steps in reform package on healthcare, social welfare and autonomous regions”, [http://valtioneuvosto.fi/en/article/-/asset\\_publisher/hallitus-paatti-sote-uudistuksen-jatkosta-ja-itsehallintoalueista?\\_101\\_INSTANCE\\_3qmUeJgIXZEK\\_groupId=10616](http://valtioneuvosto.fi/en/article/-/asset_publisher/hallitus-paatti-sote-uudistuksen-jatkosta-ja-itsehallintoalueista?_101_INSTANCE_3qmUeJgIXZEK_groupId=10616)

## 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 are planned, including responsibility for elderly care. However, negotiations have been repeatedly postponed due to disagreements over funding arrangements between central and local governments. This issue once again came to the fore in 2015 when several music schools were threatened by bankruptcy due to a funding dispute between central and local governments. At present there are no signs of any breakthrough.

## 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. 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 largely 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 thus far opted 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. European structural 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. In 2015, both Prague and Brno municipalities faced potential paralysis from conflicts within the local ANO party and within the governing coalitions.

## 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

Since 2015, the Ministry of the Interior has overseen 105 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 income tax (CIT) 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.

Citation:

Polish NIK (Supreme Audit Chamber) information on the topic.  
lpo-p\_14\_103\_201407241157291406203049-01.pdf

## United Kingdom

**Score 7** Within the United Kingdom, Scotland, Wales and Northern Ireland have devolved governments, which have responsibility for major public services, such as health care and education. However, England has no devolved government, though 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 devolved governments and local authorities in England. The bulk of local authority revenue in England comes from central government grants. As a result, local authorities have been among the hardest hit by government spending cuts. Domestic property taxes are the principal revenue instrument available to local governments, but even the rate of property tax is determined largely 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. As such, any decisions about funding is 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 agreements could change if a future government decides that fiscal consolidation requires severe spending cuts.

The Scotland Act 2012 gave the Scottish Administration new taxation and borrowing powers. After the close outcome of the Scottish Referendum and as a result of the Smith Commission’s Report, the new Conservative government announced the devolution of further tax powers – including income tax powers – to the Scottish Parliament. The details of additional borrowing powers for the Scottish Parliament are currently negotiated.

The Welsh Assembly has far less fiscal discretion, but central government has agreed that borrowing powers should also be devolved to the Welsh assembly. A new settlement for Northern Ireland has also been under discussion for quite some time, but agreement had not been reached at the time of writing. 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 care have in recent years risen faster than general price levels, while the proportion of expenditure subject to the consumption tax has declined from 56% in 2005 to around 47% in 2015. In response, the previous Labor government attempted to address underfunding of health care and education, reaching funding agreements on health care with most jurisdictions in 2011 and making progress on agreements for school funding in early 2013. The coalition government elected in September 2013 has not 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 – 2015, the coalition government was faced with a significant budget deficit and will most probably cut task funding further. Alternatively, the GST may be raised.

Citation:

Australian Government 'Rethink Tax Discussion Paper', March 2015:  
<http://bettertax.gov.au/publications/discussion-paper/>  
<http://www.abc.net.au/news/2015-11-02/gst-hike-would-raise-130b-modelling-shows/6903782>

## 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, about 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 to the municipal level does not necessarily imply a corresponding allocation of adequate funds.

Municipal programs are monitored relatively closely by the central government, although spending overruns do sometimes occur, resulting in local-government debt. The quality of services provided by less wealthy municipalities are sometimes below average (for example, with regard to the public health care and education systems), and some are unable to raise the income required to provide the services themselves. This problematic situation is characteristic of Chile's centralized 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 2014, included several proposals designed to strengthen regional governments. Two such measures are slated for implementation by the end of 2017:

- Regional governors (Intendentes) will be elected directly, and be accountable to citizens of their region for promises made in their political programs.
- Regional governors (Intendentes) will be given responsibility for regional and urban territorial planning, the administration of the National Fund for Regional Development, and the implementation of social and economic policies at a regional level. The regions will create three new divisions for this purpose: Industrial Advancement (Fomento e Industria), Human Development, and Infrastructure and Transport.

In addition, the amount of federal funds provided to regional governments will be increased. The decentralization proposal contains an implementation timeline stretching through 2016.

Citation:

<http://descentralizacion.cl/>

<http://www.emol.com/noticias/nacional/2015/01/16/699525/presidenta-bachelet-firma-indicaciones-a-proyecto-de-ley-de-descentralizacion-del-pais.html>

[http://www.senado.cl/eleccion-directa-de-intendentes-permitira-regiones-mas-empoderadas/prontus\\_senado/2015-01-02/105200.html](http://www.senado.cl/eleccion-directa-de-intendentes-permitira-regiones-mas-empoderadas/prontus_senado/2015-01-02/105200.html)

## France

### Score 6

Over the past 30 to 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. To the contrary, local investment diminished in 2014 by 14% according to a recent report by the Court of Accounts. A dozen départements face great difficulty to meet their obligation to pay for the welfare benefit (Revenu de solidarité active, RSA) to be offered to people with insufficient income.

Thus, 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. For instance, municipalities suffer 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.

Some 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. In 2014 and 2015, the governing parties agreed to compensate states and municipalities for the costs associated with the increasing number of refugees claiming asylum.

