



# Implementation Report

Government Effectiveness, Ministerial Compliance, Monitoring  
Ministries, Monitoring Agencies|Bureaucracies, Task Funding,  
Constitutional Discretion, National Standards, Regulatory Enforcement

## Sustainable Governance Indicators 2019

## Indicator

## Government Effectiveness

## 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.

## 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, OECD entry requirements – 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 European Union, NATO, Council of Europe and 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. In 2016, however, a reform of the teacher compensation system was passed and significant curriculum reform is currently being implemented. 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 NAP2020 mid-term evaluation noted that despite some successes in achieving several goals set out in the plan (e.g., ICT and e-governance), other goals have not been achieved and will likely not be achieved before the end of 2020. For example, in the science, research and innovation policy field, the level of investment has continued to decline, in stark contrast to the projected investment in 2014. This creates the conditions that lead to weak performance, and the outflow of knowledge and highly skilled professionals to other countries (i.e., “brain drain”). Similarly, developments in general education have been insufficient as has the reduction of general emigration levels.

## New Zealand

### Score 9

Throughout the review period, the Labour-NZ First government held minority status, though the Green party gave support and confidence to the 55 seat minority-coalition government. This resulted in a 63 majority in parliament, enough to ensure that Prime Minister Ardern (Labour party) maintained the confidence of the unicameral legislature.

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, the minority-coalition governments has been relatively successful at implementing its agenda. The focus of the government’s policy priorities included: climate change; building a strong and competitive zero carbon economy; funding major health policy projects and educational and housing reforms; reducing the incidences of child poverty and domestic violence; strenghtening relations with the EU, supporting TPP-11 and recalibrating NZ’s relations with South Pacific island states through a more proactive and more partner-oriented developmental cooperation policy.

## Sweden

### Score 9

The implementation capacity of the Swedish government is strong. The circa 340 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

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 225,000. 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 dialog 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.

The main challenge in implementing government policies is not institutional but rather political. The previous red-green government did not control a majority of seats in the parliament. As a consequence, policy proposals had to be negotiated with the opposition parties. If all opposition parties united against the government, the government's proposals were defeated. The complexity of this parliamentary situation significantly complicated the policy process. This complexity continues since the 2018 elections, where the chances for a stable majority government appear very slim.

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 must 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.

## Austria

Score 8

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.

This may not change under the newly formed coalition government. There is a new coalition partner, the FPÖ. However, the structure of a two-party coalition will be the same as before. Each governing party promote its role in government, even if this means distancing itself from their coalition partner.

During its first year, the ÖVP-FPÖ coalition has rather successfully overcome the traditional pattern of “opposition within the coalition.” The strategic formula “message control” has prevented internal coalition conflicts becoming public. However, some recent developments indicate that this may change. For example, some ÖVP-members of the parliamentary committee that is looking into the performance of the FPÖ-led Ministry of the Interior demonstrated their unhappiness with the ministry’s performance regarding a police action directed against the “Bundesamt für Verfassungsschutz und Terrorismusbekämpfung” (BVT). In the long run, this may lead to the return of the old pattern in which one governing party has little interest in the success of its coalition partner.

Citation:

During the first months of its existence, the OeVP – FPÖ coalition has tried to overcome (until now rather successfully) the pattern of “opposition within the government.” The overall mantra of “message control” has prevented that conflicts within the government became public. This may change as some indications especially concerning the FPÖ-led ministry of the interior demonstrate. The parliamentary committee established to look into a specific event (police activities directed against the “Bundesamt für Verfassungsschutz und Terrorismusbekämpfung,” BVT) show that the OeVP (or at least some members of the OeVP in parliament) are rather unhappy with the FPÖ-minister’s performance. On the long run, this could lead to the return of the traditional pattern: one governing party has not interest in the success of the other governing 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.

Three quarters of the way through its term, the Liberal government has already implemented many of the policies that the party campaigned on in the October 2015 election (e.g., a gender-balanced cabinet, reinstatement of the long-form census, a new child benefit system, progressive tax reform, pension reform, approving major infrastructure projects and increasing the independence of Statistics Canada). Most recently, the government has legalized cannabis consumption, made further changes

to the tax code and made preparations to implement a carbon tax in provinces without an equivalent program.

Yet, many social problems targeted by public policy (e.g., persistent education and health care disparities between Canada's indigenous and non-indigenous populations) are 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 immigrants – are implemented by provincial governments and requires provincial cooperation to achieve federal policy objectives.

Reports from the Office of the Auditor General provide numerous examples of the government's failure to implement its own policy programs. The latest series of reports (spring 2018) were no exception, but were unusual in that the auditor general expressed serious concerns regarding “fundamental failures of project management and project oversight,” citing “incomprehensible failures” in the design and implementation of the Phoenix pay system (for government employees) and various Indigenous programs, both of which were passed from government to government. His conclusion was that Canada has a “broken government culture.”

Citation:

Office of the Auditor General of Canada, “Message from the Auditor General of Canada on the 2018 Spring Reports of the Auditor General of Canada to the Parliament of Canada”, available at [http://www.oag-bvg.gc.ca/internet/English/parl\\_oag\\_201805\\_00\\_e\\_43032.html](http://www.oag-bvg.gc.ca/internet/English/parl_oag_201805_00_e_43032.html)

## Denmark

### Score 8

The Danish government administration has a reasonable track-record in implementing its agenda. 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 government. 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. There are now proposals to abolish the regions, which are largely responsible for hospitals, as part of a health care policy reform. The government wants the reform to be adopted before the next parliamentary election, which must take place before June 2019.

Citation:

Jørgen Grønnegård Christensen et al., Politik og forvaltning, 4. udg., 2017, chapter 2.

Jørgen Grønnegård Christensen and Jørgen Elklit (eds.), Det demokratiske system. 4. udg., Hans Reitzels Forlag, 2016.

## Estonia

### Score 8

The Basic Principles of the Government Coalition for the period 2016 – 2019 stipulate four priorities: to safeguard and increase national security, to bring Estonia out of economic stagnation, to increase public welfare and cohesion, and to increase the population. The Government Action Plan 2016 – 2019 and a user-friendly overview of the major accomplishments in each policy area are published on the government website. By the end of 2017, the government had accomplished 83% of the planned tasks. Among them was an ambitious administrative reform that reduced the number of municipalities from 213 to 79 and increased the median number of inhabitants per municipality from 1,887 to 7,739 people – a task that several previous coalitions had failed to accomplish.

As a joint effort between the think tank Praxis and Estonian Employers' Confederation, an independent project Riigireformi Radar (Governance Reform Radar) was launched in 2016 for monitoring the administration's performance in making the government more efficient. An expert panel assesses the government's performance every three months along five dimensions. Overall, the evaluation had been critical of the pace of administrative reform. However, the panel's activities seem to have been put on hold and the latest evaluation of administrative reform (the amalgamation of municipalities) dates back to March 2018. Their activities and the most personnel have been funneled into a Governance Reform Foundation (Riigireformi SA), a think tank established in May 2018 to generate and lobby for proposals rather than monitor government.

## Finland

### Score 8

Given that Finland has lately been governed by broad or fairly broad coalition governments, the constitutional and 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. However, according to the review, the largest and most difficult program issues remained unsolved. 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. 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. The program announced five strategic priorities that are manifested in 26 key projects, the primary goal being to bring the Finnish economy onto a path of sustainable growth. An action plan for implementation was published in February 2016, with updated versions published in 2017 and 2018, and a Legislation Assessment Council was appointed in April 2016. Follow-up estimations are now web-published at regular intervals. As evident from these assessments, the government's likelihood of success in implementing its objectives remains a somewhat open question. The government has already been forced to back away from several of its proposals.

Citation:

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

[valtioneuvosto.fi/implementation-of-the-government-programme](http://valtioneuvosto.fi/implementation-of-the-government-programme);

[valtioneuvosto.fi/hallitusohjelman toteutus/karkihankkeiden-toimintasuunnitelma](http://valtioneuvosto.fi/hallitusohjelman-toteutus/karkihankkeiden-toimintasuunnitelma);

"Finland, a land of solutions: Government action plan 2018-2019.", [http://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/160985/29\\_18\\_Finland\\_a\\_land\\_of\\_Solutions\\_2018-2019\\_EN.pdf?sequence=1&isAllowed=y](http://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/160985/29_18_Finland_a_land_of_Solutions_2018-2019_EN.pdf?sequence=1&isAllowed=y)

## Germany

Score 8

The current government finalized its coalition agreement in February 2018 and it is too early to comprehensively assess the implementation rate. Notwithstanding the government's salient dispute over migration issues, the grand coalition has started to implement numerous important projects from the coalition agreement. Examples concern pension policies (e.g., more generous pensions for mothers, a double guarantee on the maximum contribution rate and a minimum pension level), the reduction of unemployment insurance contributions, the improvement of care-related benefits, a new regulation on housing rents ("Mietpreisbremse") or an increase for investment spending in the budget. It is disputed among experts whether these measures are well-targeted or sufficient to address the country's long-run challenges. But these examples prove that the current grand coalition like the previous government is able to implement policies largely in line with its initial objectives.

## Norway

Score 8

The current government is a minority government, which depends on other political parties for parliamentary support. A negotiated agreement serves as a platform for a government, but the agreement has no formal influence over budgetary policies. Thus, Norwegian governments face a tradeoff between forming a heterogeneous majority government or a homogeneous minority government.



In general, the government can rely on a large, well-trained and capable bureaucracy to implement its policies. However, major educational, health care and local vs regional government reforms have exposed the difficulties in implementing such reforms and demonstrated the need for the government to carefully navigate the needs of different stakeholders and veto players. The government has recently implemented structural reforms of local governance, health care, the police, and the defense and military sector. Though the government faced considerable opposition in some of these areas, particularly to its structural reforms to regional policy.

## Lithuania

### Score 7

During the fast process of transition and accession to the EU, Lithuanian governments' narrow focus on this task produced a lag in policy implementation. The performance of the three most recent governments has been mixed. Kubilius government policy of fiscal consolidation represented one important success, few major structural reforms occurred in Lithuania during the 2008 to 2012 period, with the exception of higher education reform, a partial optimization of the health care network and a restructuring of the energy sector. Although the Butkevičius government (2012 – 2016) outlined a broad set of policy priorities, its implementation record was also mixed. The government introduced the euro in 2015, developed the new “social model,” completed the construction of the liquefied-natural-gas terminal in Klaipėda and advanced the renovation of apartment blocks. However, less progress was achieved in other policy areas, including structural reform of higher education and training, health care, and public administration. The Skvernelis government (formed in 2016) was able to push through a few important reform policies, including a new labor code, the merger of state-owned forestry companies, and amendments to the alcohol control law as well as tax and pension reforms. The current government was able to achieve this progress despite its diminished parliamentary majority following a split within the Social Democratic party's parliamentary group. Coalition politics, shifting political attention, the conflicting strategies of various advocacy coalitions and weak political leadership frequently explain the government's failure to implement major policy objectives. For example, the consolidation of higher education institutions is deviating from the government's initial plan as several amendments were made both during parliamentary deliberations and the actual implementation. Also, the promising proclamations of health care reform announced by the Skvernelis government have not been followed by decisive implementation plans that improve the efficiency and effectiveness of health care in the country.

The government should also continue improving the effectiveness and efficiency of its spending. In the World Bank's 2017 Worldwide Governance Indicators, Lithuania scored 80 out of 100 for government effectiveness, down from 81 in 2016. However, in the World Economic Forum's Global Competitiveness Report 2017-2018,

Lithuania ranked 95 out of 137 countries for efficiency of government spending. In its 2018 report, the European Commission recommended improving the efficiency of public investment as a means of stimulating overall productivity growth in the country.

Citation:

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

The 2017 – 2018 Global Competitiveness Report of the World Economic Forum: [http://www3.weforum.org/docs/GCR2017-](http://www3.weforum.org/docs/GCR2017-2018/05FullReport/TheGlobalCompetitivenessReport2017%E2%80%932018.pdf)

[2018/05FullReport/TheGlobalCompetitivenessReport2017%E2%80%932018.pdf](http://www3.weforum.org/docs/GCR2017-2018/05FullReport/TheGlobalCompetitivenessReport2017%E2%80%932018.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.

COMMISSION STAFF WORKING DOCUMENT, country report Lithuania 2018: <https://ec.europa.eu/info/sites/info/files/2018-european-semester-country-report-lithuania-en.pdf>

## 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 legislative proposal, that was already far advanced, was postponed before the 1999 election. After many years of discussions about that project, the tram line finally went into service in 2017.

Citation:

“Parliament votes for the tram.” *Luxemburger Wort*, 5 June 2014. [www.wort.lu/en/politics/central-train-station-to-luxexpo-parliament-votes-for-the-tram-5390279cb9b398870803124a](http://www.wort.lu/en/politics/central-train-station-to-luxexpo-parliament-votes-for-the-tram-5390279cb9b398870803124a). Accessed 23 Oct. 2018.

“ Revivez le voyage inaugural avec le couple grand-ducal.” *Luxemburger Wort*, 10 December 2017. [www.wort.lu/fr/luxembourg/tram-funiculaire-et-deux-nouvelles-gares-revivez-le-voyage-inaugural-avec-le-couple-grand-ducal-5a2cfc34c1097cee25b7a01b](http://www.wort.lu/fr/luxembourg/tram-funiculaire-et-deux-nouvelles-gares-revivez-le-voyage-inaugural-avec-le-couple-grand-ducal-5a2cfc34c1097cee25b7a01b). Accessed 23 Oct. 2018.

## Netherlands

### Score 7

According to an optimistic estimate by a leading newspaper, the Rutte II government has in its four-year reign implemented 80% of its policy initiatives. Of the 271 initiatives, 158 were successful and 59 were (partial) failures. In its first year, the Rutte III cabinet realized five of its 36 officially announced legislative initiatives; two of which simply involved abolishing (consultative referendum, fiscal reduction for home-owners) existing laws. 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 more far-reaching policy goals than are pursued in practice. Recent policy failures have involved train and rail infrastructure, job creation, flexible labor market relations, anti-discrimination, and tax and pension –policy initiatives that remain unrealized one year into the Rutte III cabinet’s term. Inspectorates in the building, education and health care sectors are considered weak. It is a similar situation for consumer and privacy protection, especially the digitalization of citizen registrations and accessibility of online-only government services. Nevertheless, the Rutte II government justifiably claimed credit for renewed economic growth, budgetary equilibrium, and important austerity measures (e.g., an increase in working hours, reduced public funding for home care, a gradual decrease in tax relief on mortgages and capping health care costs). In water management, implementation of the “Room for River” plans appear to have been successful.

The national government has devolved a significant number of tasks to subnational governments, which makes government and administrative responsibilities more fuzzy, and policy performance harder to evaluate. Provincial and local audit chambers, 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 of policing, youth care and care for the elderly in particular are increasingly sources of 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)

Pierre Koning, Van toezicht naar inzicht, Beleidsonderzoek Online, July 2015 (beleidsonderzoekonline.nl, consulted 26 October 2015)

NRC-Handelsblad, “Rutte-II deed – grotendeels – wat het beloofde in 2012.,” 14 January 2017

Financieel Dagblad, ACM verliest geloofwaardigheid, 6 October 2018

De Correspondent, De overheid wil dat we voor elkaar zorgen maar dezelfde overheid maakt dat onmogelijk, 28 August 2018

NRC-Handelsblad, De bouw leert te weinig van ongelukken, 19 October 2018

NRC-Handelsblad, Algoritmen. Raad van State vreest dat digitalisering van de overheid te ver wordt doorgevoerd, 7 September 2018

## Poland

### Score 7

Favored by its absolute majority in parliament and the internal discipline of PiS, the PiS government has been quite effective in implementing its policy objectives. It has succeeded in realizing its major campaign pledges, such as the increase in the minimum wage and the family allowance, tax relief for small businesses, the lowering of the retirement age or the reversion to a higher age for entering school, and it has realized them rather quickly. Precisely because so many bills have sailed so quickly through parliament, the quality of legislation has often proven to be very poor, requiring immediate amendments. As in the previous year, there were a number of cases in 2018 in which President Duda vetoed government legislation, the most prominent such issue being the new electoral law for European Parliament elections. In response to pressure from abroad, the PiS government backed away from its original plans to cap foreign media-ownership stakes and change retirement rules for Supreme Court justices.

## Portugal

### Score 7

The current government is guided by the government program, Programa do XXI Governo Constitucional 2015 – 2019. The government has implemented a number of measures seeking to alleviate conditions of austerity. A number of these measures resulted from the government's negotiations with the PCP and BE to ensure their parliamentary support. Other more ambitious goals, such as administrative modernization, are also being developed, but will require a broader time-frame for implementation. The government has also been able to successfully reconcile EU demands and world market scrutiny regarding budgetary consolidation, with the no-less-intense demands of its parliamentary allies regarding austerity alleviation. During the period under review, the government was mostly successful in negotiating these pressures and advancing its policy agenda.

However, Jose Maria Sousa Rego, who was general secretary of the Presidency of the Council of Ministers between 2002 and 2016, wrote a book and has given extensive interviews in which he raised serious questions about the policy achievements of Portuguese governments.

Citation:

Programa do XXI Governo Constitucional, 2015 – 2019.

Jose Maria Sousa Rego, "No centro do power-Governo e Administração Publica em Portugal" Fundação Francisco Manuel dos Santos, 2018

## United Kingdom

### Score 7

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 subnational 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, the Liberal Democrats – until the United Kingdom returned to its traditional one-party government in 2015. That however changed again after the general election in 2017 in which May lost her absolute majority and was forced into a "confidence-and-supply" arrangement with the Northern Irish unionist DUP. It remains a fact, however, that regarding Brexit some of May's most vocal opposition comes from both Brexiteers and Remainers within her own Conservative Party. While the former publicly express their concerns almost on a daily basis, the latter also have substantial influence which may well be on display at some future occasion.

Persistent problems in the National Health Service have had to be addressed by emergency funding. In addition, disputes over issues such as a third runway at Heathrow or the (slow) progress of construction of the HS2 high-speed rail-link to the northern England have been affected by the impact on individual minister's constituencies. Government has also struggled to introduce major welfare reforms, notably Universal Credit. The Institute for Government (IfG) notes an increase in the number of major projects where delivery is "in doubt" or "unachievable" compared with five years earlier. IfG has found that, among other challenges, Brexit has distracted the civil service from ensuring its own effective operation. The sad, untimely death of Sir Jeremy Heywood, the former head of the Home Civil Service, has also forced a change in the leadership of the civil service.

Citation:

<https://www.instituteforgovernment.org.uk/sites/default/files/publications/Whitehall%20Monitor%202019%20WEB1.pdf>



## Australia

### Score 6

In September 2015, Malcolm Turnbull became prime minister. The transition from Abbott to Turnbull increased public optimism that the government would successfully implement its policy agenda. However, optimism soon faded and the government called a “double dissolution” election in July 2016. Under a double dissolution election, all 76 seats in the Senate are contested, rather than the usual 40 seats. The strategy backfired. The coalition government only won a very narrow majority in the lower house and a reduced number of seats in the upper house. Policy gridlock followed, but in 2017 and 2018 the government enjoyed some success in negotiating with the minor parties to pass legislation. That did not, however, prevent the Liberal party from ousting Turnbull and installing Scott Morrison as the new prime minister.

Citation:

<http://www.smh.com.au/federal-politics/brilliant-and-fearless-but-paul-keating-was-right-about-turnbull-20090626-czt7.html>

## Bulgaria

### Score 6

Bulgarian governments avoid setting policy-performance benchmarks that are available to the public. The main exceptions are within the area of macroeconomic policy, especially regarding the budget and compliance with the high-profile requirements of EU membership. While the government has succeeded in controlling the fiscal deficit and public debt, it has not been successful in its long-standing objective of joining the Schengen Area. It has been partially successful in the objective of exiting the macroeconomic imbalances procedure given that its imbalances are no longer assessed as excessive. Another important policy objective – integration into the euro zone and European banking union – has been furthered somewhat with the government successfully negotiating with its EU partners a clear roadmap outlining key measures to be introduced. Budgeting in Bulgaria remains primarily based on historical expenditures and does not involve programmatic elements, which would necessitate benchmarking and measurement.

## 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). For example, the former government of Michelle Bachelet 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. The former government launched a constitutional reform debate. However, by the end of the period under review, no concrete proposals regarding possible next steps had been presented.

Citation:

Independent initiative to measure implementation of the government program:

<https://ciudadanointeligente.org/>

<https://deldichoalhecho.cl/>

## France

### Score 6

The government is efficient in implementing its programs, as it can rely on a relatively disciplined cabinet, an obedient majority and a competent bureaucracy. Resistance, if any, comes from social actors. The question whether government policies are effective is another matter. One of the major issues that the Hollande government faced was a lack of credibility concerning its commitments to economic growth, unemployment and the reduction of the public deficit. Optimistic forecasts have been disappointed by poor results on all fronts. Most international organizations (the IMF, OECD and the European Union), think tanks or even national organizations (the French central bank, the statistical institute and the Court of Auditors) have pointed out the impossibility of reaching set targets based on over-optimistic data or forecasts. The election of President Macron represents a radical change at the top. The main improvement has been the capacity of the Macron government to combine its policy commitments with intense stakeholder concertation before finalizing legislative proposals. Until now, this method of policymaking has been quite successful. After 18 months in power, the new administration has been very active in adopting and implementing its policy reform agenda. Some changes have already materialized, for instance, in the fields of education, health care and labor regulations. However, the key issue remains the capacity of the new administration to increase employability, reduce budget deficits and public debt, and sustain economic growth. From this point of view, it is still rather early to evaluate the effectiveness of this strategy and its likely success in the medium- to long-term.

## Iceland

### Score 6

As a rule, the strength of the executive branch vis-à-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 2009 – 2013 left-wing cabinet were twice overturned by the public in national referendums, in 2009 and 2011. On both

occasions, the referendums concerned the introduction of government guarantees for losses experienced by Icelandic bank account holders based in the United Kingdom and the Netherlands (ICESAVE). 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 2009 – 2013 cabinet 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 European Union 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, unprecedented filibustering.

The cabinets of Gunnlaugsson (2013 – 2016) and Jóhannesson (2016), both with a parliamentary majority of 38-25, had no problems in implementing their policy objectives, even though some ministerial initiatives have been thwarted. The Benediktsson three-party coalition cabinet (January 2017 – September 2017) had much smaller majority, the coalition controlled 32 seats and opposition parties controlled 31 seats. However, this small margin never led to bills being overturned during the coalition's brief tenure. The current coalition cabinet of Jakobsdóttir, which holds a majority of 35 out of 63 parliamentary seats, has so far not had any problems of this kind – even though two Left-Green Movement members of parliament have declared that they will not support the current coalition.

## Ireland

### Score 6

One notable and growing trend is the increased use of statutory instruments which clearly empower ministers. It is often the case that a general policy is decided in the Oireachtas, but that the legislative body then delegates the detail and implementation to a minister. This provides the minister with considerable power to shape public policy. The average annual number of statutory instruments in the 1960s was 284; this rose steadily to 445 a year in the 1990s. Between 2010 and 2017, the average annual number rose to 772. This trend plays some role in shifting some policymaking power from the legislature to the executive.

In May 2016, the incoming minority government agreed to suspend water charges and establish an expert commission on the issue. This resulted in the publication of the Report on the Funding of Domestic Public Water Services in Ireland in November 2016. The report's two main recommendations were that there should be a constitutional provision for the public ownership of water utilities and that public water services should be funded through taxation. The report also recommended that excessive or wasteful use of water should be discouraged by charging for such use, consistent with the polluter pays principle.

Ireland's aging water and sewage system infrastructure necessitates significant future capital expenditure which the electorate is still not prepared to face. While the abolition of domestic water charges reduced pressure on the government from angry members of the public, the government must find an estimated €13 billion for infrastructure improvements in the coming years.

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.

Eoin O'Malley and Shane Martin (2018), 'The Government and the Taoiseach,' in John Coakley and Michael Gallagher (eds), *Politics in the Republic of Ireland*. 6th edition. London: Routledge and PSAI Press.

## 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 made over previous years, it is difficult to track long-term progress. Prominent topics on the government's agenda in recent years (e.g., the housing supply, the cost of living, the unrecognized settlements for the Bedouin population and illegal immigration) have not been resolved or resulted in substantial achievements. In fact, a large proportion of government decisions are not implemented. Several initiatives for monitoring the implementation of government decisions were rejected. Therefore, the PMO director general created a mechanism for monitoring the implementation of approved law proposals and government decisions. Through this mechanism, the director general has ordered ministries to report on the implementation process. Thus, the PMO found that, in many cases, the orders regarding the implementation of government decisions did not define which ministry would oversee the decision's execution. Therefore, the PMO suggested that those orders should be written more clearly. In addition, there were other attempts to follow the implementation of government decisions through NGOs, such as a Citizens' Empowerment Center application.

In recent years, the government evaluates policy implementation in two ways. First, using its own reports, such as the government working plan. According to these reports, since 2017 and more so in 2018, policy objectives were achieved in accordance to the goals set during the previous year. In 2016, the Israeli PMO released, for the first time, a final report on the execution of government decisions, with another report published in 2017. The reports include all the decisions made by the 34th government, their themes and statuses. According to the latest report, about 75% of government decisions were achieved and 66% of all objectives fully

achieved. In this regard, the establishment of Katef (see section 2.6) is another important step for the improvement of policy implementation. Second, the government uses reports made by NGOs, but these are often unsystematic and cover specific issues rather than providing a broad examination of policy implementation as a whole.

Citation:

Arlozrov, Merav. 'Netanyahu's Government: The Tale – And The Surprising Numbers' – The Marker, 9.6.16 (Hebrew):

<https://www.themarker.com/news/1.2970895>

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

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

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

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<https://finance.walla.co.il/item/3145866>

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<http://www.plans.gov.il/pdf2018/index.html#14>

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



## Italy

### Score 6

As 2018 was an election year, not much could be done in terms of implementing new policies by the then incumbent Gentiloni government. The Gentiloni government continued to sensitively conduct budgetary policy, respecting EU rules (under the close scrutiny of the European Commission) and promoting economic recovery. The Gentiloni government also succeeded in reducing the number of immigrants arriving in Italy by sea from North Africa by adopting a more active policy of establishing diplomatic agreements with North African countries. The formation of the new Conte government, following the elections, has proved rather difficult and the policy differences between the two coalition parties have made the swift implementation of their policy platforms problematic. Under the new government, policy implementation has been most prompt with regards to blocking the influx of immigrants, as demanded by the Northern League and even at the price of antagonizing Italy's European partners. However, in other fields (e.g., pension reform and the new "citizenship income"), preparatory work has proven more awkward and uncertain.

The most important and highly discussed policy initiative of the new government is the budgetary project, which has opened a direct and substantial conflict with the European Union. The consequences of this conflict will only become clear over the next year.

Several important policies inserted in the government program were a simple copy of electoral promises (formulated in order to capture votes without a careful indication of the details and costs involved) and required extensive work to transform them into workable policies.

Citation:

<http://www.programmagoverno.gov.it/media/3877/report-sullo-stato-di-attuazione-all8-luglio-2018.pdf>

## Japan

### Score 6

With respect to the government's economic-policy goals, the period of mild deflation seems to have been overcome. However, major aspects of the economic program remain unrealized. Most critically, the announced structural reforms have not been carried out as described. Both within the labor market and beyond, the reforms implemented have been too indecisive. As a consequence, economic growth remains weak, and the 2% inflation goal remains unrealized. The volume of outstanding government debt is still the highest in the world, and plans to achieve a balanced primary budget had to be postponed until 2025.

In the area of social policy, many longer-term issues continue to linger. This includes efforts to realize the full potential of womenomics, improve income distribution, and adjust pension and other welfare policies to the ageing society.

As of the time of writing, Abe had also failed as yet to achieve his primary goal of constitutional revision. The governing coalition retained a two-thirds majority in both legislative houses in the October 2017 snap election, offering a rare window of opportunity for constitutional change. Following Abe's election to a third and final term as LDP president in autumn 2018, he indicated plans to present concrete proposals for reform in 2019. However, the population is very divided on the issue, and the LDP's coalition partner, Komeito, is not in full agreement on the issue. The revision of the constitution thus still remains an open issue six years into Abe's premiership.

In terms of international relations, regional tensions have relaxed somewhat since 2016. For example, Abe and Chinese president Xi Jinping conducted a successful meeting in September 2018. Abe has skillfully established a personal rapport with U.S. President Trump, although it remains unclear whether this will translate into tangible policy results.

Citation:

Kaori Kaneko, Japan's Abe gets middling marks on his economic performance, Reuters, 12 September 2018, <https://www.reuters.com/article/us-japan-economy-poll/japans-abe-gets-middling-marks-on-his-economic-performance-from-analysts-poll-idUSKCN1LU0FB>

## Malta

### Score 6

Government efficiency has continued to improve, although strong economic growth and the government's ambitious plans have created challenges for the administration. Central to this improvement has been the Prime Minister's Office and the work of the Principal Permanent Secretary's Office. Policy implementation is measured against agreed upon KPIs and benchmarks, policies are monitored and shortfalls highlighted. Templates are sent out to ministries with deadlines and then assessed and reviewed. Every February, the first round of audit closing meetings commence. In October 2018, the PMO and the Ministry of Finance stated that 79% of measures announced in the previous year had been successfully implemented. Ongoing training has been key.

However, problems remain. Recent National Audit reports have continued to highlight failures and inefficiencies under the previous and present administrations. Gaps include insufficient control over service providers and a lack of controls related to personal emoluments, missing documentation, deficiencies in stock management, and a lack of adherence to public-procurement regulations. Local councils' performance remains sub-optimal, although reforms are now being developed.

Citation:

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

Briguglio, M An F for Local Councils Times of Malta 12/12/16

Report by the Auditor General Public Accounts 2015

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[http://www.maltatoday.com.mt/environment/townscapes/79047/no\\_value\\_for\\_money\\_in\\_fekruna\\_bay\\_expropriation\\_\\_nao#.We2pt1uCyM8](http://www.maltatoday.com.mt/environment/townscapes/79047/no_value_for_money_in_fekruna_bay_expropriation__nao#.We2pt1uCyM8)

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The following reports are obtained here <http://nao.gov.mt/en/recent-publications>

Performance Audit: An evaluation of the regulatory function of the Office of the Commissioner for Voluntary Organisations -

REPORT BY THE AUDITOR GENERAL ON THE PUBLIC ACCOUNTS 2017 -

An investigation of matters relating to the contracts awarded to ElectroGas Malta Ltd by Enemalta Corporation

Report by the Auditor General on the Workings of Local Government for year 2017 -

Performance Audit: A Strategic Overview on the Department of Fisheries and Aquaculture's Inspectorate Function -

Follow-up Audit: Follow-up Reports, 2018 by the National Audit Office -

Times of Malta 05/02/18 Dirt in cleaning contracts? OLAF asked to probe 'corruption' at St Vincent De Paul Home Documents claiming abuse sent anonymously

## Spain

### Score 6

The Spanish government has never instituted a system of benchmarks to evaluate its own performance. However, thanks to its constitutional powers and single-party nature, it has traditionally been successful in the implementation of major policy objectives. Until 2015, two obstacles existed: first, the weakness of the coordination mechanisms with the 17 autonomous regions that are responsible for most policy areas, and second, the high degree of ministerial fragmentation. In recent years, and particularly during the period under review, the governing party's parliamentary weakness has become a much greater obstacle, rendering the government incapable of implementing some of its strategic objectives, especially with regard to securing approval of the annual budget.

Nevertheless, a major success with regard to effective implementation was achieved during the period under review, associated with the Catalan crisis. In October 2017, article 155 of the constitution was activated (a kind of federal coercion clause); this produced snap regional elections imposed by the central government, and effectively led to direct central-government rule in Catalonia until May 2018.

Citation:

October 2017, The Guardian: Spain dissolves Catalan parliament,

<https://www.theguardian.com/world/2017/oct/27/-pm-mariano-rajoy-asks-senate-powers-dismiss-catalonia-president>

May 2018, The Guardian: Catalonia's parliament elects hardline secessionist

<https://www.theguardian.com/world/2018/may/14/catalonia-parliament-elects-hardline-nationalist-as-president>

## Turkey

### Score 6

Governmental inefficiency is widespread, especially in relation to the economy. The first nine months following the implementation of the government's annual economic objectives varied sharply from official budget and 2017 – 2019 medium-term fiscal plan forecasts. The recent devaluation of the Turkish lira has increased the fiscal burden on macroeconomic variables. In the current and the next (2018 –

2020) medium-term fiscal plan, greater fiscal discipline is expected. Unemployment, inflation and the budget deficit will continue to be major economic weaknesses, which will be exacerbated by population growth, refugee issues and security concerns. Results were similarly mixed in other sectors. For instance, the Ministry of Education realized most of its 43 performance objectives, while the Ministry of Health completed most of its 22 objectives for 2016. However, the Ministry of Health failed to realize two key objectives, namely human resource objectives in the health care sector and scientific publications.

Citation:

“İşte hükümetin bütçe performansı,” 17 October 2017, <http://www.businessht.com.tr/ekonomi/haber/1311270-iste-hukümetin-butce-performansi> (accessed 1 November 2018)

“Turkey challenges EU to ‘open new chapters,’” *Hürriyet Daily News*, 10 May 2017, <http://www.hurriyetdailynews.com/turkey-challenges-eu-to-open-new-chapters-112952> (accessed 1 November 2018)

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Pelin Ünker, “Ekonomide tüm hedefler şaşı,” *Cumhuriyet daily newspaper*, 10 September 2015. (accessed 27 October 2015)

## Belgium

### Score 5

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%. In 2018, employment rates remained flat, even though they are about 5 percentage points below the euro zone average (and 12 points below Dutch or German levels). This gap is mainly due to comparatively low employment rates among those aged 55 to 64. The government has restricted access to early retirement, which may have contributed to the slight uptick in the employment rate.

This government also committed to resolving past differentials in wage inflation that eroded the Belgian labor force’s global competitiveness. One reform has been to block “automatic wage indexation,” a legal provision that had aligned nominal wage growth with inflation rates. The measure’s passage prompted massive protests and strikes. Finally, the government is planning to reduce headline corporate tax rates. The jury is still out regarding the overall effectiveness of these reforms.

A second objective has been to reform the pension system. The short-term policy objective was to tighten early retirement rules. For the longer term, the government has been trying to introduce additional reforms to reinforce the sustainability of the pension system, but that objective has only a low-to-medium probability of being

attained by this government.

The government agreement's third objective was to ensure the sustainability of the social security system. In this case, the government has articulated a clear direction: It is cutting expenses, reimbursements and coverage across the board, at the risk of harming the lower-middle class. Another stated objective has been to increase GDP, but the government arguably has little control over economic growth.

The government's fourth objective was to reform the tax system and enhance the government's budget balance. Actual reforms have been too timid to produce a substantial gain in efficiency.

The fifth objective was much broader and concerns energy, environment and science policy. Ministers in this area are comparatively weak within their respective parties and achievements have been dismal.

Although Belgium was one of the first EU member states to announce that it was phasing-out nuclear power in 2003, it is still heavily reliant on nuclear energy and fossil fuels (44.5% and 41.5% respectively, with solar and wind power contributing some 11%). Previous governments were forced to extend the operations of aging nuclear plants due to potential energy supply shortages and the current government has been no exception to this scenario. Worse, the current government has allowed power companies to let the situation degrade substantially. (We suspect power companies are letting nuclear facilities degrade as a tool to negotiate additional maintenance subsidies). Indeed, it became apparent in October 2018 that most nuclear plants would be unable to operate for the majority of the 2018/19 winter.

Citation:

<https://www.nbb.be/doc/dq/e/dq3/histo/iee1745.pdf>

<https://www.lecho.be/economie-politique/belgique-general/Syndicats-et-patrons-invites-a-mettre-un-coup-d-accelérateur-a-la-pension-a-points/9954736?highlight=pension>

[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)

<http://www.doingbusiness.org/data/explore/economies/belgium#protecting-minority-investors>

<http://www.premier.be/fr/declaration-du-gouvernement-3>

<https://lenergeek.com/2018/08/09/belgique-sortie-nucleaire/>

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<https://plus.lesoir.be/181891/article/2018-10-02/la-penurie-delectricite-en-cinq-questions>

<https://www.premier.be/fr/je-ne-laisserai-personne-torpiller-le-pacte-energetique-le-travail-continue>

## Czechia

### Score 5

The effectiveness of the first Babiš government suffered from the lack of a parliamentary majority. The program of the second Babiš government, published on June 27, 2018, is mostly a continuation of the previous government priorities, with some popular measures added that cater to ANO voters. The government has been able to implement the program in cases involving simple-to-implement policies not



requiring broader consultation and which were close to the aims of its Social Democrat coalition partners. The promise of cheap transport for young people and pensioners was implemented quickly. It remains to be seen whether more complex programmatic points which require broader public consultation and consensus will prove as easy to implement. It also remains to be seen whether promises on social policy and on continued pay increases for workers in education will prove compatible with promises for reductions in direct taxes.