## 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.

In 2015, the heads of more than ten local authorities championed a plan to redistribute education budget allocations according to the cities' socioeconomic ranking. This group, headed by Jerusalem mayor, Nir Barkat, asserts that the current method of education budget allocation does not take the economic and social situation of the local authorities into account, and perpetuates social gaps. However, this plan provoked resistance among rich municipalities and has not been accepted by the Ministry of Finance.

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:

Azulay, Yuval, "Barkat: Richer cities must pay more for education", *Globes*, 30.8.2015:

<http://www.globes.co.il/en/article-jerusalem-mayor-richer-cities-must-pay-more-for-education-1001065267>

(English).

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Saada, Aria, "Ombudsman's report 572: 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).

Ben-Bassat, Avi, Dahan, Momi, and Klor, Esteban F., "Representativeness and efficiency in local government", Jerusalem: IDI 2013: <http://en.idi.org.il/media/2464644/Representativeness-Abstract.pdf> (English).

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Milman, Omri, "Mayors to Kahlon: 'If you would promote the differential allocation we won't build in our territory'", Calcalist 2.9.2015:

[http://www.calcalist.co.il/real\\_estate/articles/0,7340,L-3668520,00.html](http://www.calcalist.co.il/real_estate/articles/0,7340,L-3668520,00.html) (Hebrew).

"Instructions for local authorities' budget frame proposal for the year 2012," Ministry of Interior website, (Hebrew).

## 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. After the Constitutional Court ruled that the existing legal framework governing the allocation of municipal revenue was not in line with the constitution, the Lithuanian government proposed a new procedure for allocating revenue to municipalities. However, this proposal will in fact increase municipalities' dependence on targeted central-government grants.

Citation:

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

## Portugal

Score 6

Portugal, unsurprisingly given its extremely small size, is one of the most centralized countries in Western Europe, with autonomous self-governing areas in the island regions of the Azores and Madeira. A total of 308 municipalities represent the main subnational level of government. OECD figures for 2012 (the latest available on the subject) show Portugal to have among the group's lowest relative levels of subnational public expenditure, whether as a percentage of total public expenditure (12.7%) or of GDP (6%). These are the fifth-lowest levels within the OECD, higher only than Luxembourg, Turkey, Ireland and Greece.

The subnational sector has long been burdened with increasing debts, and a number of municipalities have needed the support of the Municipal Support Fund (Fundo de Apoio Municipal, FAM), which requires beneficiaries to undergo an adjustment program. During the period under review, five municipalities were supported by the FAM, the largest of which was Aveiro.

In the period under review, in which austerity served as a central factor in all government decisions, including its relations with subnational entities, the government decentralized somewhat in the areas of health and education. However, resources remain scarce.

Citation:

[www.portalautarquico.pt=PT/financas-locais/transferencias/freguesias](http://www.portalautarquico.pt=PT/financas-locais/transferencias/freguesias)

OECD (2013), "OECD Regions at a Glance 2013

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at: [http://www.keepeek.com/Digital-Asset-Management/oecd/urban-rural-and-regional-development/oecd-regions-at-a-glance-2013/subnational-government-expenditure-as-a-of-total-public-expenditure-and-as-a-of-gdp-2012\\_reg\\_glance-2013-graph89-en#page1](http://www.keepeek.com/Digital-Asset-Management/oecd/urban-rural-and-regional-development/oecd-regions-at-a-glance-2013/subnational-government-expenditure-as-a-of-total-public-expenditure-and-as-a-of-gdp-2012_reg_glance-2013-graph89-en#page1)

Público (2015), “Cinco municípios vão receber ajudas de 95 milhões de euros,” 2/9/2015, available online at: <http://www.publico.pt/local/noticia/cinco-municipios-vao-receber-ajudas-de-95-milhoes-de-euros-1706699>

## Slovakia

### Score 6

In Slovakia, the degree of decentralization is relatively high. However, funding for subnational governments has been precarious. While the shares of both municipalities and regional self-governments in personal income tax revenues have substantially risen from 2014 to 2016, subnational governments have continued to 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.

## Spain

### Score 6

Spain has a very decentralized political and administrative structure, with 17 autonomous regions (“Comunidades Autónomas”) controlling over a third of public spending, including services such as health care and education. Some authors even regard the country as a federation, even if the high degree of regional devolution (self-rule) does not include effective shared rule. The system has also been occasionally associated with deficiencies in the process by which tasks are delegated to regions without adequate funding sources. It is also true that regions enjoy some power to raise revenue in order to counterbalance this insufficiency of funding, but they have tended not to use this power for fear of political backlash. In the context of the deep economic crisis and austerity that have characterized Spain in recent years, public-spending cuts and reinforced central control of the regional accounts have led to criticism of the central government for deliberately shifting unfunded mandates to the regions. As a result, some regions have been incapable of adequately fulfilling their delegated tasks without help.