## Greece

### Score 5

Significant structural reforms have been legislated by successive Greek governments in the last eight years, but their mix and implementation were, and continue to be, uneven. Greece has implemented important labor market reforms, but progress has been less on reducing oligopoly power, reducing the regulatory burden and promoting reform in the public administration.

Policy implementation efforts have been problematic throughout the period under review as in previous periods. Examples of a lingering implementation gap include the challenges still faced by young entrepreneurs and professionals establishing and operating a new business, given frequent and unpredictable changes in taxation. The same holds with regard to the privatization of state-owned property, though the government, officially at least, appeared more willing to accept foreign investment. Although the lease of 14 airports to a consortium led by Germany's Fraport was finally completed in the period under review, two of Greece's biggest projects – the real estate investment project on land of the former Hellenikon International Airport (in a suburb southwest of Athens) and the Eldorado Gold company's investment in mining operations (in northern Greece), together valued at about €1 billion (.8 billion) – continued to stall because of bureaucratic and legal wrangling. In fact, Eldorado Gold's investment has been suspended by the investors and they have filed a non-judicial request for payment of approximately €750 million with the Hellenic Republic, citing the Greek government's continuous delays. All this raises questions about the country's ability to attract the investment desperately required for economic recovery.

On the other hand, there were other government decisions, such as a performance-based review of civil servants' pay, which were implemented. The implementation of such measures was owed to continuous pressure exerted on the government by Greece's lenders, based on the Third Economic Adjustment Program which linked policy implementation with delivery of loans to Greece between 2015 and 2018.

## 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 long-term sustainable economic growth or increasing productivity and innovation 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 the key policy fields, caused by selection of personnel based on party loyalty, not on merit, and by putting ideology over problem solving. A central problem has been the poor implementation of new bills and regulations. Overhasty policymaking has led to incoherent and contradictory laws and regulations, making things very difficult for local and county administrations. A case in point is family policy, where the central goal of stopping the decline in population numbers has not been achieved, despite the fact that various measures have been implemented since 2010.

## Slovakia

### Score 5

The government manifesto of the third Fico government reiterated many goals of his previous ones. Although it comprised around 70 pages, it lacked action plans, timelines and budgets. After the reshuffling of the government in March 2018, the new prime minister did not formulate new policies goals but declared to adhere to the existing manifesto. The implementation of the manifesto has been limited. Long-due reform projects in education and health care have been or delayed or tackled in an erratic manner. The same applies to the promised improvement of the public transport infrastructure, as highway and railway construction has been subject to several delays. In November 2018, the governing coalition withdrew (for reasons that remain unclear) from parliamentary discussion a draft of Slovakia's new defense and security strategy, which was supposed to replace its valid but highly outdated 2005 strategy.

## Slovenia

### Score 5

The Cerar government's coalition agreement was relatively comprehensive and more detailed than those of previous governments. However, many goals and deadlines stated in the agreement were not met, as the government's reform propensity abated over the course of its term. The proposed health care and education reforms were postponed several times. The tax reform eventually adopted in summer 2016 was more modest than initially announced. On pensions, the Cerar government agreed with the social partners on a broad reform outline, but largely refrained from committing to more specific measures. With regard to privatization, the coalition

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 Slovenija, the largest communication company in the country, fell victim to political opposition from within and outside the governing coalition. The same occurred with the promised privatization of Slovenia's largest bank NLB, which was postponed several times. In 2017 and 2018, the government became increasingly preoccupied with its two large-scale investment projects.

## South Korea

### Score 5

The Moon administration has shown slight improvements over its predecessor with regard to the implementation of policies, although implementation still falls far short of the president's ambitious goals. Moon has developed a very detailed list of 100 policy goals that he wants to implement during his tenure. Yet the strong personal mandate deriving from his decisive election victory and strong popularity, Moon's Democratic Party lacks a majority in parliament. Nevertheless, the president has far-reaching powers and Moon has implemented several important measures such as the increase in the minimum wage, the creation of more stable jobs in the public sector and the reduction of the maximum allowed work week to 52 hours. However, Moon has also postponed or abandoned some of his original agenda items, such as the constitutional reform designed to decentralize power, and the promised termination of construction on two nuclear-power plants. Recently, after criticism from businesses, President Moon has backpedaled on some of the implemented policies, promising to allow companies more "flexibility" in enforcing the maximum allowed work time, and saying his administration would reconsider further minimum-wage hikes.

Citation:

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

"Park's approval rating hits record low of 5% ", Korea Times, November 4, 2016, [https://www.koreatimes.co.kr/www/news/nation/2016/11/116\\_217549.html](https://www.koreatimes.co.kr/www/news/nation/2016/11/116_217549.html)

## Croatia

### Score 4

During his first year in office, Prime Minister Andrej Plenković announced far-reaching reforms. The HDZ's election program served as the basis for a relatively comprehensive National Reform Program presented to the European Commission in April 2017. However, the program lacked a clear schedule and its implementation has suffered from the Agrokor crisis and the mid-2017 change in the governing coalition. The tax reform adopted at the end of 2016 was the only major reform implemented during Plenković's first year in office. However, even this reform was implemented only partially, as the government gave up the already prepared

introduction of a property tax in June 2017. As for pensions and health care, the Plenković government came up with reforms only in autumn 2018. The announced reform of public administration has progressed slowly.

The limited effectiveness of the Plenković government is also reflected in the 2018 European Commission's European Semester report. According to the report, the level of implementation of the recommendations submitted to successive Croatian governments between 2014 and 2017 (i.e., Milanović, Orešković and Plenković governments) is rather low. Only 5% of the recommendations were fully implemented and substantial progress was made in 12% of them, which is less than one-fifth of all the recommendations submitted. Some progress was made in 31% of the recommendations and very limited progress in 33% of them. There was no progress at all in the remaining 19% of the recommendations.

Citation:

European Commission (2018): Country report Croatia 2018 Including an In-Depth Review of the prevention and correction of macroeconomic imbalances. SWD(2018) 209 final, Brussels (<https://ec.europa.eu/info/sites/info/files/2018-european-semester-country-report-croatia-en.pdf>).

## Cyprus

### Score 4

In their fall 2018 reports, the European Commission, the European Central Bank and the IMF praised the government for the impressive growth rates and economic recovery brought about from tourism, services, and building activities. They also noted, among others, improvements in employment and in addressing problems related to non-performing loans (NPLs). As a result, Cyprus is back to investment grade BBB-. Progress on NPLs was achieved by increasing the public debt. Success remains mainly sectoral; sustainability depends on government actions on critical issues. Long-term sustained effort is needed in order to shift economic activity to new sectors, to make structural and other reforms of the administration and judicial system, and proceed with privatizations. Similarly, the process related to introducing a national health system needs to be expedited.

Reforms may further benefit the people, alleviate negative impacts on their welfare and reduce inequalities, and the risk of poverty and social exclusion. While the government's policies improved economic confidence and competitiveness, the market climate remains reserved.

Citation:

1. Statement of the staff of EU Commission and the ECB... Cyprus, 28.09.2018, <https://www.ecb.europa.eu/press/pr/date/2018/html/ecb.pr180928.en.html>
2. Cyprus: Staff Concluding Statement of the 2018 Article IV Mission, IMF, 5 October 2018, <https://www.imf.org/en/News/Articles/2018/10/05/mcs10518-cyprus-staff-concluding-statement-of-the-2018-article-iv-mission>

## Romania

### Score 4

The Tudose and the Dăncilă governments have not been very effective. While they have relentlessly tried to strengthen the government's control over the judiciary and to weaken the DNA, they have failed to fulfill major campaign promises. The resignation of Prime Minister Mihai Tudose in January 2018 was prompted by widespread perceptions both within the governing coalition and among the public of unmet promises regarding tax cuts, wage increases and pensions.

## United States

### Score 4

In comparison to parliamentary systems that have an expectation of nearly automatic legislative approval of government bills, policy implementation in the U.S. separation-of-powers system is presumed to depend on coalition building, negotiation and a relatively broad consensus. In the current, highly polarized state of the major political parties, the ability to act depends heavily on whether partisan control of the presidency and Congress is unified (with the same party controlling the presidency, House, and Senate) or divided.

The legislative experience of Trump's first year, however, was unprecedented. The president and Republicans in Congress identified three major legislative priorities – repealing and replacing “Obamacare” (President Obama's health care program), adopting a major infrastructure rebuilding program, and tax reforms involving major tax cuts. Trump also wanted to introduce major restrictions on immigration, renegotiate major trade agreements and to build a wall along the border with Mexico. Republicans in Congress resolved to avoid negotiating with Democrats on these measures, hoping to avoid compromises that would be unacceptable to the Republican base.

The Trump administration has implemented major policy initiatives by issuing executive orders and thereby avoiding the process of legislative change. At the end of the first year, only a few of Trump's policies had been adopted by legislative – that is, lasting – means. There were no major legislative accomplishments during Trump's second year – in fact, no major efforts – and there were three partial shutdowns of the federal government resulting from failure to agree on budget measures. Trump's first two years were by far the least productive of any modern president, notwithstanding unified party control of the presidency and Congress.

## Mexico

### Score 3

The government's ability to implement policy is geographically and functionally uneven. While there are an increasing number of islands of technical expertise and competence, overall policy implementation is still severely hampered by several



factors. The most significant of these have been the following four challenges: (a) the state's lack of financial resources due to insufficient taxation capacity, (b) the organizational weakness of subnational governments and the decentralized agencies overseen by federal ministries, (c) high levels of corruption, crime and impunity, and (d) the ineffective rule of law.

The central government has been able to find the necessary financial resources for prestige projects and highly visible policy priorities. Overall, however, the state remains unable to provide basic public goods, including education, public health and security, across the territory. Mexico is a federal country, and the quality of governance by state and municipal governments varies enormously. Some municipalities are professionally organized, but others lack basic capacities to provide those public goods that fall within their local responsibility.

While the president initially embarked on several major ambitious reform projects, all of these initiatives remain underfunded and most have stalled during the implementation phase. Confronted by the new government of the incoming President Andrés Manuel López Obrador and with historically low approval ratings, President Nieto has become a "lame duck."

Citation:

USA Today (2018). Mexico's unpopular president to leave behind troubled administration mired in scandal, controversy, Sep 12, 2018. <https://eu.usatoday.com/story/news/world/2018/09/12/mexican-president-enrique-pena-nieto-defends-unpopular-administration/1265941002/>

## Indicator

## Ministerial Compliance

## Question

To what extent does the organization of government provide mechanisms 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 mechanisms for ministers to implement the government's program.
- 8-6 = The organization of government provides some mechanisms for ministers to implement the government's program.
- 5-3 = The organization of government provides weak mechanisms for ministers to implement the government's program.
- 2-1 = The organization of government does not provide any mechanisms for ministers to implement the government's program.

## 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 perceived by the Prime Minister's Office (PMO) 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.

## South Korea

## Score 10

Ministers in South Korea do not have their own political base, and thus depend almost solely on the support of the president. The president has the authority to appoint and dismiss ministers, and frequently reshuffles the cabinet. This high degree of turnover limits ministers' independence, as they are unable to develop their own voice to pursue their own or institutional policy ideas. The first cabinet reshuffle in the Moon administration took place a little more than a year after the start of the presidency, with the president nominating five new ministers for the departments of Education, Gender Equality, Labor, Trade and Defense.

## 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 must 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. In some cases, agency heads have ignored or discounted apparent orders from President Trump, which have appeared to reflect his spontaneous, un-deliberated responses, often conveyed via Twitter rather than formal presidential documents. We do not consider these instances to constitute failures of compliance.

## Australia

### Score 9

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 typically 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. Moreover, the fluctuations in the Prime Minister's Office have contributed to weaker discipline in cabinet. In recent years, cabinet collective responsibility has suffered an occasional blow.

Citation:

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

<https://www.smh.com.au/politics/federal/cabinet-ministers-rejected-turnbull-s-1-6-billion-plan-to-cut-power-bills-before-leadership-implosion-20180905-p501wo.html>

## 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 interests that are not compatible with the declared goals of the government. Close scrutiny by parliament, including by parliamentary committees and an attentive press, seldom allows rogue ministers to behave this way for long. The prime minister can both fire and promote ministers, so there are incentives to do what the prime minister expects. Party members can of course revolt against a prime minister, but this happens rarely in Denmark. There is a high degree of party discipline.

Citation:

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

## Estonia

Score 9

Estonia typically has coalition governments; reaching an agreement on priorities and goals of the future government is the core issue of the cabinet-formation process. After a coalition cabinet is sworn in, it generally 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 a representative of each coalition partner. Compared to some previous governments, the sitting coalition places less emphasis on the coalition committee,

instead discussing most issues openly at cabinet meetings. This can be regarded as evidence of general concord within the government, which facilitates implementation of the government program. Issues following the signing of the coalition agreement can cause more disagreements, especially as formal resolution mechanisms have not been fully developed. For example, the coalition partners failed to agree a position on the U.N. Global Compact for Migration at the end of 2018.

## France

### Score 9

Compliance by ministers, when compared internationally, 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 loyal to him. Together with the effective hierarchical steering of governmental action, ministers have strong incentives to implement the government's program, following guidelines set up by the president and prime minister. This statement remains true but is highly dependent on the leadership capacities of the president and prime minister. Unlike his predecessor, Macron has made clear that strict compliance is expected from ministers, and there is no doubt that his leadership and policy choices will be supported by ministers who, for most, are not professional politicians.

## Hungary

### Score 9

Under the Orbán governments, Orbán's strong and uncontested position as party leader and prime minister, as well as the strong capacities of the PMO, have ensured a high level of ministerial compliance. From 2014 to 2018, compliance diminished somewhat. The replacements for the purged Simicska followers were loyal, but incompetent, so that their actions were often chaotic. The increasing disorder led to soft resistance by János Lázár, the head of the PMO in the third Orbán government, who sometimes criticized the official line indirectly but publicly. The radical reshuffling of the cabinet after the 2018 elections has been aimed at raising ministerial compliance by bringing in committed ministers and by sending a strong signal that everyone is replaceable.

## 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 2009 – 2013 cabinet, 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 European Union throughout his tenure. Subsequent cabinets have experienced no such ministerial discord – except the aforementioned episode of former prime minister Sigmundur Davíð Gunnlaugsson in early April 2016 as the Panama Papers scandal broke.

## 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. Nevertheless, disagreements between ministers regularly become public and can be divisive. Most recently, ministers have disagreed over the EU migrant relocation scheme and tax system reform.

## New Zealand

### Score 9

There is a strong tradition of a highly cohesive system of cabinet government. Ministers are allowed to disagree over policy initiatives, even in public, but once a decision has been made in cabinet they must follow the collective will. 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). Labour party ministers are appointed through a process of election by all of the party's parliamentarians, with the prime minister's direct power being largely limited to the ranking of ministers and allocation of portfolios. 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 somewhat restricted, although the actual number of cabinet positions assigned to each small party is largely a matter for the prime minister.

Collective responsibility within a formal coalition arrangement 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. There are also procedures for dealing with a minority government.

Citation:

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

## Norway

### Score 9

There is a strong tradition of united 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 in 1977 have presided over single-party governments, even after 2015, when absolute majorities became impossible to attain. Thus, all ministries are chaired by members or persons close to the same party. The prime minister (who is the leader of the governing party) is free to reorganize government structures and dismiss ministers he does not consider able or willing to implement the government's program.

The constitution (which stipulates that parliamentary confidence rests personally with the prime minister and his comprehensive government program), internal party discipline and the organization of the executive thus all provide strong incentives for all ministers to implement the overall government program rather than seeking to realize 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, even reinforced with the new socialist government.

## Belgium

### Score 8

One must 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.



## 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, attempts by individual cabinet members to raise their profiles have been discernible under the current Sipilä government, particularly within the Finns Party. The Finns Party left the government in June 2017, although its former cabinet members remained part of the Sipilä cabinet, forming a new party, Blue Reform.

## Ireland

### Score 8

The current minority-led government represents a range of 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.

## Poland

Score 8

Since the cabinet consists of a group of people who were more or less hand-picked by PiS party leader Jarosław Kaczyński, the need for using specific organizational devices for exerting pressure on ministers to stay in line with the government's program has been limited. Despite some internal debates and power struggles, ministers have largely been committed to implementing the government's program, one bullet point after another. This situation has not changed since the government reshuffle in January 2018, as some of the new ministers have been even more loyal to Kaczyński than their predecessors.

## 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 so long as all members of government felt bound by the rules of collegiality. In recent years, due to growing political polarization and an 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 current review period, ministerial compliance and cooperation were much more pronounced than between 2003 and 2007.

In the Swiss federal system, implementation is first the task of the cantons and even the municipalities. Implementation therefore must be seen as a multilevel process. According to Sager and Thomann, implementation varies among the cantons and is determined by political party government composition, policy pressures, and bureaucratic preferences at the cantonal level.

Citation:

Sager, Fritz, and Eva Thomann (2016). "A Multiple Streams Approach to Member State Implementation Re-search: Politics, Problem Construction and Policy Paths in Swiss Asylum Policy," *Journal of Public Policy* 37 (3): 287–314.

## United Kingdom

Score 8

The prime minister has traditionally had more or less absolute power to appoint politicians to government positions. She can thus use this power of patronage to earn the loyalty of backbench members of parliament and to ensure that ministers stick to the government agenda. Despite occasional leaks, the collective responsibility of

cabinet is a well-entrenched doctrine and standards of behavior are recorded in the Ministerial Code. 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 members of parliament elected since 2010 are sometimes considered to be more prone to rebellion – any members of parliament with strong political ambitions have to be wary of being branded as mavericks. However, this label has become significantly less stigmatizing over the past years. In this spirit, prominent cabinet members have recently shown open insubordination – backed by substantial factions within the Conservative Party – to pursue their own political agenda and aims. This continues to burden the May government's performance. Yet, despite the absence of a majority government for all but two years since 2009, the government is generally able to implement its programs, although Brexit, very evidently, is testing this to the limit.