In 2015, the central government reiterated tough budget-deficit targets for the regions, even though the EU had decided to loosen fiscal targets for the country as a whole. In addition, the period under review was deeply affected by the earlier enactment of 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 a stability target and expenditure rule. The debate over the criteria through which solidarity funding for regions and territories is allocated continues to be intense, with richer regions seeking a profound revision of the general funding system. 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 program providing inexpensive liquidity to the regions. This remained in force in 2015. The program includes the general Regional Liquidity Fund (FLA) and the so-called Supplier Fund (FFPP), which addresses funds owed by subnational administrations to public-procurement suppliers (usually small and medium-sized companies). Most regions depend on these funds in order to service their debt without paying exorbitant interest rates, since rating agencies have downgraded their credit ratings to so-called junk status, making it very difficult to obtain alternative funding. The FLA mechanism is paired with strengthened fiscal conditionality and supervision through continuous monitoring, helping to ensure achievement of the budget-deficit targets. However, some delays in payments have been reported.

Citation:

Spain Sticks to Tough Budget-Deficit Targets for Regions  
[www.wsj.com/articles/SB10001424052702303644004577523092090222740](http://www.wsj.com/articles/SB10001424052702303644004577523092090222740)

## 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 2014-2015 fiscal year, the government allocated €18 million to a village infrastructure project (KÖYDES), €89,9 million to the Drinking Water and Sewer Infrastructure Program (SUKAP), €74 million to the Social Support Program (SODES).

The previous governments have been frequently 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 March 2015, municipalities owed a collective total of €3.5 million to the Treasury.

The recent change in regulations governing metropolitan municipalities was designed to generate funds for them. However, this shift is expected in turn to 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 are expected to be undermined in the long run.

## Citation:

TC Kalkınma Bakanlığı KÖYDES Projesi 2015 Ödeneği, 20 January 2015, [http://www.migm.gov.tr/Dokumanlar/2015\\_1\\_KOYDES\\_YPK\\_KARARI.pdf](http://www.migm.gov.tr/Dokumanlar/2015_1_KOYDES_YPK_KARARI.pdf). (accessed 27 October 2015)

2015 Yılı Yatırım Programı yayımlandı, 15 January 2015, <http://www.bloomberght.com/haberler/haber/1702267-2015-yili-yatirim-programi-yayimlandi> (accessed 27 October 2015)

TC Sayıştay Başkanlığı Kalkınma Bakanlığı 2014 Yılı Sayıştay Denetim Raporu, [http://www.sayistay.gov.tr/rapor/kid/2014/Genel\\_B%C3%BCt%C3%A7e\\_Kapsam%C4%B1ndaki\\_%20Kamu\\_%C4%B0dareleri/KALKINMA%20BAKANLI%C4%9EI.pdf](http://www.sayistay.gov.tr/rapor/kid/2014/Genel_B%C3%BCt%C3%A7e_Kapsam%C4%B1ndaki_%20Kamu_%C4%B0dareleri/KALKINMA%20BAKANLI%C4%9EI.pdf) (accessed 27 October 2015)

Belediyeler borç batağında çırpınıyor, Zaman daily newspaper, 26 April 2015. [http://www.zaman.com.tr/ekonomi\\_belediyeler-borc-bataginda-cirpiniyor\\_2291033.html](http://www.zaman.com.tr/ekonomi_belediyeler-borc-bataginda-cirpiniyor_2291033.html) (accessed 27 October 2015)

## 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. However, due to the fact that, with the exception of a few large city municipalities, central government transfers constitute a large share of a municipality's budget, most of the shortages in mandated budgets remain covered by the central budget.

## Italy

### Score 5

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 Renzi 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. At the same time, the government has reduced the autonomy of municipalities to levy property taxes. As a result, functions delegated to subnational governments are now often underfunded, and local authorities have been forced to cut services.

## 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 increasingly under pressure given the aging of the population and social-policy expenses related to growing income disparities and poverty rates.

Japanese authorities are well aware of these issues. Past countermeasures have included a merger of municipalities designed to create economies of scale, and a redefinition of burdensome local-agency functions. 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. In 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. In 2015, a program creating regional vitalization special zones followed. Many observers doubt whether the approach being 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>

Cabinet Secretariat, Council on National Strategic Special Zones, Meeting notes of 19 March 2015, [http://japan.kantei.go.jp/97\\_abe/actions/201503/article6.html](http://japan.kantei.go.jp/97_abe/actions/201503/article6.html)

## Malta

### Score 5

Local councils in Malta are primarily municipal bodies, and cannot raise revenue through local taxes. Local councilors are elected by a local popular vote. Nearly all funding for local-government activities comes from the central government, with a small fraction sourced from local traffic fines. The funding formula for local councils is based on geography and population, but – despite legal provisions – local councils run budget deficits, which indicates that delegated tasks are not adequately funded. However, at the beginning of 2015, the government launched a fund for local councils' capital projects.

#### Citation:

44 local councils request devolution of government property Malta Today 11/09/2015

Money for local councils Times of Malta 14/02/2015

## Netherlands

### Score 5

In 2011, revenue sharing from the national budget comprised two-thirds of the combined income (€3.6 billion) of the 441 local and municipal governments; revenues raised by local governments themselves made up the remaining one-third. Half of the income derived from national revenue sharing comes from a general fund for local government (Gemeentefonds). The other half of the national budget share comes from policy-related national subsidies (doeluitkeringen). In recent years, the financial position of local governments has improved somewhat thanks to growth in the general fund and greater reliance on local governments' own revenues (minus local taxes).