## Bulgaria

### Score 7

The prime minister does not have significant legal powers over his ministerial colleagues. The constitution defines the Council of Ministers as a collective body presided over by the prime minister. The position of the prime minister thus strongly depends on his or her informal political authority. When the prime minister is a party leader with a relatively strong personality, as in the case of the Borissov governments, the informal influence is significant, but dependent on the political context. In the summer of 2018, the prime minister successfully pressured three ministers to resign in the wake of a bus crash. However, later in the year, the prime minister was not able to demand the resignation of ministers from his coalition partner, because this would likely have toppled the ruling majority. The organization of government provides incentives to ensure that ministers implement the government program only to the extent that the program is a priority for the prime minister and the informal political context allows him to sanction them.

## Czechia

### Score 7

In the past, 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 took the form of disagreements between parties, played out by threats of resignation, and were resolved through coalition negotiations. The Social Democrats' poor results in the 2017 parliamentary elections has weakened their assertiveness in the coalition. In order to secure ministerial compliance, Prime Minister Babiš has capitalized on his uncontested role as ANO leader and has made heavy use of naming and shaming in the media,

especially those controlled by himself. A number of ministers of his first government who were seen as potential opponents, did not make it into the second cabinet. This applied to Minister of Foreign Affairs Martin Stropnický, Minister of Defense Karla Šlechtová and Minister of Justice Robert Pelikán.

## 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. For example, under the current government, the minister of the interior, building and community, Horst Seehofer (CSU), has often been at odds with the chancellor, parts of the CDU and the coalition partner, the SPD. However, the coalition agreement bears considerable political weight and has often proved effective in guiding ministry activities. In terms of budgetary matters, Minister of Finance Olaf Scholz is particularly powerful and able – when he has the chancellor's support – to reject financial requests by other ministries.

The new coalition agreement includes rules defining when a coalition committee will meet and who will join the meetings. As in previous coalitions, the coalition committee consists of the chancellor and the vice-chancellor, the leaders of parliamentary groups and party leaders. Under the old government, the coalition committee informally became the most important institution in resolving political disagreements within the government. During the current government's short period in office, it has not yet been able to fully resolve conflicts, particularly conflicts concerning the refugee issue in the beginning of 2018.

## Israel

### Score 7

The OECD and global best-practice methods have influenced Israel's organization of government in recent years. Values of transparency, planning, comparability and supervision are defined by a designated unit in the PMO, arguably improving the implementation of the overall government program by increasing ministerial accountability vis-a-vis the government and the public. These new actions accompany more traditional ways to improve compliance, such as weekly cabinet sessions and interministerial roundtable events.

According to the Basic Law: the Government 1968, ministers are accountable to the Knesset with regards to the field for which he or she is responsible. This means that ministries must support and follow government decisions. In addition, coalition agreements, created by the party system in Israel, can be considered a mechanism for the government to force its agenda on ministers. If a minister resists or fails to

implement a part of the government program, the minister might be forced by their respective party leader to eventually follow it. For example, as part of the Surrogacy law of 2018, only single women were permitted the right to surrogacy, single men and gay couples were excluded. The law was highly controversial and provoked massive protests. Some Knesset members, including Prime Minister Netanyahu, acknowledged that they supported surrogacy for mothers and fathers, but voted against their stated position for the sake of “collation discipline” and due to pressure from ultra-orthodox parties.

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)

Guidelines of the Attorney General In matters relating to the work Government, Ministry of Justice, 2015  
<http://www.justice.gov.il/Publications/News/Documents/AttorneyGeneralGuidelines0515.pdf>

“Gay Couples Denied Right to Surrogacy in New Law, JPOST, 18.7.2018”<https://www.jpost.com/Israel-News/Surrogacy-bill-passes-Netanyahu-flip-flops-on-homosexual-surrogacy-562810>

## 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 one, have sought to centralize policymaking within the core executive. Some measures have been institutional, such as giving new weight to the Cabinet Secretariat attached to the Cabinet Office and to the Council for Economic and Fiscal Policy, a cabinet committee in which the prime minister has a stronger voice. Other measures include a stronger role in top-level personnel decisions, aided by the creation of the Cabinet Bureau of Personnel Affairs in 2014. Such institutional measures have proved quite successful.

## 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, multiannual 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 groups, 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. However, the current government, where most ministers are non-partisan and whose selection was based on their professional record as well as support from the president, increasingly faced tensions due to disagreements among the prime minister, sectoral ministers, and members of the ruling Lithuanian Farmers and Greens Union parliamentary faction. This led to three ministers being sacked by the prime minister.

## 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.

However, in the national elections of 2018, only 12 women were elected to parliament (compared to 48 men). Consequently, women held only 20% of parliamentary seats (compared to 28% in the previous parliament). Although all political parties nominated a minimum number of women for their electoral lists, with women making up 48% of all candidates, women failed to be equally elected for parliament. According to several women's associations, the low proportion of female members of parliament is mainly due to the fact that many political discussions on television and radio in the run-up to the election took place without the participation of any female parliamentary candidate.

The prime minister has no authority to establish policy guidelines. For information and advice, all bills of the departments are presented by the responsible minister in the weekly council of government (Conseil de Gouvernement).

Citation:

"Wahlsystem." Le portail officiel du Grand-Duché de Luxembourg. [www.luxembourg.public.lu/de/le-grand-duche-se-presente/systeme-politique/systeme-electoral/](http://www.luxembourg.public.lu/de/le-grand-duche-se-presente/systeme-politique/systeme-electoral/). Accessed 24 Oct. 2018.

Fehlen, Fernand: "Für eine Wahlrechtsreform." Forum.lu, November 2013, pp. 9 – 14. [www.forum.lu/pdf/artikel/7726\\_334\\_Fehlen.pdf](http://www.forum.lu/pdf/artikel/7726_334_Fehlen.pdf). Accessed 12 Dec. 2018.

## Mexico

Score 7

Whatever problems there may be with the Mexican system, it does deal effectively with the so-called agency problem, except during the end of the presidential term, when the lame duck phenomenon occurs. In contrast, at least during the first two-thirds of a presidential administration, 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. This is exactly what has happened in 2018, especially after the dramatic loss of PRI and the governmental takeover of MORENA on 1 December 2018.

## Netherlands

Score 7

Dutch ministers' hands are tied by 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, 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 record-long formation period for the Rutte III government, which consists of four coalition partners (VVD, CDA, CU, and D66), resulted in a detailed government agreement underwritten by all four parties and their ministers. However, structural cleavages (along left-right, immigration and ethical issues) between the coalition parties have led to considerable inter-cabinet tensions, and thus opportunities for individual ministers to highlight their party-political affiliation and downplay the government agreement.

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 relations in the parliamentary and cabinet systems ensure that ministers have incentives to implement the government's program. While ministers in the PS government are generally aligned with the government program, the fact that the government has to depend on three other parties with very different orientations to pass legislation does create difficulties with regard to ministerial compliance.



## 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 governments under Erdoğan have made it even more difficult for ministers to follow their own agendas, a situation which has continued under Erdoğan's successors since 2014. President Erdoğan continues to maintain his grip on the government, stressing his intention to be an active president, and interfering in almost every policy field and ministerial portfolio. Following the constitutional referendum of April 2017, Erdoğan was immediately re-elected chair of the AKP, legalizing a previously de facto status. This contradicts the principle that Turkey's head of state should be impartial and should not be a member of a political party. Second, Erdoğan immediately started to exercise constitutional powers that were intended to take effect after the 2019 presidential elections. Early presidential and parliamentary elections were held on 24 June 2018, the results of which strengthened Erdoğan's full authority as the president of Turkey and chair of the ruling party.

Erdoğan has also actively intervened in the nomination of deputies, the appointment of senior civil servants and the organization of electoral campaigns. In other words, the office of the president, now entrusted with increasing powers, has replaced the offices 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:

Cumhurbaşkanlığı Teşkilatı Hakkında Cumhurbaşkanlığı Kararnamesi 1, <http://www.resmigazete.gov.tr/eskiler/2018/07/20180710-1.pdf> (accessed 1 November 2018)  
 TC Başbakanlık 2017 Faaliyet Raporu (özet), <https://www.kamusaati.com/gundem/basbakanlik-2017-faaliyet-raporu-personel-h31991.html> (accessed 1 November 2018)  
 Z.Sobacı et al., Turkey's New Government Model and the Presidential Organization, SETA Perspective No. 45, July 2018.  
 "Constitutional amendments in Turkey: Predictions and implications," 28 February 2017, <http://studies.aljazeera.net/en/positionpapers/2017/02/constitutional-amendments-turkey-predictions-implications-170228092500529.html> (accessed 1 November 2017)

## 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.

## Italy

### Score 6

The “contract” (i.e., coalition agreement) between the two coalition parties of the Conte government is the main instrument that ensures ministers fulfill the government program. Problems are, however, already emerging for a number of reasons. First, the contract in many policy fields sets only general principles rather than clearly defined solutions. Second, in other fields where the government might be required to act because of emerging problems, the contract says very little. Third, the two coalition parties respond to different electoral constituencies, which increasingly tends to produce open conflicts that block decision-making. Finally, there is the problem of the amount of resources devoted to different policies given budgetary limitations. The ability of the prime minister to solve these problems and effectively steer ministers is severely limited by the prime minister's lack of political weight. The more frequent use of “summits,” which bring together the prime minister and the two deputy prime ministers, is the rather unwieldy solution currently adopted. These summits often lead to the postponement of a decision.

## 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. Second to this are the weekly meetings of permanent secretaries. 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. However, this function has become more centralized; the government can now show how much of its program has been implemented. A yearly report provides details on each budget measure, indicating when it was implemented and by which ministry. A list of unimplemented measures is also included. In addition, the Management Efficiency Unit in the PMO provides ministries with advice and capacity-building tools. Informal coalitions, such as those between civil society groups or businesses and individual ministries, can drive implementation in certain policy areas, such as the extension of LGBT rights. The drive to introduce simplification measures across ministries facilitates

decentralization (e.g., in recruitment accords), granting ministries greater independence as well as additional incentive to implement policies successfully.

Citation:

PM wants powers to appoint ministers who are not MPs Times of Malta 15/02/16

Implementation of government measure 2018 Publicservice.gov.mt

## Slovakia

Score 6

Since the 2016 elections, ministerial compliance has been complicated by the fact that the government rests on an “unnatural” coalition that includes parties as diverse as the Slovak National Party (SNS) and the mostly Hungarian minority based party Most-Híd (Bridge). The vagueness of the government manifesto has allowed ministers to pursue sectoral interests and to follow party lines. Some of the ministers of the junior coalition partners are political newcomers who have proven difficult to integrate. Those nominated by the SNS have felt committed to the oligarchs behind the party leadership. After the murder of Ján Kuciak and Martina Kušnírová, several ministers resigned, either involuntarily or by choice. The new Prime Minister Pellegrini has relied on “loyal” candidates in filling the open positions.

## 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. In the Cerar government’s first two years in office, seven ministers resigned or were removed from office. In the period under review, no such changes in the leadership of ministries occurred.

Citation:

Haček, M., S. Kukovič, M. Brezovšek (2017): *Slovenian Politics and the State*. Lanham, New York, London, Boulder: Lexington Books.

## Croatia

Score 5

As the strong conflicts within the governing coalition (between HDZ and Most-NL) and the weak policy record of the Plenković government show, the organization of government of the first Plenković government provided only weak incentives for ministers to implement the government’s program. The situation has not changed significantly under the second Plenković government. Interministerial coordination and regular communication between relevant ministries are very rare and of poor quality. As a result, numerous issues that the ministries should deal with eventually end up on the prime minister’s desk. This substantially reduces the ministries’ capacity for autonomous – full or partial – implementation of the government policies they are entrusted with. All this also slows down the whole policy-

implementation process because the prime minister has to deal with too many less important issues instead of concentrating on the strategic development of government policies

## Greece

### Score 5

In the period under review, foreign concessionary loans continued to be channeled to Greece under strict conditionalities. Incentives for ministers to implement policies were probably the negative sanctions, such as their replacement by Prime Minister Tsipras, which they would face if they further burdened the already problematic fiscal situation of the Greek state. Indeed, a cabinet reshuffle occurred in August 2018. Thus, ministers had more incentives, in fact, externally imposed constraints, to implement the government's plans directly linked to Greece's economic recovery. Beyond economic policy-related sectors, however, the situation was different, as Greek policies in these sectors were not as closely monitored by the country's lenders. In these policy sectors, government ministers pursued Syriza's pre-electoral left-wing program and in some instances tried various untested ideas or plans of their own. One example was the minister of education, who announced radical changes to university entrance examinations and subsequently completely dropped what would have been a major policy shift. An extreme case was that of the minister of defense (leader of the ANEL party, the coalition partner of Syriza), who pursued his own foreign policy, often at odds with the minister of foreign affairs. This situation reached a climax in October 2018 when the minister of foreign policy resigned in protest.

## Romania

### Score 5

Ministers in Romania have traditionally held significant leeway in terms of deciding policy details within their departments, and the short-lived prime ministers in recent years – all dependent on the backing of PSD chair Dragnea – have been too weak to bring ministers in line.

## Cyprus

### Score 4

Under the presidential system, appointment and dismissal of a minister are the president's prerogative. Implementation of state policies rests entirely with a minister's ambition to succeed or desire to stay in office. While the officeholder's personality and dedication are key factors, the very broad scope of each ministry's competences increases planning and coordination difficulties. Strategic planning may benefit implementation and provide evaluation benchmarks. Thus, achievement of goals may be a motivating factor for quality work.

## 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 federal ministries by the Department of Prime Minister and Cabinet, which reports directly to the prime minister. The federal 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 current Liberal government has, for the first time, made public the mandate letters. The media and the general public are now in a position to better monitor 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 March 2016, revised regulations regarding the monitoring and oversight of ministries were introduced, replacing those from 2013. 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. 292/2016). This regulatory change is a step toward stronger, formal monitoring of ministerial bills.

Citation:

Regulations on government procedures. (Reglur um starfshætti ríkisstjórnar. Nr. 292/2016 18. mars 2016).

## 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.

## France

Score 9

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. It was only after the September 2014 crisis and the forced resignation of dissident ministers that Prime Minister Manuel Valls was able to exercise improved oversight of the ministries. The monitoring of ministers by Macron and his prime minister is even tighter.

## New Zealand

### Score 9

Following the experience of fragmented policymaking in vertically integrated networks, 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.

Citation:

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

## South Korea

### Score 9

In general, 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 is more influential than e-government, and is the usual tool used to supervise ministries. Ministries have little leeway in policy areas that are important to the president. However, while ministerial compliance is largely assured in the Korean system, the ministerial bureaucracy has a certain degree of independence deriving from its members' status as tenured civil servants. Because ministers have a comparatively short tenure, it is difficult for them to guide and monitor compliance in the bureaucracy. Generally, the degree of independence within the bureaucracy varies substantially, and 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. Through Treasury Approval Point processes, the Treasury has long had an important monitoring role, which 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, also by means of the single department plans.

Some recent initiatives have reinforced central oversight, including the merger of the Major Projects Authority and Infrastructure UK into the Infrastructure and Projects Authority, which reports to both the Cabinet Office and HM Treasury. There are implementation task forces set up at ministerial level to drive delivery in a focused set of priority areas and an implementation unit in the Cabinet Office which works on behalf of the prime minister to track the delivery of priority policies and the wider government program. It intervenes where delivery or operational performance is at risk, or progress is unclear and strengthens implementation capability across the civil service. The Financial Management Reform launched in 2014 has been evaluated as a success by the Institute for Government. The Department for Exiting the European Union oversees departments' progress toward implementing the United Kingdom's exit from the European Union. The department has identified individual workstreams that need to be taken forward, and works closely with departments and other parts of central government to monitor delivery in these areas.

Citation:

Whitehall's

Financial

Management

Reform:

[https://www.instituteforgovernment.org.uk/sites/default/files/publications/IfG\\_FMR\\_Cima\\_briefing\\_paper\\_WEB\\_2.pdf](https://www.instituteforgovernment.org.uk/sites/default/files/publications/IfG_FMR_Cima_briefing_paper_WEB_2.pdf)

## 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. 4. ed., 2017.

## 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.

## 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 over-runs 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 and 2016, Irish policymakers were constrained by the rules of the EU fiscal compact in framing their 2019 budget. This 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.

## 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 information system of 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 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). Despite the implementation of this project, the National Audit Office stated that the country's monitoring and reporting system continues to lack quality information, while the government and line ministries often provide incomplete information regarding the achievement of their policy aims and objectives in their reports.

## 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.

## Poland

**Score 8** Ministries are obliged to keep the Chancellery of the Prime Minister informed about legislative progress on a regular basis. If ministries seek to maintain their autonomy, the prime minister, through the Chancellery or PiS leader Jarosław Kaczyński, can intervene. The new Center for Strategic Analysis is supposed to help Prime Minister Morawiecki and Kaczyński monitor line ministries' implementation activities.

## Greece

**Score 7** The lax monitoring of line ministries by the PMO characteristic of previous review periods has been addressed. This was due to the fact that the PMO understood that Greece was still dependent on funds flowing into the Greek economy from the country's lenders. Thus, the PMO monitored the implementation activities of most line ministries. A possible exception were certain line ministries, such as the Ministry of Education or the Ministry of Infrastructure and Transport, that are responsible for policy sectors outside the core of conditionalities linked to the Third Economic Adjustment Program.

## Israel

**Score 7** The basic law on the issue of 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. In recent years, the PMO has introduced best-practices reforms featuring elements of transparency, sharing and benchmarking that have improved the systematic monitoring of ministries. A special committee formed to review the PMO identified its comparative weakness when dealing with recommendations from the ministries of Finance and Defense, aggravated by the PMO's tendency to take on the responsibility for executing policies from weaker ministries such as Welfare and Health, thus expending its workload. However, three new professional units have been established in the PMO, each in charge of monitoring related ministries. Moreover, the past two years has seen a major improvement in monitoring with the government's annual coordination of all ministerial reports on the implementation of governmental decisions. Currently, the PMO thus has strong ministerial oversight capacities.

## Citation:

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

“Report on the implementation of governmental decisions 2016,” PMO website, <http://www.pmo.gov.il/policyplanning/mimshal/Documents/dm20161607.pdf> (Hebrew)

“The committee to review the PMO’s,” Official state publication, February 2012, (Hebrew)

Environment and Health Fund, Ministry of Health, “Health and Environment in Israel 2017,” <http://www.ehf.org.il/magazines/he/EnvHealthIsrael2017/>, (Hebrew)

## Italy

### Score 7

The monitoring of the implementation of the government program is delegated to one of the undersecretaries 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). 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. The current undersecretary in charge of the office is a close political friend of Salvini, the leader of the Northern League, but is less close to the current president of the council and to the other coalition party. This may create some political problems from time to time.

Monitoring tends to be a formal activity, which documents what has been done, rather than a real instrument of political control.

## Citation:

<http://www.programmagoverno.gov.it/media/3877/report-sullo-stato-di-attuazione-all8-luglio-2018.pdf>

## Mexico

### Score 7

The presidential office can choose who it monitors and how. There are two caveats to this statement, however. First, Mexico is a federal system, and there are thus strong limits to the central government’s power as many competencies fall, at least partially, to the states or even the local level. Second, independent agencies headed by individuals of cabinet rank have taken on an expanding role during the last two decades. Yet where the central authority has power, it uses it. Ministerial turnover is in general relatively high for a presidential system and President Peña Nieto has reshuffled his cabinet several times. However, while sanctioning ministers is a sign of the president’s power, it does not necessarily reflect the output of a systematic monitoring process. In many instances, inadequate implementation is due to structural problems of capacity or a lack of political will, rather than insufficient monitoring. Personnel changes at the attorney general’s office (PGR) and the public function secretariat (SFP) in the context of continuing revelations about the administration’s inadequate response to corruption are cases in point. Replacing high-profile officials, without addressing underlying structural problems, is often a quick attempt to demonstrate political capacity, it is unlikely to produce better results.

Citation:

USA Today (2018). Mexico's unpopular president to leave behind troubled administration mired in scandal, controversy, Sep 12, 2018. <https://eu.usatoday.com/story/news/world/2018/09/12/mexican-president-enrique-pena-nieto-defends-unpopular-administration/1265941002/>

## Portugal

Score 7

The government is relatively small, with one prime minister, 16 ministers and a few more than 44 secretaries of state. A reshuffle in October 2018 moved the energy sector from the Ministry of Economy to the Ministry of Environment, now renamed the Ministry of Environment and Energy Transition.

Ministries in Portugal are not independent of the prime minister. The prime minister is also assisted by the Presidência do Conselho dos Ministros and by the Office of the Adjunct Secretary of State of the Prime Minister. These entities can and do monitor all line ministries' implementation activities. However, the lack of in-depth policy capacity and the reality of limited resources limit the overall degree of control.

Citation:

<https://www.portugal.gov.pt/pt/gc21/governo/composicao>

## Spain

Score 7

The activities of all line ministries are monitored by the Prime Minister's Office (PMO), the Government Office (GO), 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 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 improved due to new legislation in 2015 that introduced a new system for systematically assessing policy implementation, in the form of a periodic evaluation report that is 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 these central offices are limited, and these bodies rarely engage in direct coordination of ministerial departments. Only the prime minister or his deputy are entitled to play this role.

Citation:

Funciones del Ministerio de la Presidencia  
<http://www.mpr.gob.es/mpr/funciones/Paginas/funciones.aspx>  
 Real Decreto 595/2018

## Turkey

### Score 7

The General Directorate of Laws and Decrees, and the General Directorate of Legislation Development and Publication under the former Prime Minister's Office (PMO) examined the congruity between draft bills, decrees, regulations and resolutions of the Council of Ministers, and the constitution, as well as reviewed general laws, plans and the government's program. These bodies were 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.

Until July 2018, the PMO had a total of 2,253 employees, a quarter of whom were experts or advisers. A Sectoral Monitoring and Assessment Unit was established in 2011 to provide advice to the PMO. A total of 17 full-time officers were employed by the PMO. Beginning in May 2015, about 266 career employees from various public institutions were also assigned to this unit.

The new government, established with the implementation of the presidential system in June 2018, consists of offices, councils and ministries formed around the presidency. Under the new system, offices produce projects, councils transform projects into policies and the ministries implement policies. The Department of Administrative Affairs conducts monitoring and the State Supervision Council performs a control function. The new governmental system is an attempt to promote efficiency and coordination in governmental processes, especially in decision-making and implementation. However, the centralization and unification of decision-making in the hands of the president raises doubts about the sustainability of interministerial coordination.

The effectiveness of the system, which is based on centralization and unification in decision-making, should be reviewed in the near future.

#### Citation:

Cumhurbaşkanlığı Teşkilatı Hakkında Cumhurbaşkanlığı Kararnamesi 1, <http://www.resmigazete.gov.tr/eskiler/2018/07/20180710-1.pdf> (accessed 1 November 2018)  
TC Başbakanlık 2017 Faaliyet Raporu (özet), <https://www.kamusaati.com/gundem/basbakanlik-2017-faaliyet-raporu-personel-h3199-1.html> (accessed 1 November 2018)  
Z.Sobaciet al., Turkey's New Government Model and the Presidential Organization, SETA Perspective No. 45, July 2018.



## 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 non-partisan.

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.

This overall situation has not changed since the formation of the new coalition at the end of 2017.

Citation:  
[www.rechnungshof.gv.at](http://www.rechnungshof.gv.at)

## 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.

## Japan

### Score 6

Generally speaking, the Cabinet Secretariat, 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 secretariat has been hindered in the past by the fact that the ministries send specialists from their own staff to serve as secretariat employees. It de facto lacks the ability to survey all activities at all times, but the current, long-serving chief cabinet secretary is considered a decisive power in the enforcement of government-office positions.

At the same time, some critics argue that the need to handle the simmering scandals engulfing the prime minister have distracted him and his central staff from following up on major policy issues.

Citation:

Heizo Takenaka, The season of economic policy (Commentary), The Japan Times, 1 July 2018, <https://www.japantimes.co.jp/opinion/2018/07/01/commentary/japan-commentary/season-economic-policy/>

## 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:

Schroen, Michael (2008): "Das politische System Luxemburgs," in: Wolfgang Ismayr (ed.): Die Politischen Systeme Westeuropas, 4th ed., VS Springer Verlag, 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. In spite of having limited staff and resources, this office monitors the activity of most line ministries fairly effectively.

## Slovakia

Score 6

When returning to power in 2012, Prime Minister Robert Fico expanded the Government Office's responsibilities in monitoring line ministries, particularly with respect to European affairs and economic and fiscal issues. Since the 2016 parliamentary elections, monitoring has remained strong in the case of ministries in the hands of Smer-SD, but has weakened in the ministries led by its coalition partners.

## United States

Score 6

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 the Trump administration, unprecedented severe staffing deficiencies in both the White House and the departments has diminished the capacity for monitoring.

## Czechia

**Score 5** In Czechia, the government office formally monitors the activities of the line ministries. However, the fact that Czech governments have tended to be coalition governments has strongly limited the actual monitoring of ministries. When Andrej Babiš became Minister of Finance in 2014, he developed an online system called Supervizor that is designed to collect and publish data on the financial management of ministries and authorities. However, the system has been used for monitoring the ANO ministries only.

## 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. Even though the prime minister has little power over ministers, they rarely challenge the government program. Still, sometimes line ministers break with consensus, which results in bilateral talks with the prime minister.

## 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.

## 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 has an office dedicated to monitoring which is increasingly fine-tuning the system. The PMO does not have a unit to assess policies in the ministries. Instead, the ministries themselves must do this work according to impact assessment procedures and the policy cycle. If problems surface in a ministry, the PMO steps in to assist. Furthermore, the cabinet office, which is part of the PMO, monitors policy implementation by line ministries, ensuring that they implement the decisions made by the PMO. There are ongoing attempts to enhance coordination, with improvements made during this review period based on lessons learned from failures

in the last legislative period. Nevertheless, competition between ministries sometimes hinders or obstructs monitoring.

:

<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

Times of Malta 17/10/18 79% of budget measures implemented

## 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. Under the Cerar government, the GO tended to respect the assignment of ministries in the coalition agreement, so that most monitoring took place in coalition meetings. The new prime minister, Šarec, seems willing to expand the role of the GO in monitoring the activities of line ministries.

## 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 control tends to be informal, through the party apparatuses, and the strictness with which control is applied seems to be a function of the political context, especially under a coalition government.

## Croatia

- Score 4** The Secretariat General of the Government is just one of the central-government organizations involved in monitoring the activities of line ministries. Its restrictive remit constitutes a major capacity gap. More important has been the Ministry of Finance, as the 2010 Fiscal Responsibility Act has given it far-reaching powers to monitor the activities of any organization drawing funds from the central budget.

## Cyprus

- Score 4** The constitution establishes that the direction and control of the government and general policy lie with the Council of Ministers. This creates a circular relationship since each minister is the sole authority in her/his ministry. The Directorate General for European Programs, Coordination and Development (DGEPCD) has some

monitoring functions, but these are limited to growth policies. The Council of Ministers does not have the capacity or mechanisms to exercise direction and control. Under the law on fiscal responsibility, the finance minister is assigned central oversight and coordinating powers, albeit mainly on budgetary and fiscal issues.

## 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 philosophy developed in the 1970s. However, recent political developments (the election campaigns in 2010 and a Council of Ministers breakdown in 2012) have prevented this. In 2012, yet another system of program budgeting – "responsible budgeting" – was introduced.

Since 2013 to 2014, General Audit Chamber studies have indeed focused on particular subjects, and following some political consultation, on departmental domains. In 2012, the General Audit Chamber reported that just 50% of governmental policy initiatives were evaluated, most of these evaluations incorrectly were considered effectiveness studies. Hence, parliament remains largely ill-informed about the success of governmental goals and objectives. The problem may well be that members of parliament don't really care because they are more concerned by achieving future projects than reflecting on past performance. In 2016, the government cut financing for the General Audit Chamber by €1.2 billion, meaning a personnel reduction from 273 to 233 full-time employees and outsourcing research for specific programs. In 2017, the audit chamber launched a website for monitoring ministerial compliance of audit chamber recommendations. Four out of five recommendations made by the audit chamber were complied with, according to ministerial self-reports.

#### Citation:

Algemene Rekenkamer, Rapport Effectiviteitsonderzoek bij de Rijksoverheid, 22 May 2012 (consulted 12 October 2017)

Algemene Rekenkamer, Opvolging Aanbevelingen (Rijksoverheid, accessed 1 November 2018)

Algemene Rekenkamer, Een toekomstbestendige Algemene Rekenkamer, 13 October 2016 (rekenkamer.nl, consulted 9 November 2016)

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

## Indicator

## Monitoring Agencies/Bureaucracies

## Question

How effectively do federal and subnational ministries monitor the activities of bureaucracies/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 Orbán governments have closely controlled the appointment and activities of the heads and core executives of all state agencies at the national level. The centralization of state administration in county-level government offices has 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 has adopted a hands-on approach and has closely monitored the agencies' implementation activities.

## Australia

## Score 9

The performance of ministries in monitoring the activities of executive agencies varies, in part due to differences in the degree of independence granted to agencies. For example, central bank independence is core to the credibility of monetary policy and is legislatively protected, which constrains parliament's capacity to monitor the agency. This notwithstanding, the general pattern over recent years has been one of increasing accountability of the 170-plus statutory authorities and officeholders to the relevant federal minister. The most notable concrete indicator of this trend is that in 2002 the Australian government commissioned 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 (Rechnungshof) is the only institution aside from the parliament that monitors the government and its bureaucracies on a broader, cross-ministerial basis. The Court of Audit is officially an institution of the parliament and the coalition parties have not always succeeded in presenting a common position – as in 2016, when the coalition was unable to present a common candidate for the president of the Court of Audit. This gave opposition parties the possibility to influence the decision. Opposition parties also 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.

By establishing secretary generals above the heads of departments (“Sektionschefs”), the Kurz-Strache government has strengthened the control of government ministers over their ministerial bureaucracies. But this does not change the fact that monitoring is still first and foremost an intra-ministerial task.

## New Zealand

### Score 9

The monitoring of executive agencies is based on the same procedures governing line ministries.

Citation:

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 criticize this reporting, which requires agencies to devote much time and effort reporting on their performance to their respective



department, because it is so extensive that it has become burdensome. Recently, there has been a tendency to reduce the number of objectives and performance indicators on which the agencies are to report. This tendency is likely to continue over the next several years.

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).

Pierre, J. and J. de Fine Licht (2017), *Myndighetschefernas syn på regeringens styrning* (Stockholm: Statskontoret).

## Canada

Score 8

Ministry procedures for monitoring operating agencies are 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, federal governments have 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*. 4. udgave, 2017.

## 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 counsellor 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. In the framework of state governance, the government has proposed merging the various implementing agencies into one agency. Yet, no progress on this reform has been achieved so far.

At the beginning of 2018, county governments – the regional arm of the executive branch – were abolished. Their responsibilities have been divided between central government agencies and municipalities. More direct control through the former could enhance monitoring, while giving more powers to the municipalities (and their consortia) could create additional challenges.

## 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 Economic Affairs and Employment 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.

## Greece

### Score 8

In Greece, most ministries supervise dozens of executive 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. During the period under review, the government realized that any fiscal derailment of supervised state agencies would endanger the progress attained in implementing the Third Economic Adjustment Program, which was under close review by the country's lenders. However, in some cases, public administration deficiencies and a lack of reliable data undermined monitoring and evaluation efforts. Moreover, in cases such as Greece's public broadcaster (ERT), where the government's political appointees clashed with pro-government trade union activists over control, a general decay ensued.

## 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, 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:

"Finances publiques." Ministère des Finances. [www.mf.public.lu/finances\\_publicques/](http://www.mf.public.lu/finances_publicques/). Accessed 24 Oct. 2018.

"Inspection générale de la sécurité sociale." Ministère de la Sécurité Sociale. [www.mss.public.lu/acteurs/igss/](http://www.mss.public.lu/acteurs/igss/). Accessed 24 Oct. 2018.

Inspection générale des finances. [www.igf.etat.lu](http://www.igf.etat.lu). Accessed 24 Oct. 2018.

## Norway

### Score 8

Government agencies are formally subject to monitoring through direct bureaucratic channel and informally by the activities of Norway's free press. As a rule, executive agencies have autonomy when it comes to their "expertise," and can provide advice

or recommendations to government. They rarely act against the directives of ministries and there have been very few cases in which agency officials have taken deliberate action that could be seen as contrary to government policy outside of their area of competence. However, it is not unusual that, for instance, an environmental agency will have different views to an agency responsible for fisheries or oil exploration. The Office of the Auditor General (Riksrevisjonen), which reports to the parliament, plays a key role in monitoring implementation. However, administrative inertia in policy implementation is more prevalent than would be expected in such a well-organized system.

## 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. Under the PiS government, the leadership of state agencies has become highly politicized, with many of these positions being filled by party representatives or allies. As a consequence of the new civil service act that came into effect in January 2016, all employment contracts of previous directors turned invalid, and the positions were no longer filled by open competition, but by personal appointment. A previous provision was canceled requiring directors of state institutions to have not been members of a political party for five years before assuming a leading position in state administration. Thus, compliance between ministries and administration has become easier, but the administration has also become dependent on the political will of the majority. The increase in oversight has led to a decline in democratic checks and balances, professionalism (since there was a massive personnel exchange in the state bureaucracy), and non-politicized relations between ministries and agencies.

## 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 2014 and 2018 showed that the selection of candidates through the ADP is in fact moderately 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.

## Japan

### Score 7

Japanese ministries are traditionally run by civil servants who work in a single ministry throughout their 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. These agencies are subject to 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.

## Portugal

### Score 7

Over the course of the 1990s and 2000s, Portugal experienced a proliferation of quasi-autonomous non-governmental organizations, agencies and other structures. In the context of the bailout, the Passos Coelho government closed and restructured a number of these agencies, while also tightening control over their work in order to reduce public expenditure.

This increased scrutiny generally remains in the current, post-bailout period. Appointments to these agencies seek to ensure fairly high levels of ex ante alignment between the appointee and the government, which constrains bureaucratic drift. At the ex post level, the political staff of ministries monitor the activities of these agencies, paying greater attention to the more relevant agencies.

## Spain

### Score 7

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 as a consequence of the crisis consisted in the reinforcement of 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, and resulted in several mergers. Law 40/2015 established an integrated framework for evaluation, monitoring and the independent audit of all agencies. 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.

Citation:

Círculo de Empresarios (2018), La calidad de las instituciones en España. <https://circulodeempresarios.org/app/uploads/2018/04/Calidad-insti-CdE-WEB.pdf>

## 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.

Law 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 performance of subunits is assessed on the basis of these documents. However, neither strategic management principles nor internal oversight mechanisms have been effectively implemented.

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). The board ensures that administrative bodies cooperate with public auditing bodies, and recommends measures to eliminate fraud and other irregularities. According to the 2016 Annual Activity Report, qualified human resources management, capacity-building, coordination, and the separation of inspection and internal-audit functions are major issues in this field.

All public agencies maintain an internal audit body. However, such bodies do not function effectively or operate to their fullest.

The new presidential government consists of offices, councils and ministries formed around the presidency. Under the new system, offices produce projects, councils transform projects into policies and ministries implement policies. The Department of Administrative Affairs conducts monitoring and the State Supervision Council performs a control function. The new governmental system is an attempt to promote efficiency and coordination in governmental processes, especially in decision-making and implementation. However, the centralization and unification of decision-



making in the hands of the president raises doubts about the sustainability of inter-ministerial coordination.

The effectiveness of the system, which is based on centralization and unification in decision-making, should be reviewed in the near future.

Citation:

İç Denetim Koordinasyon Kurulu 2016 Yılı Kamu İç Denetim Genel Raporu, November 2016, <http://www.idkk.gov.tr/SiteDokumanlari/Faaliyet%20Raporlar%c4%b1/2017KamuicDenetimGenelRaporu.pdf>  
Cumhurbaşkanlığı Teşkilatı Hakkında Cumhurbaşkanlığı Kararnamesi 1, <http://www.resmigazete.gov.tr/eskiler/2018/07/20180710-1.pdf>

TC Başbakanlık 2017 Faaliyet Raporu (özet), <https://www.kamusaati.com/gundem/basbakanlik-2017-faaliyet-raporu-personel-h31991.html> (accessed 1 November 2018)

Z.Sobacı et al., Turkey's New Government Model and the Presidential Organization, SETA Perspective No. 45, July 2018.

## United Kingdom

### Score 7

The United Kingdom was 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 but no 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. The Cabinet Office has recently revised its guidance on public-service reviews and issued a code of good practice for partnerships between departments and arm's length bodies.