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 (falling from 62% in 1990 to 34% in 2011) and in number (from over 400 in 1985 to less than 50 at present). As of 2015, the national government has pursued a far-reaching decentralizing of policy tasks (in youth work, chronic patient care, social benefits, worker-activation employment programs). However, local-government budgets are supposed to contribute to meeting the European Monetary Union 3% government-deficit norm by accepting a decrease in their total budget. In 2014, local governments on average received €1,091 per inhabitant; in the coming years this will decrease to approximately €50. In addition, the national government has placed new restrictions on the way municipal governments spend their own income. Local governments will be expected to “do more with less” in the upcoming years. The Center for Economic Policy Analysis recently proposed that local governments expand their local tax base; combined with a decrease in national taxes, this would simultaneously be good for the national economy and local democracy.

#### Citation:

Gijs Oskam, Gemeentefonds voor beginners, september 2012 (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

“Laat gemeente meer belasting heffen”, in NRC-Handelblad, 25 April 2015

## Sweden

### Score 5

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.

As a reaction to the large number of asylum seekers in 2015, the red-green government to a great extent funded the additional work required of local authorities. However, this additional funding does not change the fact that in more routine exchanges between the central government and local government, funded mandates remain usually insufficient.

Citation:

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

## Belgium

Score 4

Several core responsibilities of the Belgian central government have been delegated to regional or sub-regional levels over the recent decades: to the three regions (Flanders, the Brussels region and Wallonia), to the linguistic communities (Flemish, French and German), and to the municipalities (communes/gemeenten; a city may be subdivided into several communes). Due to recurrent political stalemates between the Flemings and Francophones, the Brussels region has 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.

## 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 contributes about 90% of all tax revenues and slightly more than half of total revenues. The remaining taxes account for only around 6% of total revenue, the most important being the property tax (approximately 3,3% of total 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 17% of total subnational revenues). Grants from the central government (often administered via counties) and various assistance funds from abroad rank third. Finally, about 8% of subnational governments' revenues derive from the various types of property they own (business premises, apartments). The reduction of the personal income tax in 2015 has drastically deprived local governments of significant revenue. Strong regional and local differences have long hindered subnational governments from being properly financed. Many municipalities and towns, most of them in rural areas, are poor and therefore face severe difficulties in providing public services.

## 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 local government budget needs. Draft laws for municipality reforms have been pending before parliament since summer 2015. These aim to tackle problems such as redundancies in services provision, which along with mismanagement have brought municipalities to the brink of collapse. Greater centralization and reductions of state funding are expected, as municipal authorities' planning and deliberation capacities seem to be problematic.

### Citation:

1. Press report on financial management by municipalities, Cyprus Mail, <http://cyprus-mail.com/2015/04/04/audit-watchdog-eyes-fat-mayoral-pensions/>
2. Press commentary on reforms of local authorities and funding, Cyprus Mail, <http://cyprus-mail.com/2015/07/23/our-view-municipal-reform-an-unsatisfactory-but-inevitable-compromise/>

## 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, 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. However, in response to recent Supreme Court rulings, the central government has sought to pass new laws that make the problem of unfunded mandates even more complicated (for example, by refusing to continue central-government subsidies for private schools).

## Slovenia

**Score 4** Municipal governments – the sole tier of subnational self-government in Slovenia – have suffered substantial fiscal difficulties for some time. The Cerar government has focused on bringing down the bureaucratic burdens without reducing the number of municipalities. However, the measures taken have not been very effective, and municipalities have suffered from the government’s decision to postpone the re-introduction of the property tax. Government proposals to lower central government transfers have met resistance by the Association of Municipalities and Towns of Slovenia (SOS) and the Association of Municipalities of Slovenia (ZOS). In September 2015, both associations have filed a lawsuit to Ljubljana District Court against central government, arguing that the latter has broken an agreement on the amount of central government transfers for 2015.

## 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 took the unprecedented step of challenging the central government over the lack of support for welfare funding, criticizing the central government for shifting a huge financial burden to the local

level. They also accused funding policy of being politically motivated, criticizing Park Guen-hye's election commitment to fund regional governments even though local governments were already deeply troubled financially, and unable to execute basic administrative functions such as 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

## Romania

**Score 3** The funding of subnational governments remains a serious problem in Romania. Most localities are strongly dependent on discretionary allocations from the central government, which are predominantly allocated along partisan criteria. The Ponta government significantly expanded the state reserve fund, a major instrument in providing such allocations.

## Greece

**Score 2** After the onset of the crisis (May 2010), 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. The situation became worse in the period under review. After the formation of the Syriza-ANEL government in January 2015, the realization that the state's coffers were being rapidly emptied, as Greece had not received any loan installment since August 2014, led to the compulsory transfer of funds from subnational authorities (regional governments, municipal authorities) to the central government. The Syriza-ANEL government resorted to this measure because for most of 2015 it was under pressure to find money in order to pay the salaries and pensions of public employees, while government revenue was not forthcoming.

## 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). On some policy dimensions (e.g., spatial planning, transport, education, culture, applied research, local authorities, etc.), the regions and communities are actually becoming more powerful than the federal government. The tensions between the country's linguistic communities as well as between its geographically defined regions (both the communities and regions have their own political institutions and administrations) reinforce this trend.

### 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 make 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 2011/2012 constitutional bill 2012 introduces a couple of local government provisions.

:

Eythórrsson, 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, 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 infrastructural services. Municipalities may not be burdened with new

functions or with 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 state right to intervene. Control may be exercised only in accordance with specific legal provisions. Thus, subnational autonomy is guaranteed and protected by law. Still, the autonomy of local government may be curtailed in practice by financial pressures. The SOTE reform of November 2015, with its resulting 18 autonomous regions and 15 regions for the organization of social-welfare and health care tasks will lead to greater complexity in terms of financing structures, accountability and responsibilities.

## 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. In terms of crisis, extraordinary challenges or when there are major national interests at stake, however, government can increase its pressure on local government, despite the latter's formal autonomy. In these cases, the usual procedure is first to negotiate with the Swedish Association of Local Authorities and the Regions (SALAR) and, if that proves unsuccessful, introduce stronger regulatory measures. For instance, in 2015, to what extent the central government should force all local authorities to receive asylum seekers was extensively debated.

## 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 constitution dictates 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 regions are mainly responsible for health care provision and regional development, while the municipalities have a wider range of tasks. They are the main provider of welfare services: schools, day care, care for the elderly, libraries, sports and roads. They play an important role in employment policy as well.

Citation:

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

Carsten Henrichsen, *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. However, financial difficulties prevent, particularly more disadvantaged, states and municipalities from fulfilling their legal responsibilities (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.

When ruling on the constitutionality of Obama's health care reform, the Court's conservative majority pronounced the act as not sustainable under the constitution's Commerce Clause, but nevertheless upheld most of the law's provisions as an acceptable exercise of the government's taxing power.

## 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 public procurement. This issue has also featured prominently in the government's 2015 Anti-Corruption Action Plan.

## 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). In order to balance the national budget, central government transfers to local authorities are repeatedly cut. These cuts are typically applied universally, rather than selectively. However, in several emergencies, the national government has given substantial financial aid to municipalities and regions. The Renzi government's constitutional reform, finally approved by the parliament in May 2016, will reduce drastically the areas of legal conflict between central and local governments.

## Luxembourg

**Score 7** Local government depends increasingly on transfers from the central government. Land-use regulation was centralized during the review period. Nevertheless, 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 the passage of education reforms, municipalities lost one of their major prerogatives, which was the autonomous management of primary-school (students four to 12 years old) teaching staff. In return, the government has promised to provide more autonomy through territorial reform, especially in the form of expanded financial autonomy and the provision of support for 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)

[http://www.dat.public.lu/publications/documents/bericht\\_ivl\\_2004/bericht\\_ivl\\_de.pdf](http://www.dat.public.lu/publications/documents/bericht_ivl_2004/bericht_ivl_de.pdf)

[http://steinschultz.de/steinschultz2014/wp-content/uploads/2013/pdf/stein\\_raumvision\\_2007.pdf](http://steinschultz.de/steinschultz2014/wp-content/uploads/2013/pdf/stein_raumvision_2007.pdf)

Eser, Th. W./Scholtes, M. (2008), Raumentwicklung, Regionalpolitik und Landesplanung, in: Lorig, W./Hirsch, M. (ed.), Das politische System Luxembourgs, Wiesbaden, pp. 286-309.

## 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. The Kopacz government has largely refrained from intervening in the affairs of subnational governments.



## 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, the government has not yet 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 profiles 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 November 30, 2015).

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 under the present government.

## United Kingdom

Score 6

A distinction must be made between local authorities of England, on the one hand, and the Scottish Parliament, the National Assembly of Wales and Northern Ireland Assembly, on the other hand. The devolved governments of Scotland, Wales and Northern Ireland enjoy considerable autonomy from central government, in contrast to the strong restrictions on local authorities in England. In recent years, the trend has been reversed through measures stemming from the 2011 Localism Act. These measures substantially increased local authorities' decision-making and spending powers over, for example, health care, skills training, transport, employment support, physical infrastructure investment and housing. An evaluation by the Council of Europe notes a general satisfaction with recent developments in the UK, but expresses concern about funding and "the limitation of local authorities' discretion to manage local affairs through the intervention by various ministries of the central government."

In November 2015, only four cities in England had directly elected mayors with executive responsibilities, though many localities have a purely ceremonial role of Lord Mayor. These four cities include London (as a result of acts only applicable to the city), Bristol (following a local referendum in 2012), Leicester and Liverpool (both of which established a mayoral system without holding a popular vote). A total of 17 local authorities have elected mayors, a small proportion of the total number of local authorities in England. Although indirectly elected council leaders can also exercise similar powers.

However, this situation is in the process of changing with England on the cusp of significant devolution of powers. The devolution of powers to each local authority will have to be customized, with each “devolution deal” the outcome of a dialogue between central government and the relevant local authority. Consequently, there will not be a single model of devolution, which will further complicate any assessment of the degree of local authority discretion. Greater Manchester will be the first local authority to receive devolved powers under this process. By September 2015, a total of 38 proposals had been submitted. Devolution deals have also been agreed with several other cities, while negotiations are ongoing with many other urban and rural areas.