Nevertheless, problems have arisen. After repeated criticism, the UK Border Agency, which is responsible for the entry and management of foreign nationals, was taken back into the Home Office to improve transparency and political accountability. It still attracts some negative headlines and there are evident stresses arising from the management of prisons by private contractors. Several child-abuse scandals revealed shortcomings in the monitoring of local-level entities, including local childcare, youth and police services. Further, the horrible fire at Grenfell Tower in June 2017 (which caused upwards of 70 deaths) exposed major failings in British construction supervision. 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.

Citation:

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

Tailored

Reviews:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/570290/Tailored\\_Review\\_Guidance\\_v1.1\\_Nov\\_2016.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/570290/Tailored_Review_Guidance_v1.1_Nov_2016.pdf)

Code of Good Practice: <https://www.gov.uk/government/publications/partnerships-with-arms-length-bodies-code-of-good-practice>

## Belgium

### Score 6

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 the public radio and television stations, Child Focus, a foundation for missing or sexually exploited children, UNIA (against various forms of discrimination), and local public social-service centers (Centres Publics d’Action Sociale (CPAS) / Openbare Centra voor Maatschappelijk Welzijn (OCMW)). Monitoring of these agencies takes place through several channels. Two are most relevant here. First, a government or party delegate will generally sit on the board. Second, the agency must submit a yearly report to the government. This monitoring mechanism is extremely effective, in part thanks to party discipline.

However, effective monitoring is not synonymous with efficiency. Among other issues, the absence of impact assessment or efficiency monitoring allows public agencies to increase their costs without effective sanctions. Second, as noted in the Corruption Prevention section (D4.4), effective monitoring has been hampered by the outsourcing of many areas of government to ostensibly private entities that are in fact controlled by public-office holders.

The outcome has been a decline in public trust, reflected in lower performances for Belgium in the World Economic Forum’s ratings on issues such as “public trust in politicians,” “diversion of public funds,” “favoritism in decisions of government officials,” and “efficiency of government spending.”

Citation:

[http://www.lecho.be/tablet/newspaper\\_economie\\_politique/Il\\_reste\\_des\\_centaines\\_d\\_e\\_millions\\_d\\_euros\\_d\\_economies\\_a\\_faire\\_dans\\_les\\_services\\_publics.9776078-7320.art?utm\\_campaign=app&utm\\_medium=tablet&utm\\_source=IPAD](http://www.lecho.be/tablet/newspaper_economie_politique/Il_reste_des_centaines_d_e_millions_d_euros_d_economies_a_faire_dans_les_services_publics.9776078-7320.art?utm_campaign=app&utm_medium=tablet&utm_source=IPAD)

WEF: Schwab, Klaus and Sala-i-Marti, Xavier (2017). The Global Competitiveness Report 2017–2018. World Economic Forum editor.

## Ireland

### Score 6

The number of government agencies has been steadily increasing. In 1950, there were around 130 agencies. By 2010, there were more than 350 agencies (see MacCarthaigh, 2012).

O’Malley and Martin (2018, 261) note that: “The Irish experience had been criticized even before the economic crisis by the OECD, which noted that ‘in Ireland, the

objectives of agentification are unclear, mixed and not prioritized,’ resulting in sub-optimal governance structures” (OECD, 2008: 298).

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 over-runs 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>

## Israel

### Score 6

While connections between ministries, and government agencies and NGOs are defined by contractual agreements, and financial and legal oversight, the content and quality of services are not under similar appraisal. Most ministries sufficiently monitor their respective agencies, while some – notably education and welfare – are criticized for failing to implement government policies and effectively monitor service provision. Therefore, the movement for quality government in Israel claims this is

harming the public service provision, while others claim the state-owned enterprises are unnecessary and should be privatized.

In 2016, an interministerial team examined the outsourcing of government services. The team's report emphasized that government monitoring of service providers is still lacking. According to the report, nearly 60% of the outsourced projects were not monitored by the government in the first year and 83% lacked information about service users' satisfaction. Additionally, the report stated that the government only enforced 4% of all infringements that were reported on outsourcing services.

In 2017 and 2018, the tendency toward outsourcing governmental services has continued. According to media reports, government ministries still drag behind when it comes to monitoring and enforcing regulations on the service providers, including protecting the rights of customers and workers.

Citation:

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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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<http://adva.org/wp-content/uploads/2016/05/30yearsto1985.pdf>

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

The privatization failures: "The Transportation Ministry completely smashed the examiners.," Davar, 22.11.2017 (Hebrew)  
<https://www.davar1.co.il/95761/>

"The state admits failures in privatization tenders and supervision of privatized service" – The Marker, 8.9.2016 (Hebrew):  
<https://www.themarker.com/news/1.3062114>

"The state comptroller presents: "The privatization of IMI was" cooked up " – Globes, 26.6.2018 (Hebrew):  
<https://www.globes.co.il/news/article.aspx?did=1001243060>

## 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 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 several recommendations, some of which were related to improving the monitoring of these institutions. However, in 2016, the Sunset Commission ceased operating. In 2018, controversies regarding the implementation of a recently adopted Law on the Protection of Children's Rights illustrated practical difficulties in implementing measures when various institutions on various levels of governance are involved.

## South Korea

### Score 6

The Prime Minister's Office annually monitors and evaluates the performance of 42 governmental agencies. The ministries effectively monitor the activities of all executive agencies, with each minister holding responsibility for the compliance of the agencies under his or her purview. Once again, the top-down structure of the government typically 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. Each ministry sets its own performance and implementation indicators and reports its annual progress. The indicators can be used as a monitoring tool for the activities of bureaucracies and executive agencies with regard to implementation. However, ministries fail in some cases to monitor executive agencies' implementation activities effectively.

## 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.

A 2016 study by Fritz Sager and Eva Thomann on cantonal asylum policies showed that implementation was mainly dependent on the extent of the problem, politicization and partisan power distribution in the respective canton as well as the previous policy. This analysis allows for many different constellations, which can explain the large variation in cantonal implementation of federal laws.

#### Citation:

Fritz Sager and Eva Thomann: Multiple streams in member state implementation: politics, problem construction and policy paths in Swiss asylum policy. *Journal of Public Policy*, Available on CJO 2016 doi:10.1017/S0143814X1600009X

## Czechia

**Score 5** The delegations of responsibility away from the government is limited in Czechia. 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. The oversight of financial management and spending improved with the introduction of the Supervisor program, which increased transparency but does not include all line ministries or state agencies.

## 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. A Parliamentary Public Accounts Committee (PAC) also exists. The National Audit Office produces an annual report on all public service entities (departments, agencies, etc.), though the reports are ad hoc, focused on different sections and departments of ministries and agencies every year. The ombudsman also produces a procedural audit, though it has been recommended that the ombudsman be given the same rights of oversight as held by the audit office in order to better review the workings of government. The 2017 Ombudsman report emphasized difficulties in receiving timely information, and further indicated problems related to the inappropriate disclosure of government information – specifically problems with binding parties signing government contracts to secrecy, and in areas where essential health and energy services in sectors have been partially or fully privatized, and some parties are not sufficiently legally prohibited from disclosing information to third parties. 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 Office of the Principal Permanent Secretary, has become more involved in monitoring processes, and positive results are beginning to show. The recruitment of more qualified personnel and the provision of greater amounts of training are also proving effective in this regard, helping to improve adherence to EU directives. Nonetheless, NAO reports still point to problematic areas.

Citation:

73% of budget measures to be implemented by the end of 2016 Malta chamber of commerce

## 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 more heterogeneously developed. Monitoring is considerable at particular times and places, but limited otherwise. Moreover, monitoring is selective due to uneven state



capacity, which hampers greater coverage. Essentially, the commitment to monitoring depends on political constellations. Ministries can scrutinize bureaucratic agencies if they want to, but there are good reasons why they do not always do so. 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 have mostly been unable to effectively monitor the military and the police, and attempts to increase oversight – especially with regard to human rights violations – has been politically difficult in the context of an ongoing security crisis. This has not changed during the last year of the outgoing president and will be one of the biggest coordination challenges for AMLO.

## Slovakia

### Score 5

Slovakia features a large number of agencies increasingly subject to politicization. Leaders of agencies or semi-autonomous entities are selected on the basis of their party affiliation and social connections (family bonds) rather than their expertise and public reputation. The politicization of agencies has not changed under the third Fico and the Pellegrini governments.

#### Citation:

Nemec, J. (2018): Slovakia, in: N. Thijs, G. Hammerschmid (eds.), *Public Administration Characteristics and Performance in EU28*. Luxembourg: European Union, 896-897 (<https://publications.europa.eu/en/publication-detail/-/publication/a7c9b4c2-960f-11e8-8bc1-01aa75ed71a1/language-en>).

## United States

### Score 5

Federal departments have central units attached to the relevant secretary's office that monitor the activities of subordinate agencies. There are no semi- autonomous agencies in the U.S. administrative system. Independent regulatory commissions – including the Federal Reserve Board (both a regulatory agency and the central bank, responsible for monetary policy) – 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 the activities of regulatory agencies, despite lacking formal authority to impose changes. State-level agencies which administer federal programs are subject to highly inconsistent federal supervision. The losses of organizational capacity in the federal bureaucracy under Trump reduce the ability of departments to monitor agencies.

## 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 (e.g., the absorption of EU funds) and tends to rely on informal rather than formal mechanisms. Under coalition governments monitoring is further limited by the practice of dividing government, bureaucratic and agency appointments between coalition partners. Consequently, ministers from one party are impeded from effectively monitoring agency heads from another party.

## 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 Orešković government continued the evaluation of agencies begun under the Milanović government and eventually proposed the elimination of nine agencies. Under the first Plenković government, this proposal was not implemented. The second Plenković government eventually came up with its own reform proposal in August 2018. The proposal has aimed at downsizing public administration by abolishing a total of 54 public organizations, most of them agencies.

## 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 Ministry of Finance 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 still inadequate. Despite major regional differences and deviations

from “standard costs,” established by recent studies, systematic oversight is not yet in place. After long discussions about the introduction of nationally defined “standard costs” in the health sector this decision is yet to be implemented. The capacity of regional governments to properly manage and monitor health care resources can vary significantly from region to region, which has cast doubt over further decentralization and the ability of the central government to control this sector.

## Netherlands

### Score 4

A 2016 evaluation of the national Framework Law on Agencies/Bureaucracies has insufficient scope according to a considerable number of members of parliament: 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. In 2014 – 2018, 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 improperly 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. The Implementing Institute for Workers’ Insurances (Uitvoeringsinstituut Werknemersverzekeringen, UWV) has struggled for a long time with apparently unsolvable problems, including delays in medical check-ups and increasing fraud, while the inaccessibility of its ICT-system is undermining communication with clients. Unemployment benefit fraud by immigrant employees went unpunished for years. Implementation of human resource plans for the National Revenue Service (Belastingdienst), following substantial political pressure, were put under external supervision. Some members of parliament believe the Revenue Services’ organizational continuity may be at stake. In 2017, implementation problems in the reformed national police system were reported, including excessive administrative regulation, incomplete oversight of different tasks and task fields, and insufficient leadership in capacity-building and performance management. On top of this, there were financial irregularities in the national police’s Central Works Council. Most of these problems remain unresolved due to personnel shortages, even though the 2018 national budget allocated more financial resources, and in some cases salaries that were considered too low were increased.

Citation:

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

Algemene Rekenkamer, UWV, balanceren tussen ambities en middelen, 31 January 2017 (Rijksoverheid, accessed 1 Over, 2018)

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Volkskrant, Nieuwsuur: 'Polen frauderen op grote schaal met WW-uitkeringen,' 3 September 2018

Volkskrant, Plannen kabinet in gevaar door problemen met computersystemen belastingdienst, 18 June, 2018

## 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 even fail to provide legally required information on their websites.

## Slovenia

### Score 4

Following the passage of the 2002 Civil Service Act, which at least formally 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 agreements, the Cerar government replaced a number of experienced high-ranking and even some mid-level civil servants with less qualified staff loyal to the coalition parties and filled leading positions in executive agencies with politically loyal personnel. Also, ministerial cabinets were largely filled with politically loyal personnel that often lacked the requisite expertise to carry out its functions and aid the minister. Political and personal ties prevented the prosecution of misconduct and incompetency, resulting in a decreasing level of civil service quality at the national level. Under the new Šarec government, the politicization of the civil service has continued.

## Cyprus

### Score 3

The Council of Ministers appoints the governing bodies of quasi-governmental institutions and approves their budgets. The law on fiscal responsibility offers some budget control, while 2014 amendments to the law on the governing bodies of quasi-governmental institutions strengthens government control on governing bodies and policies. However, these changes appear to neither offer remedies against favoritism nor to improve oversight and sound management.

The situation with regard to local authorities is similar. The auditor general notes in his 2016 report high debts, disrespect for rules and procedures, and functional inadequacies in many municipalities.

In 2018, the IMF underlined the need for reforms of public bodies and municipalities, at both the structural and functional levels, and the improvement of their capacity for financial management and the monitoring of risk.

Citation:

1. Municipal gravy trains can't go on, audit boss says, Cyprus Mail, 25 May 2018, <https://cyprus-mail.com/2018/05/04/municipal-gravy-trains-cant-go-on-audit-boss-says/>

## 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 financial crash 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 2016, the number was up to 45 so the situation seems to be recovering and the National Audit Office is again being strengthened. The 2017 annual report is still not accessible. At the time of writing, the number of personnel has again increased to 47, according to information published online by the institution.

Citation:

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

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

National Audit Office Annual Report 2014. (ÁRSSKÝRSLA RÍKISENDURSKOÐUNAR 2014. APRÍL 2015).

National Audit Office Annual Report 2015. (ÁRSSKÝRSLA RÍKISENDURSKOÐUNAR 2015. MARS 2016).

National Audit Office Annual Report 2016. (ÁRSSKÝRSLA RÍKISENDURSKOÐUNAR 2016. JÚNÍ 2017).

National Audit Office (Ríkisendurskoðun). <https://rikisendurskodun.is/um-okkur/>. Accessed 22 December 2018.

## 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

Canadian subnational governments deliver key public services, notably health care and education. Their share of government spending has risen dramatically over recent decades and now accounts for roughly 78%, compared to an OECD average of 32% (2016 data).

Canada's federal government typically ensures that tasks delegated to subnational governments are adequately funded. The federal government transfers funds earmarked for both health care and education 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 nationally. The block-funding structure is intended to give provinces and territories greater flexibility in designing and administering programs.

In 2016, the Liberal government indicated that CHT spending will be capped at 3.5%, down from 6% in previous years. Though several provinces negotiated their own deals with the federal government to secure higher CHT increases. Both the CHT and the CST will be reviewed in 2024, but this may be too late as a recent Parliamentary Budget Officer (PBO) projection forecasts that provincial debt will start to increase in the mid-2020s and then follow an explosive path. On the current trajectory, therefore, fiscal policy at the subnational level is unsustainable and federal

transfer programs will prove to be insufficient to fund the large-scale increases in health care spending that will result from an aging population.

Citation:

Department of Finance, Canada, Federal Support to Provinces and Territories. Retrieved 2016 from <http://www.fin.gc.ca/fedprov/mtp-eng.asp>

Parliamentary Budget Officer of Canada, Fiscal Sustainability Report 2018, posted at [https://www.pbo-dpb.gc.ca/web/default/files/Documents/Reports/2018/FSR%20Sept%202018/FSR\\_2018\\_25SEP2018\\_EN\\_2.pdf](https://www.pbo-dpb.gc.ca/web/default/files/Documents/Reports/2018/FSR%20Sept%202018/FSR_2018_25SEP2018_EN_2.pdf)

## New Zealand

### Score 9

New Zealand is one of the most centralized jurisdictions in the OECD. More than 90% of government workers are employed by central government organizations, and almost all citizen-facing public services – including policing, fire services, education and health – are central government activities. Almost all local regulation is undertaken by an agent of central government, with little locally initiated regulation. In addition to their relatively narrow task profile, local governments are not permitted 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, which are taxes on real-estate holdings, and charges; they have full discretion to set rates, subject to a general balanced budget requirement. Other revenue sources include user charges, such as vehicle fuel charges (since 2018), and fees. Local government officials have been lobbying central government for the right to raise revenue from additional sources, including road tolls. To date, their lobbying has been largely unsuccessful. 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 previous National-led government reformed the Local Government Act with the aim of limiting local services to their core tasks to keep costs under control.

Citation:

The New Zealand Productivity Commission 2018. Local government funding and financing Issues paper -November 2018.

[https://www.productivity.govt.nz/sites/default/files/Local%20government%20funding%20and%20financing%20issues%20paper\\_FINAL.pdf](https://www.productivity.govt.nz/sites/default/files/Local%20government%20funding%20and%20financing%20issues%20paper_FINAL.pdf)

## 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 cantons as well as create transparency with regard to the flow of resources between the federal state and 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 states ("Länder") are constitutionally weak as compared with individual states in other federal systems. Yet politically, the 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. Concerning the need to determine the amount of subsidy states must provide asylum-seekers, the states responded in contradicting ways.

A significant aspect would be to allow the states to independently raise some taxes. However, the states themselves oppose such a reform. The states seem satisfied to be financed by the federal authorities, decided by a negotiated compromise between the federal government ("Bund") and the states.

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.

In 2018, nothing changed significantly. However, a debate has just been started by the governor of Lower Austria concerning the powers of the nine federal states to collect taxes. If this idea becomes reality, the structure of the Austrian political system would become more decentralized.

## Denmark

### Score 8

Part of the income tax paid in Denmark is a municipal tax and municipalities have discretionary powers to set the taxes. The municipalities also receive funding from the state (bloktilskud), and there is an equalization arrangement that reallocates funds from richer to poorer municipalities. There are annual negotiations with both the municipalities and regions about the financial framework agreement. Since municipalities act independently – though coordinated via their organization (Kommunernes Landsforbund) – the budget decisions of the municipalities have not always been 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 from 2014, 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, 4. udg., 2017.

Andersen, T.M., J. Bentzen, S. E. Hougaard Jensen, V. Smith and N. Westergaard-Nielsen, The Danish Economy in a global perspective, Copenhagen: DJØF Publishing, 2017.

## 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 even when experiencing 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 considerable reduction in the number of municipalities. Among other goals, the reform aims to secure sufficient financing and an efficient provision of services across the country. The government has also introduced a further and much contested reform project (SOTE) to create larger entities tasked with providing social and health services in a more efficient way. However, according to assessments, the final compromise solution of 18 social services and health care entities 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. The SOTE reform is expected to come into force in 2021.