The Scottish Parliament and the Scottish government have become major political actors. Although the powers of the Scottish Parliament are revocable by central government, they should 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 antagonized central government, the central government 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> [https://wcd.coe.int/ViewDoc.jsp?id=2171585#P1228\\_238807](https://wcd.coe.int/ViewDoc.jsp?id=2171585#P1228_238807)

## 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 the regional level, however, governors’ autonomy is limited by their simultaneous

function as representatives of the national government. A draft law has been elaborated that would enhance regional governors' (Intendentes) financial autonomy. This draft law had not passed the parliament by the end of the period under review.

## 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 local governments are very small – governing areas with fewer than 2,000 residents, with eight to 10 civil servants in the municipal government. 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. The act also replaced the existing

regional authorities with three new Regional Assemblies that are tasked with preparing Regional Spatial and Economic Strategies by 2016. Local Community Development Committees have also been established. It remains to be seen if these developments will significantly increase subnational implementation autonomy.

## 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, but often prevent local autonomy. However, in 2014 the Knesset approved an amendment to the municipalities law, which defined standards for the recognition of “Strong Municipalities.” Strong Municipalities, according to this new amendment, would gain some concessions to lessen their dependence on the central government, enhancing decentralization of authorities between the central government and local governments.

### Citation:

Benita, Rinat, “Local Authorities in Israel”, The Knesset Research Center, 17.5.2015:

<http://main.knesset.gov.il/Activity/committees/InternalAffairs/Documents/rashpnim.pdf> (Hebrew).

Hayman-rysh, Noami, “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 affected 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 sources of revenue, instead being dependent on central-government transfers. This means that the central government generally has considerable control. This control increased with the bailout, and continues to be substantial afterward as the country seeks to reach the euro zone deficit targets. For example, the central government has imposed its own conditionalities on the Madeira regional government, as well as on municipalities that have requested central-government help. However, much the same is true of municipalities that did not seek a central-government bailout, as the increasing tightening of financial expenditure has resulted in budget cuts for programs that involved partnerships between central and local governments.

## 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 larger number of small municipalities limit local autonomy, and Cerar government did little, if anything, about it. Policymakers at the national level tend to neglect local interests.

Citation:

Rožen Tomaž and Miro Haček. 2014. Merjenje upravljavske 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. The decision to create a government-written history textbook for secondary students has caused huge conflicts between the Minister of Education and local governments' superintendents of education. While many superintendents of education are opposed to the government policy, the central government has pressured local governments to follow the policy.

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

Although the highly decentralized Spanish system usually enables the 17 autonomous regions (comunidades autónomas) to use their substantial powers of self-rule to the full, 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. As discussed under “Sustainable Budgets” and “Task Funding,” Organic Law 2/2012 on Budgetary Stability and Financial Sustainability of Public Administrations imposes drastic austerity conditions and debt targets on all public administrative bodies. With this legislation, the central government is – despite formally respecting autonomous regions’ constitutional autonomy – de facto narrowing their scope of discretion with regard to implementation. The fiscal regulation is even tougher in its treatment of local governments (which bear responsibility for roughly 15% of total public spending in Spain) and the central government has forbidden them from carrying out any tasks on policies for which the legal competence is not explicitly local.

The Ministry of Finance’s attempt to impose stronger expenditure rules at the regional level may have primarily been intended to appease potential bond buyers, but the central government may also have taken advantage of this situation to seek to weaken the regions politically. Some regions (particularly those like Catalonia and the Basque Country, which are governed by peripheral nationalist parties) have tried to protect themselves from what they deem excessive central control. Since 2012, Catalonia has even threatened secession as a consequence of several central initiatives that the regional government alleges have severely reduced its economic

capacity and political autonomy. Examples of this recentralizing trend not only include the aforementioned restrictions on regional public deficits and public debt, but also other measures such as the legal reform on market unity and the new laws on the external-action service and education.

However, it is also true that the central government has decisively helped the cash-strapped regions and local entities through the regional-liquidity funds (FLA and FFPP) introduced in 2012 and extended through 2015. In the absence of these instruments, considering the extraordinary funding difficulties regions have faced since 2010 (lacking access to international capital markets), they would have been unable to exercise some of their policy functions. Most autonomous regions have borrowed money from this liquidity fund; indeed, despite the region's secession threats, Catalonia has actually been the region to take greatest advantage of this rescue mechanism.

Citation:

Organic Law 2/2012 on Budget Stability and Financial Sustainability [www.spanishreforms.com/-/organic-law-on-budget-stability-and-financial-sustainability](http://www.spanishreforms.com/-/organic-law-on-budget-stability-and-financial-sustainability)

## 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.



In mid-2014, some mayors in the southeast Anatolian region called for the transfer of half of the state's share yielded from oil drilling to the municipality of the province in which oil is produced.

Soon after the June 7 parliamentary elections, a total of two towns and 16 municipalities (14 towns and two neighborhoods in İstanbul) declared self-government. The government took a strong stand against these declarations, and judicial investigations were initiated against mayors and other people in charge.

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

Mehmet Zahid Sobacı, Türkiye'nin Avrupa Yerel Yönetimler Özerklik Şartı'na Uyumu: Özerklik Miti, 2015, <http://setav.org.tr/turkiyenin-avrupa-yerel-yonetimler-ozerklik-sartina-uyumu-ozerklik-miti/analiz/18570>

Öz yönetim ilan edilen merkez sayısı 16'ya yükseldi, 20 August 2015, <http://t24.com.tr/haber/oz-yonetim-ilan-edilen-merkez-sayisi-16ya-yukseldi,306949>

HDP submits bill for oil revenue sharing with local governments, 3 July 2014, <http://www.hurriyetdailynews.com/hdp-submits-bill-for-oil-revenue-sharing-with-local-governments.aspx?pageID=517&nID=68621&NewsCatID=348>

## 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)

<http://www.smh.com.au/federal-politics/political-news/everything-is-on-the-table-leaked-coag-agenda-reveals-gst-changes-being-considered-20151208-gli766.html>

## Bulgaria

Score 4

Bulgaria is a unitary state with two levels of government – national and 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 central government

transfers, because their own revenue base is inadequate for generating the necessary revenues. On occasion, the central government attempts to capitalize on this dependence or has favored local governments affiliated with the governing 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. The Milanović government established an Advisory Council for Decentralization headed by Deputy Prime Minister Neven Mimica in February 2012, but eventually failed to clarify the relations between the different tiers of government.

## 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. Election of local government bodies (previously appointed) began in 1986, or even later for new municipalities, a fact that helps these bodies' limited experience and capacities.

Budgets, along with management decisions regarding selected financial issues and assets, are subject to approval by the Council of Ministers. Additionally, a reorganization and restructuring of local government bodies envisaged by draft laws (as of mid-2015) will curb powers and funding levels. These have been motivated by arguments that the number of municipalities is excessive and management is deficient.

## 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 ally, the Komeito, took up this proposal in their 2012 election platforms, but their ability and willingness to turn this controversial idea into practice remains doubtful.

## Netherlands

### Score 4

Dutch local governments are hybrids of “autonomous” 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 rather extensive detail by ministerial grants. Increasingly, the Dutch national government uses administrative and financial tools to steer and influence local policymaking. Some would go so far as to claim that these tools have in sum created a culture of quality control and accountability that paralyzes local governments, violating the European Charter for Local Government. 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.

## Hungary

### Score 3

Hungary has undergone a far-reaching reform of local government. The government has 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 has been especially severe in the case of the city of Budapest, a traditional liberal stronghold which has since lost its special role in national politics. 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. Local Fidesz strongholds like Debrecen seem to have enjoyed special treatment in the process of allocating EU funds.

Citation:

Vörös, Imre (2015) "Hungary's Constitutional Evolution During the Last 25 years", *Südosteuropa, Special Issue, Hungary's Path Toward an Illiberal System*, Vol. 63, No. 2, 173-200

## 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** Autonomy of 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.

## 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.

## Greece

- Score 2** 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, a prospect that came too close to becoming a reality in the summer of 2015.

Citation:

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

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.

Citation:

Jørgen Grønnegård Christensen et al, Politik og forvaltning. 3rd ed., 2011.

### 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. Following the protest of business and local politicians against a flood of norms and standards, the government has started an enquiry and taken a few measures of “simplification” but, to date, no significant results have been observed.

## 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 one reason why conflicts of interests between national and local mandates sometimes arise in parliamentary processes, depending on the issues being discussed.

Citation:

<http://www.cour-des-comptes.lu/>

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

<http://www.wort.lu/fr/luxembourg/depute-maire-deux-mandats-qui-ne-seront-plus-cumulables-au-luxembourg-52a59f5de4b010cbc9a3834b>

## 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 standards of social services. Nevertheless, central government monitors compliance with some standards and has even raised certain standards to an unattainable level, given what financial support is available to local governments.

## 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. Within the central government, 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 the prefectural level, there is a rather elaborate training system that is linked in various ways with national-level standards.

A unified digital "My Number" system (the new social security and tax number system) was introduced for citizens in 2015 to help authorities with providing and enforcing uniform services. It has faced some public opposition due to privacy and procedural concerns, however.

Citation:

Kyodo News, My Number law takes effect amid privacy fears, The Japan Times, 5 October 2015, <http://www.japantimes.co.jp/news/2015/10/05/national/number-law-now-effect-notifications-set-sent/>

## 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 (fylkesmannen), 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. Changes to the tax distribution mechanism for voivodships (the so-called Janosikowe) as well as a change in the electoral law for the November 2014 local elections (when single-seat constituencies were introduced on the gmina level in order to increase the accountability of local representatives), enhanced opportunities for regional self-administration.

## Estonia

### Score 7

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. Local governments were not part of this national system and 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 as well. In 2013, a green paper on public services was approved by the government cabinet, establishing online-service standards as the main priority. In 2015, the government cabinet launched a follow-up project aiming to set up a comprehensive system for measuring the quality of all e-services no matter what the provider, content or location. This process is currently underway; thus, it is too early to evaluate.

## Finland

### Score 7

Since local authorities have the constitutional right to use their own discretion, the central government has limited capacity to ensure that national standards are consistently met. Local governments are separate from the central government, with municipal authorities recognized as existing independently of the state. Still, appeals to administrative courts regarding 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 reform of municipalities and services now ongoing for years aims to increase the effectiveness of public-services provision in peripheral regions and improve local governments' fiscal sustainability. The extent to which these reforms can meet the stated goals remains an open and much-debated question



## 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 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, building and maintaining the primary national road network, and, since 2014, the provision of water services) are provided by the central government or national public utility companies; there is little scope for subnational governments to influence standards.