Citation:

Government press release on “Government decision on next steps in reform package on health care, social welfare and autonomous regions”, [http://vm.fi/en/article/-/asset\\_publisher/10616/hallitus-paatti-sote-uudistuksen-jatkosta-jatsehallintoalueista](http://vm.fi/en/article/-/asset_publisher/10616/hallitus-paatti-sote-uudistuksen-jatkosta-jatsehallintoalueista)  
<http://alueuudistus.fi/en/frontpage>

## 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 either been forced to amalgamate or cooperate on service provision 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 have been planned – though without any dates set, including responsibility for elderly care. Negotiations on the transfer of elderly care have been repeatedly postponed due to disagreements over funding arrangements between central and local governments. The negotiating and preparation committee with representatives from state and local levels has in fact had no formal meeting since August 2013 ([www.velferdarraduneyti.is/yfirfaerslan/](http://www.velferdarraduneyti.is/yfirfaerslan/)).

Citation:

Eythórsson, Grétar Thór (2017), “Bigger and stronger together. How Icelandic municipalities solve their lack of capacity and scale economy,” in Teles, Filipe and Swianiewicz, Pawel (Eds.), *Inter-Municipal Cooperation in Europe Institutions and Governance*. Palgrave MacMillan. DOI: 10.1007/978-3-319-62819-6.

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## Norway

Score 8

There is a constant tension between central and local government over the funding of responsibilities imposed on local governments. As welfare policies move more toward ensuring universal rights, the financial and administrative demands placed on the various local units have become more challenging, particularly for some of the smaller units. As a result, local-government funding has been increased. This policy was initially met with great satisfaction by local authorities; however, these bodies rapidly adapted their activities to these new financial flows and relaxed budget discipline which, in turn, led to growing public debt at the local level. Local governments later again began asking the central government for additional funds. In general, regional governments and municipalities are adequately funded, but there have been efforts to promote voluntary structural reforms that would create larger units. However, these reforms have been slow and some have been rejected by voters in local referendums.

## 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 have often complained 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 Trump administration has increased the states’ discretion in the use of funds for food stamps, medical care for the poor (Medicaid), and cash assistance to the poor.

## Czechia

Score 7

The regional tier within the Czech system of governance retains 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 independence in fulfilling governing duties and managing necessary infrastructure. European structural funds constitute an important resource for regional development, though this will change significantly as

of 2020 and involve a decrease in spending. All negotiations over regional budgets remain complicated by opposing political majorities on the central, regional and municipal level.

## France

### Score 7

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 formerly centralized policies were notably badly managed or insufficiently funded, local units had to face huge expenditure increases that were not fully covered by the central government. 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 authorities are in some areas acting as agents of the central government, they have, actually, secured ample discretion. The recent regional reform reducing the number of regions from 22 to 13 has had quite an important consequence: the new regions will benefit from a fraction of the VAT, whereas before they did not receive taxes but only transfers from the central government.

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 have not improved the situation. Growing tension between central government and local authorities has been fueled by President Macron's decision to exempt 80% of local taxpayers from paying the "taxe d'habitation" (a rather unfair tax paid by all local residents, owners and tenants). The local tax will be replaced by a financial compensation from central government, which means that local authorities will lose control over this part of their resources. Moreover, local authorities fear that the state subsidy will not evolve over time according to needs. In addition, further savings have been imposed, forcing local authorities to improve their budgetary policies. The government also expects to pass a law obliging local authorities to apply the 35-hour working week regulation, as underemployment is a significant issue in many local authority areas. The expected savings correspond to 30,000 jobs.

## Germany

### Score 7

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. However, a number of adjustments over the last years have substantially rejuvenated municipalities and states. For example, in July 2016, the federal government increased the flat-rate payment for the integration of migrants by about €8 billion until 2018, which was an exceptional improvement.

With respect to the future of the fiscal equalization system, an important compromise on the new system (in effect from 2020 onward) was achieved in October 2016. In this compromise, the Länder receive higher shares of VAT revenues and a system of exclusively vertical equalization payments (from the federal to the state level) is replacing the current horizontal system (where richer states pay to poorer states).

In the beginning of November 2018, the government agreed a digitalization pact (“Digitalpakt”), which will include the federal government and the Länder governments. The federal government will invest about €5 billion and would gain new regulatory competences in the area of education, which has hitherto been the exclusive domain of the Länder. In addition, the pack stipulates that the Länder will match the government’s investment into the program. Though whether the Länder governments will follow the line remains unclear. Some of the prime ministers of the Länder strongly insist that education should remain within the exclusive competences of the Länder.

## Israel

### Score 7

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 poor local authorities are unable to fund. The government’s budgeting procedure for local government is clearly articulated and includes progressive budgetary support. However, one major problem in the government’s budgeting procedure, which was mentioned in the State Comptroller’s report from 2015, is that there is no regular procedure in the Ministry of the Interior regarding the development of budgets for local authorities.

Over the past few years, local authorities have called for a redistribution of education budget allocations according to cities’ socioeconomic ranking. A report made by TAUB Center in 2017 argued that the budget system between local authorities leads to inequality between rich and poor authorities, perpetuating the situation in which poor authorities receive insufficient funds. While the redistribution plan was promoted by poor local authorities, it was resisted by rich municipalities and for a while was not approved by the Finance Ministry.

The plan was promoted again and approved as part of the 2017 – 2018 budget under the responsibility of the Ministry of the Interior. The plan consists of four points. First, providing a grant to balance and support poor local authorities that face an income shortage and experience difficulties in providing services. Second, providing recovery schemes for authorities that are facing a budget deficit. Third, supporting authorities with low tax income. Lastly, supporting local authorities with a special fund.

Citation:

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Ministry of Interior budget of 2017-2018, Ministry of Interior website (hebrew)  
[https://mof.gov.il/BudgetSite/statebudget/BUDGET2017\\_2018/MINISTERIESBUDGET/MinisteriesBudget/DocLib/Pnim\\_Main.pdf](https://mof.gov.il/BudgetSite/statebudget/BUDGET2017_2018/MINISTERIESBUDGET/MinisteriesBudget/DocLib/Pnim_Main.pdf)

Ministry of Interior Work Plan, 2017-2018, Ministry of Interior Website (Hebrew)  
<http://www.moin.gov.il/LOCALGOVERNMENT/local%20authority/CHMap/Documents/%D7%9E%D7%A9%D7%A8%D7%93%D7%94%D7%A4%D7%A0%D7%99%D7%9D.pdf>

Saada, Aria, "Ombudsman's report 57ז: Budgeting social services for local authorities equality lacking," Abiliko website 9.7.2010 (Hebrew)

"The State discriminates in welfare budgets between rich and poor authorities," Ynet News, 6.12.17 (Hebrew)  
<https://www.ynet.co.il/articles/0,7340,L-5052419,00.html>

## Luxembourg

### Score 7

Since 2018, the Ministry of the Interior has overseen 102 municipalities in Luxembourg. This supervision is paired with 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 matters. The government had planned to reduce the number of local municipalities to 71. However, the new government has weakened this objective, as it does not correspond 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. Municipal associations (syndicats intercommunaux) exist in fields, such as culture and sports, to help improve the quality of local government. In December 2016, parliament voted in favor of a reform of the municipal finance system. Since 2017, due to the full budgetary assumption of teachers' salaries, grants to local budgets have been increased, providing municipalities financial and planning security.

#### Citation:

Schlammes, Marc: "Leitartikel: Kommunale Quellen." Luxemburger Wort, 12. Dezember 2018. <https://www.wort.lu/de/politik/leitartikel-kommunale-quellen-57847adbac730ff4e7f6359d>. Accessed 12 Dec. 2018.  
 Halsdorf, Jean-Marie (2013): "Die Kommunal- und Verwaltungsreform im Großherzogtum Luxemburg – Grundzüge und Perspektiven," in: Martin Junkernheinrich/Wolfgang H. Lorig (eds.) Kommunalreformen in Deutschland, Nomos, pp. 445 – 462.  
 Syndicat des Villes et Communes Luxembourgeoises. [www.syvicol.lu](http://www.syvicol.lu). Accessed 24 Oct. 2018.



## 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 federal government to finance the myriad services they provide, including primary, secondary and vocational education, policing, 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 inadequate provision of public services.

The federal government's commitment to completely pass on to 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 household expenditure subject to the consumption tax has declined from 61% in 2001 - 02 to approximately 56% in 2016 - 17.

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 has not shown the same commitment to increasing health and education funding, and indeed has indicated an intention to scale back federal funding. Since its rise to power in September 2013, the coalition government has delivered a significant budget deficit in every fiscal year. Consequently, task funding is likely to fall rather than rise over coming years. The notable exception is for the National Disability Insurance Scheme (currently in the process of being rolled out), which has had its funding secured by a 0.5% increase of the Medicare Levy (levied on taxable income) from July 2019.

Citation:

Australian Government 'Re:think Tax Discussion Paper,' March 2015:  
<http://bettertax.gov.au/publications/discussion-paper/>.

Parliamentary Budget Office report on trends in taxation:  
[https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Budget\\_Office/Publications/Research\\_reports/Trends\\_affecting\\_the\\_sustainability\\_of\\_Commonwealth\\_taxes](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Publications/Research_reports/Trends_affecting_the_sustainability_of_Commonwealth_taxes)

<http://www.abc.net.au/news/2015-11-02/gst-hike-would-raise-130b-modelling-shows/6903782>

<https://www.abc.net.au/news/2018-11-05/school-funding-agreement-sa-first-state-to-sign-up-to-deal/10464122>

[https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/rp/rp1617/Quick\\_Guides/NDIS](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1617/Quick_Guides/NDIS)

## 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 (e.g., the public health and education systems) provided by less wealthy municipalities are sometimes below average as some municipalities are unable to raise the income required to effectively provide the services themselves. This challenge is characteristic of Chile's centralized political system and must be regarded as a structural problem. The former government convened a commission to study decentralization, with the ultimate goal of addressing these ongoing issues. The commission's proposal, which was presented publicly in October 2014 and supported by the then President Bachelet, included several proposals designed to strengthen regional governments. Two such measures were originally slated for implementation by the end of 2017, but finally were delayed until 2020:

- Regional governors (Gobernadores Regionales) will replace the current regional mayors (Intendentes Regionales) and be directly elected, enabling citizens to hold them accountable for promises made in their political campaigns.
- Regional governors (Gobernadores Regionales) will be given responsibility for regional and urban planning, administration of the National Fund for Regional Development, and implementation of social and economic policies at the regional level. The regions will create three new divisions for this purpose: Industrial Advancement (Fomento e Industria), Human Development, and Infrastructure and Transport. During the period under review, these new divisions were being piloted in some regions, with the aim to upscale the experience in 2020.

With regard to a possible increase in the amount of federal funds provided to regional governments, no consensus had been reached by the end of the period under review.

The current scenario points to a less extensive implementation of the reform proposals by 2020. So far, Chile and Turkey have been the only OECD-member countries where regional authorities are not democratically elected but appointed by the central government. As a consequence of the electoral reform introduced under the presidency of Bachelet, regional governors will be directly elected every four years in Chile from 2020.

Citation:

<http://www.descentralizacion.subdere.gov.cl/index/index.php>

<http://chiledescentralizado.cl>

<http://www.senado.cl/appsenado/templates/tramitacion/index.php>

<http://chiledescentralizado.cl/eleccion-de-gobernadores-regionales/>

About the implementation of regional governors:

<https://www.bcn.cl/leyfacil/recurso/eleccion-democratica-de-gobernadores-regionales>

<http://www.kas.de/chile/es/publications/47796/>

Democratic election of regional governors:

<https://www.bcn.cl/leyfacil/recurso/eleccion-democratica-de-gobernadores-regionales>

## Ireland

### Score 6

One of the motivations for the creation of Irish Water 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. Due to strong populist reaction, the funding mechanism for Irish Water, namely the imposition of household water charges, was strongly resisted. As a result of this resistance, this funding mechanism was abolished and household water charges were repaid in 2017. The water initiative paralleled the 2005 decision 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 raised the proportion of funds coming from local sources, subnational units of government 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% were to be retained locally to fund vital public services, while the remaining 20% were to be redistributed to provide top-up funding to certain local authorities that have lower property-tax bases due to variance in property values. The Local Property Tax Exchequer Receipts at the end of September 2017 amounted to €362 million.

Citation:

<https://www.revenue.ie/en/corporate/information-about-revenue/statistics/local-property-tax/index.aspx>

## Japan

### Score 6

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. Pressures to reduce expenditures have increased, as local budgets are increasingly tight 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. Since 2014/15, regional vitalization special zones and special economic zones (tokku) where national regulations have been eased have served as field experiments for improved policymaking. Many observers have criticized this approach as being insufficiently bold.

#### Citation:

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

Promoting local autonomy, The Japan Times, 9 January 2017, <https://www.japantimes.co.jp/opinion/2017/01/09/editorials/promoting-local-autonomy/>

## Latvia

### Score 6

Local governments enjoy a comparatively high degree of autonomy. The local government share of public expenditure was 24.3% in 2015, 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 2015 showed an imbalance between central

and local government budget pressures. In 2015, local government expenditure decreased by 1.1%, while central government expenditure increased by 3.8%. However, local government income increased by 1.7%, while central government income increased by 3.4%.

Local governments suffer from a lack of capacity in financial management. The State Audit Office has repeatedly noted that local governments ignore accounting standards and requirements. In the absence of proper local and national approval procedures for government transactions, violations range from petty issues, such as covering entertainment costs out of the municipal budget, to large scale fraud, such as a municipal official signing a €200 million bond.

Public sector reform is ongoing. The goal of the reform is to increase the quality and efficiency of central administration. However, local authorities are not covered. Furthermore, there is a lack of oversight of and incentives for local authorities, which would improve efficiency.

Citation:

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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: 06.01.2019
3. Freedom House (2016). Nations in Transit: Latvia 2016. Available at: <https://freedomhouse.org/report/nations-transit/2016/latvia>. Last assessed: 06.01.2019
4. European Commission (2017), Country Report: Latvia, Available at: <https://ec.europa.eu/info/sites/info/files/2017-european-semester-country-report-latvia-en.pdf>, Last assessed: 09.01.2019.

## 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 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 government introduced a new procedure for allocating revenue to municipalities. However, this decision will 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 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. Few tasks are decentralized, which is reflected in very low levels of subnational public expenditure overall. According to OECD figures, subnational government expenditure in Portugal accounts for 12.6% of total public expenditure (compared to an OECD average of 40.4%) or 5.7% of GDP (compared to an OECD average of 16.2%).

The current government has expressed a commitment to decentralization. In July 2018, the government approved a deal with the National Association of Portuguese Municipalities, which would involve a greater delegation of tasks and increased funding for local governments. This decentralization package will be fully implemented by 2021.

Citation:

Diário de Notícias (2018), “Acordo de descentralização fechado. Municípios recebem 7,5% do IVA,” available online at: <https://www.dn.pt/poder/interior/acordo-de-descentralizacao-quase-fechado-municipios-recebem-75-do-iva-9542770.html>

OECD (2018) “Regions and Cities at a Glance 2018 – PORTUGAL” available online at: <http://www.oecd.org/cfe/PORTUGAL-Regions-and-Cities-2018.pdf>  
<https://www.fundodeapoioimunicipal.gov.pt/inicio>

## Slovakia

### Score 6

In Slovakia, the degree of decentralization is relatively high. However, funding for subnational governments has been precarious. About a third of the revenues come from state transfers. While the shares of both municipalities and regional self-governments in personal income tax revenues have substantially risen since 2014, subnational governments have continued to complain about unfunded mandates. Their strong reliance on personal income tax has made their revenues highly dependent on the performance of the economy. Nonetheless, the Association of Towns and Communities of Slovakia (ZMOS) is a powerful player and has been relatively successful in articulating the interests of municipalities vis-à-vis the central government.

Citation:

Nemec, J. (2018): Slovakia, in: N. Thijs, G. Hammerschmid (eds.), Public Administration Characteristics and Performance in EU28. Luxembourg: European Union, 891-894 (<https://publications.europa.eu/en/publication-detail/-/publication/a7c9b4c2-960f-11e8-8bc1-01aa75ed71a1/language-en>).

## Spain

### Score 6

Spain has a very decentralized political and administrative structure, with 17 autonomous regions controlling over a third of public spending, including services such as health care and education. The system has also been occasionally associated with deficiencies in the process by which tasks are delegated to regions without adequate funding sources. In the context of the austerity policies that have characterized Spain until recently, 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. 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. In fact, Catalonia's bid for independence was in part fueled by widespread social unrest related to the wealthy region's limited fiscal capacities. In 2012, the central government introduced the Fund for Regional Liquidity, providing inexpensive liquidity to the regions. This program remained in force in 2018. Thanks to this program, most of Spain's public debt belongs to the central administration, although some regions are now independently accessing the financial markets once again. Although the new socialist government announced plans for a long-awaited reform of the territorial financing model in 2018, the reform had to be postponed.

Citation:

September 2018, El Confidencial, Las comunidades mejor financiadas dan un giro al debate, [https://www.elconfidencial.com/economia/2018-09-11/comunidades-mejor-financiadas-piden-dinero\\_1614033/](https://www.elconfidencial.com/economia/2018-09-11/comunidades-mejor-financiadas-piden-dinero_1614033/)

## 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 through regional development projects (e.g., GAP, DAP and DOKAP). Besides transfers from the central government budgets within the scope of village infrastructure project (KÖYDES), the Drinking Water and Sewer Infrastructure Program (SUKAP) and the Social Support Program (SODES) still continue.

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. According to Audit Court reports, most metropolitan municipalities have substantial debts. Therefore, most local projects in major metropolitan municipalities are run by the central government.

The recent change in regulations governing metropolitan municipalities was designed to generate funds for municipal governments. While existing competencies will continue in general, it may be necessary to expand local government powers, diversify local needs, broaden service requirements, and promote public interest to ensure effective and efficient services. However, the new presidential system, which is based on the centralization and unification of decision-making, leaves no space for decentralization.