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 is 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:

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## 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. This includes 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, policy formulation, 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-level 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.

Multilateral agreements between some or all cantons (“Konkordate”) for common standards of public services can be seen as a functional equivalent to national policy standards.

## 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. Recently, the Care Quality Commission, a body designed to oversee the quality of health and social care, was criticized for a lack of transparency. A subsequent report by the National Audit Office found that, while there had been considerable improvements, shortcomings still needed to be addressed.

Although central government has the capacity to ensure national standards on this issue, it does not always do 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) 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 ongoing Civil Service Reform, which started in 2012, set a new range of national standards, especially in skills, accountability and transparency. It has already introduced additional equal employment requirements to increase the proportion of women and ethnic minorities employed by public agencies to better reflect the UK population.

#### 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> <https://www.nao.org.uk/wp-content/uploads/2015/07/Capacity-and-capability-to-regulate-the-quality-and-safety-of-health-and-adult-social-care.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.

## 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 efforts seeking broader implementation of this policy have stalled in parliament.

### Citation:

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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%F0ojo%20valdymo%20tobulinimo%20programa&p\\_tr2=2](http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=418407&p_query=vie%F0ojo%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. Central departments set the benchmarks for services provided by local councils. 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. The National Audit Office rather than the Department of Local Government has by and large driven reform of local councils. 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 extracurricular 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. As a result, environmental-policy coordination has been deadlocked since 2012 (for instance, the regions have been unable to reach agreement on sharing carbon-emission decreases, with the result that Belgium lacked an official proposal as the COP21 meeting approached in Paris). In addition, subnational 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.



## Mexico

**Score 5** In general, the central government does as well as circumstances permit. 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-upon national standards. Several studies by local audit chambers have involved comparisons and benchmarks for particular kinds of services. Local governments have been organizing voluntary 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 funding cutbacks, it is likely that the uniformity of national standards in the delivery of municipal services 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** The central government has in principle always been committed to ensuring uniform national standards for public services, but this 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.

Since 2012, new regulations on financial sustainability within public administrations and local governments have strengthened the tools through which the central government can ensure that regional and local governments realize national minimum standards. The health care reform, with its emphasis on the so-called Common Services Portfolio of the National Health System, is a very good example of a recent development through which central government has sought to ensure that the decentralized provision of a public service is universal, free and complies with standards set on the national level, but also cedes some control to the regions.

Citation:

[www.msssi.gob.es/gabinetePrensa/reformaSanidad/docs/cuadripticoReformaSanitaria.pdf](http://www.msssi.gob.es/gabinetePrensa/reformaSanidad/docs/cuadripticoReformaSanitaria.pdf)

## 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 work 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.

Currently, all municipalities (metropolitan, province and town) have developed service standards for health, transportation, environmental protection, real estate, construction etc. in proportion to their size and scope of activities. However, there is no effective mechanism to assess whether these standards are met or not.

Citation:

İBB Hizmet Standartları Tabloları, [http://www.ibb.gov.tr/tr-TR/Pages/Hizmet\\_Standartlari\\_Tablolari.aspx](http://www.ibb.gov.tr/tr-TR/Pages/Hizmet_Standartlari_Tablolari.aspx)

Diyarbakır-Kayapınar Belediyesi Hizmet Standartları, <http://www.diyarbakirkayapinar.bel.tr/zkb/hizmet-standartlari>

## 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 and regional and local inspection. 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 still 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. So far efforts to overcome it have not proven very successful.

National standards have increasingly been adopted for utilities (e.g. water, electricity and communications), but in most cases independent authorities are responsible for the definition and implementation of standards. Implementation in this field is fairly adequate.

The Renzi government has demonstrated a willingness to enforce national standards by overruling regional administrations.

## Slovakia

**Score 4** Public-service 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 Ministry of the Interior is responsible for overseeing subnational self-government, but largely focuses on formal compliance with existing laws and cost efficiency. While the ministry regularly monitors all levels of self-government, the number of breaches of the law and the extent and effects of ministerial intervention are not transparent. Clearly, there are differences between national and EU standards that negatively influence the effective use of EU structural funds. 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 the

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. As every municipality is autonomous in providing such services, their extent and quality differ substantially across the country. Financial controls and inspections are often ineffective due to the lack of resources and staff. 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.

## 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, the creation of mechanisms to monitor or ensure compliance with standards is an objective of reforms currently underway. The development of strategic-planning capacities would enable rules and regulatory frameworks to apply consistently across all government levels. This would reduce individual discretion as a factor in each body's interpretation and implementation of the law. However, ultimate results in this area will depend on the final content and implementation of laws still in draft form as of the time of writing.

## 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, that hospitals, welfare services and schools were understaffed in these areas was already common and obvious before the government turnover of January 2015 (when the New Democracy-PASOK coalition was thrown from government). In the period under review, owing to the crisis, to meandering policies of the Syriza-ANEL government and to the very long time it took to formulate the third bailout package (eventually signed in July 2015), the situation became worse. Supplies like medical 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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