Citation:

2017 Yılı Kamu Yatırımlarının Sektörlere Göre Dağılımı, <http://www.resmigazete.gov.tr/eskiler/2017/01/20170114M1-1-1.pdf> (accessed 1 November 2018)  
 2018 Yılı Yatırım Programı, <http://www.resmigazete.gov.tr/eskiler/2018/01/20180115M1-1-1.pdf> (accessed 1 November 2018)  
 M. Esen, "Güncel Resmi Raporlar Göre Belediyelerimizin 2017 Yılı Faaliyetlerinin Değerlendirilmesi," (accessed 27 October 2015)  
 "Yerel yönetimler borç batağında," <https://www.sozcu.com.tr/2018/ekonomi/yerel-yonetimler-borc-bataginda-2666700/> (accessed 1 November 2018)  
 "Yerel yönetimlere yeni yılda 114,3 milyar lira kaynak," 28 October 2018, <https://www.trthaber.com/haber/ekonomi/yerel-yonetimlere-yeni-yilda-1143-milyar-lira-kaynak-391377.html> (accessed 1 November 2018)

## United Kingdom

### Score 6

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. 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, even the rate of property tax is controlled centrally. As a result, local authorities have been among the hardest hit by government spending cuts. Social care is an especially problematic area, but local authorities are also highly constrained in dealing with basic services, such as filling potholes in roads. Increased task funding for subnational governments was announced in the 2017 budget, but it does not go far enough to offset funding gaps.

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 government new taxation and borrowing powers. After the close outcome of the Scottish independence 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 were laid down in the Scotland Act 2016, which allows the Scottish government to borrow £450 million a year for infrastructure investment, such as on schools and hospitals, up to a total of £3 billion.

The National Assembly of Wales has far less fiscal discretion, but central government has agreed that further borrowing powers should also be devolved to the Welsh Assembly and agreed on a fiscal framework.

A new settlement for the Northern Ireland Assembly has also been under discussion for some time. However, after the Northern Irish parties were unable to form an executive after the regional election in 2017, Northern Ireland has de facto fallen back under the direct control of Westminster. Moreover, a quid pro quo for the Northern Irish DUP's support for the May government was extra funding for the province.

The growing number of devolved administrations in England has led to the rise of several self-confident new political actors (e.g., the Greater Manchester Combined Authority and the Liverpool City Region Combined Authority), whose fiscal relation to the central state is expected to become a major political topic in the subsequent post-Brexit devolution debate. However, central government funding for local governments was one of the areas most heavily cut during the years of public spending retrenchment and a number of local governments have struggled to maintain even statutory services. Notably, special measures were imposed on the Conservative-run Northamptonshire County Council – in effect a declaration of the council's insolvency,

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

Smith Commission Report: [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)

Autumn Statement 2016: <https://www.gov.uk/government/topical-events/autumn-statement-2016>

## Bulgaria

### Score 5

Local governments in Bulgaria receive most of their revenues from the central government and have a very limited revenue base of their own. Municipalities receive funding from central government in three ways: a portion of the revenues from some general taxes are designated for municipal budgets; central government



subsidizes municipality budgets; and central government delegates some of its tasks to municipalities, transferring the respective financing to them (known as delegated budgets). The National Association of Municipalities in Bulgaria often claims that the central government deliberately leaves delegated functions underfunded, forcing municipalities to finance national policies with local funds. There have also been allegations that the central government favors municipalities ruled by the same parties as the national government. While the topic of fiscal decentralization – which would significantly increase municipal revenue sources at the expense of the national budget – routinely features in the public discourse, a reform to this effect does not look very likely.

## Estonia

### Score 5

Estonian local governments are heavily dependent on financial resources from the central budget as local tax revenue is negligible. Central government defines 83% of municipal revenues and, although funds are allocated on a universal basis, the system produces large inequalities in the financial capacity of municipalities. The National Audit Office (NAO) found that, although the government plans to increase local government financing by 2020, simply giving local governments more money will not solve the challenges faced by poorer local governments. Since the publication of the NAO report at the end of 2017, positive changes have occurred. The funds allocated by the central government to the municipalities increased by 5% and changes to the financing model are under way. Also, the merger of municipalities in 2017 should create more efficient economies of scale.

Citation:  
Financing local authorities. National Audit Office 2017.  
<https://www.riigikontroll.ee/Suhtedavalikkusega/Pressiteated/tabid/168/ItemId/955/amid/557/language/en-US/Default.aspx> (accessed 26.10.2018)

## 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. 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.

The new government has not devoted great attention to this aspect as yet. However, there are some signs that it will not be particularly keen to increase local resources, as some of its preferred national policies (e.g., the pension reform and the citizenship income) are extremely expensive.

## Malta

### Score 5

Task funding remains a contentious issue. Although many new schemes have been put in place, funding remains inadequate. Local councils in Malta are primarily municipal bodies, and cannot raise revenue through local taxes; however, as they are an integral part of the political system, and under party control, they come under pressure to carry out tasks beyond their remit. 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, both because of inadequate funding and mismanagement by the councils themselves. At the beginning of 2015, the government launched a fund for local councils' capital projects however it remains inadequate. Regional committees were generating revenue from contraventions through the local enforcement system, however, this task was taken over by a central government agency in 2014. There has been a steady, though not particularly substantial, increase in the overall budget. In 2018, the budget for every local council was increased by 4.27%, for a total increase of €7 million relative to the previous year. A 2018 – 2020 local-council-culture fund containing €750,000 has been introduced to pay for cultural events, and a capital-projects fund has also been created.

#### Citation:

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

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

<http://www.timesofmalta.com/articles/view/20151228/local/councils-shortcoming-identified-by-nao-unacceptable-parliamentary.597069>

<http://www.timesofmalta.com/articles/view/20160706/local/auditor-general-criticises-funding-scheme-as-hasty.617914>

<http://www.timesofmalta.com/articles/view/20160111/opinion/Auditing-local-governance.598374>

<http://www.timesofmalta.com/articles/view/20151226/local/councils-christmas-dinner-bills-give-auditor-a-headache.596707>

Local government culture fund 2018 - 2020

35.5 million budget for 68 local councils in 2017 The Malta Independent 04/07/17

The Independent 12/12/18 A total of 30 local councils benefit from the capital projects fund

Financial Allocations to local councils January -December 2018s

## Mexico

### Score 5

Mexico has three levels of government – central, state and municipal. In Mexican federalism, state governments are politically and economically more powerful than municipalities. The state governors' association is a powerful lobby group that

bargains effectively with the central government. In general terms, Mexico's intergovernmental transfer system must reduce vertical imbalances and discretionary federal transfers. The latter are distributed from the center across states with political, rather than policy goals in mind and constitute a substantial share of government spending. Moreover, Mexican states need to increase their own revenues in order to become less dependent on central government transfers.

Due to government austerity, underfunded mandates and insufficient resources are a challenge for the successful completion of many government tasks and undermine the realization of the principle of subsidiarity in Mexico's fiscal federalism.

## Netherlands

### Score 5

Decentralization and integration subsidies comprise 14% of all income from the general fund (Gemeentefonds). Policy-related national subsidies have decreased as a proportion of total income (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 decentralization 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 2017, this amount has increased to €1,645. Nevertheless, in the social policy domain municipal governments ran a very considerable deficit in 2017.

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. The Association of Dutch Local Governments (Vereniging Nederlandse Gemeenten, VNG) has installed a special advisory commission to look into the issue. The national government and VNG appear to be locked in a continuous round of negotiations over structural measures concerning the Gemeentefonds. Meanwhile, in the background, there is a political discussion concerning the future of municipal government: should municipal governments deliver services to citizens that transcend present municipal boundaries, or should municipalities remain governance hubs of low-threshold accessibility and participatory governance?

Citation:

VNG, *De wondere wereld van de gemeentefinanciën*, 2014 (eng.nl, consulted 9 November 2016)

VNG, *Aanhoudende zorgen gemeenten over financiën sociaal domein*, 17 October 2018 (eng.nl, accessed 1 November 2018)

CPB, *Waarom zijn de gemeentelijke investeringen sinds 2009 zo sterk gedaald?*, 30 October 2018 (CPB.nl)

Rijksbegroting 2018. B Gemeentefonds, TK Vergaderjaar 2017-18 34 775 B Vaststelling van de begrotingsstaat van het gemeentefonds voor het jaar 2018. Nr. 1. Voorstel van wet, 19 September 2017 (rijksoverheid, accessed 1 November 2018)

M. Allers, Naar één gemeente?, Symposium 25 Jaar Centrum voor Onderzoek van de Economie van Lagere Overheden, 4 October, 2018 (coelo.nl, accessed 1 November 2018)

## South Korea

### Score 5

While South Korea remains a unitary political system, a rather elaborate structure of provincial, district and neighborhood governments has been in place since 1995. Local governments play an important role in providing services to citizens and respectively account for about 35% of government spending in 2017. However, local and state governments have relatively little ability to raise their own revenue and thus depend on central-government support. The fiscal self-reliance ratio in over 90% of the local governments (220 out of a total 243) was under 50% in 2016. In addition, local administrations are understaffed, and central-government employees are often delegated to subnational authorities. President Moon has highlighted the importance of decentralizing state power in order to help local municipalities and provinces to be run more autonomously. Under the 2018 budget proposal, KRW 3.5 trillion (.1 billion) will be delivered to local governments in the form of local subsidies to provincial governments.

Citation:

OECD, Government at a Glance Database, <http://www.oecd.org/gov/govataglance.htm>

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

Korea Herald. Moon vows efforts for greater local autonomy. June 14, 2017. <http://www.koreaherald.com/view.php?ud=20170614000743>

## Sweden

### Score 5

Unfunded, or insufficiently funded, mandates have been a long-standing 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 and 2016, the former red-green government (2014 – 2018) 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. In 2017, much of the central government's support to local authorities to assist their work with asylum-seekers was terminated; it is now up to local authorities to fund these activities. This may gradually increase local taxes, as we already see occurring in metropolitan areas.

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 subregional 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. Municipalities in rich areas are typically funded sufficiently, but this is often not the case in poorer areas. Reductions in unemployment benefits have also had spillover effects on these municipalities, since they are financially responsible for minimum income support for the poor.

Likewise, the government agreement also implies serious cuts in financial transfers from Flanders to Wallonia in the coming years. But since Wallonia is a post-industrial region with unemployment levels twice as high as those in Flanders, it is difficult to see Wallonia not continuing to suffer from chronic underfunding.

The government agreement also envisioned a decentralization of taxation. However, the main sources of state financing (direct taxes and VAT) will remain centrally controlled and collected, with the funds redistributed according to pre-agreed sharing rules. Redistribution issues remain a point of conflict between the main regions and communities, with the recent financial crises having heightened tensions.

## Croatia

### Score 4

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). 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. Amendments to the law on financing local government authorities were adopted only in December 2017.

Citation:

Koprić, I., A. Musa, V. Dulabić (2016): Local government and local public services in Croatia, in: H. Wollmann, I. Koprić, G. Marcou (eds.), *Public and social services in Europe: from Public and municipal to private sector provision*. London: Palgrave Macmillan, 201-215.

## Cyprus

### Score 4

Local government bodies receive substantial state subsidies, amounting in some cases up to 40% of their budget. In addition, the Council of Ministers, in particular the ministers of interior and finance, have extensive powers to manage the finances and assets of municipalities. The creation of new municipalities increases local government budget needs. Legislation that aims to reorganize municipalities, improve their management, increase centralization and control state funding has been pending since 2014. However, the main challenges facing local government are inefficiency, mismanagement and corruption, which result in the provision of low-quality services.

Citation:

1. Generous loans available from EIB for municipal projects, Cyprus Mail, 15 November 2017, <https://cyprus-mail.com/2017/11/15/generous-loans-available-eib-municipal-projects/>

## Poland

### Score 4

Since 1999, Poland has supported three tiers of subnational governments: municipalities, districts and regions. Since the 2015 elections, the relationship between the central government and the majority of local governments still controlled by parties of the previous government has been strained. As heavily criticized by local offices, the reform of the school system has been associated with a strong shift of costs to the local level. PiS distrust of the politicians running the 50 biggest Polish cities has led to selective support for other localities, thus sending a strong clientelistic signal to local authorities that funding and support will be distributed not on merit, but on political grounds. Subnational governments' fiscal problems have been exacerbated by a decrease in the availability of EU funds at the

local level. In the October 2018 local elections, the PiS failed to increase its vote shares in the larger cities; thus, tensions between the central government and local governments are likely to remain strong.

## Greece

### Score 3

After the onset of the economic crisis in 2010, it was revealed that subnational authorities, working on a “soft-budget” mentality, had contributed to the fiscal derailment of the Greek state through lax control of their own expenditure and hiring of excessive personnel in municipal agencies. Since then, such practices have been curtailed, while the government has imposed strict control over local government expenditure to the point of depriving subnational authorities of necessary resources. For the central government, functioning within the constraints of the Third Economic Adjustment Program (2015 – 2018), achieving a large budget surplus was and still is a major priority. After the end of the bailout program, it may become more possible to return to the long-term process of transferring competences to subnational authorities which had started before the crisis.

## Romania

### Score 3

Subnational governments suffer from a lack of revenues and thus remain dependent on central government funding. As the governing coalition has done little to secure sufficient funding for subnational governments, the quality of public services has remained low. Central government funding has been tainted by party bias, with subnational governments controlled by the PSD receiving more money. Moreover, the funds from Bucharest have come late, so that subnational units have scrambled to keep projects alive during the first months of each calendar year. The financial dependence of subnational governments has contributed to an unwillingness to implement larger-scale projects for fear of losing funding as a result of political changes.

## Slovenia

### Score 3

Municipal governments – the sole tier of subnational self-government in Slovenia – have suffered substantial fiscal difficulties for some time. The Cerar government focused on reducing the bureaucratic burdens without reducing the number of municipalities. However, the measures taken were not effective, and municipalities suffered from the government’s decision to postpone the re-introduction of the property tax to the period after the next parliamentary elections. Government proposals to lower central government transfers met resistance by the Association of Municipalities and Towns of Slovenia (SOS), the Association of Municipalities of

Slovenia (ZOS) and the Association of City Municipalities (ZMOS). In 2017 and 2018 alike, the three municipal associations and the Cerar government failed to reach an agreement on the financing of municipalities. The coalition agreement of the Šarec government has placed greater emphasis on the adequate funding of local self-government system, which might lead to some changes.

## Hungary

### Score 2

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. Moreover, central government grants have been discretionary and unpredictable. Municipalities and counties with an influential Fidesz leader have been in a better position to get additional funding; the other have been confronted with the newly introduced "solidarity tax" imposed upon rich municipalities. A good case in point of the problems associated with the discretionary budgeting of the central government is Budapest, which has suffered from funding conflicts between the government and the city, since it has been perceived by Fidesz leaders as a left-liberal stronghold, even though it has a Fidesz mayor. Due to the budgeting problems in late 2018, the settlements' financial resources have been curtailed and, in many cases, there are not enough resources to carry out basic functions in the settlements such as garbage collection.

#### Citation:

Hajnal, G., K. Kádár, É. Kovács (2018): Hungary, in: N. Thijs, G. Hammerschmid (eds.), *Public Administration Characteristics and Performance in EU28*. Luxembourg: European Union, 426-459, 434-435 (<https://publications.europa.eu/en/publication-detail/-/publication/ae181e42-9601-11e8-8bc1-01aa75ed71a1/language-en>).



## 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 federal state has no formal authority over regions and communities, because there is no hierarchy between the federal and regional/community levels. When compared with other federal systems, this creates major complications. For instance, any single region has the ability to block an international treaty, since it has exactly the same prerogatives as the federal state. This occurred in September and October of 2016, when the Walloon region singlehandedly blocked the signing of a major treaty between the European U and Canada (CETA). The treaty was eventually signed on 30 October, after weeks of pressure and tense negotiations.

On some policy dimensions (e.g., spatial planning, transport, education, culture, applied research and local authorities), 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), have served to reinforce this trend.

Citation:

<http://www.lesoir.be/1353096/article/economie/2016-10-27/ceta-belgique-trouve-un-accord>

## 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 – 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.

Citation:

Eythórsson, Grétar (1999), “The Iceland National Report,” in Jacob, Linder, Nabholz and Heierli (eds.), *Democracy and Local Governance. Nine Empirical Studies*. Institute of Political Science, University of Bern, Switzerland, 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.

The main competences for public policies are with the cantons. The implementation of federal policies in Switzerland is strongly shaped by the institutional setting. According to Vatter, “While the Federation holds the legislative power in many areas, responsibility for implementing federal policies resides to a large extent with the cantons.” Therefore, in a great number of policy domains, the federal level is dependent on the cantons for the implementation of federal legislation. Due to the high degree of legislative autonomy of the Swiss cantons, the delegation applies not only to the actual implementation of federal laws (i.e., the right to act) but also to the adaptation of these provisions to the local situation (i.e., the right to decide). The cantons are not only implementing, but also programming authorities. According to Sager et al., the complexities of modern infrastructure, economic intervention and social programs have stimulated mechanisms of intensive cooperation between the three levels of the federal system.

Citation:

Sager, F., Ingold, K., & Balthasar, A. (2017). *Policy-Analyse in der Schweiz: Besonderheiten, Theorien, Beispiele. Politik und Gesellschaft in der Schweiz*. Zürich: NZZ.

Vatter, A. (2007) 'Federalism,' in U. Klöti et al. (eds), *Handbook of Swiss Politics*, 2nd edn, Zurich: Neue Zürcher Zeitung, 77-99.

## Canada

### Score 9

Canada's federal government works to ensure subnational 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 that have traditionally been under joint federal-provincial jurisdiction, such as labor market training, have in recent years been decentralized and delegated completely to the provinces. However, this process can be ambiguous.

Even when the federal government has tried to assert its authority in economic areas it believes 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, which creates autonomous regions for the organization of social welfare and health care, appears set to enter into force in January 2021. It is possible that this reform 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 thoroughly debated.

Pre-policy studies conducted in 2016 and 2017 show that state control over autonomous local governments has increased gradually during the past several years. Such control reaches not across the board but is generally targeted at specific issues and programs such as education. The former government (2014 – 2018) and its key advisory agencies have had a royal commission and the Public Management Agency review intergovernmental relations in preparation for a reform proposal. With the expected change in the composition of government following the 2018 election, this reform appears to be on hold.

## Austria

### Score 8

The competences of the states (Länder) 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.

One aspect is the increasing difference in the way coalitions are built between the federal and state level: More and more, state governments are formed by an alliance between one of the parties of the federal government and another party which is in opposition at the federal level. This underlines the growing complexity of the party system, reflected in the ongoing decline of the two traditionally dominant parties.

## 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.

Citation:

Jørgen Grønnegård Christiansen et al., *Politik og forvaltning*, 4. udg., 2017.

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 federal government. A far-reaching equalization system and an ongoing shift of tax revenues from the federal to the state level has also been improving the financial capabilities of states to fulfill these tasks (see Task Funding). Moreover, the Basic Law also grants local self-government to the almost 12,000 local governments in Germany. Local governments enjoy autonomy in organizing and carrying out their own affairs.

## United Kingdom

### Score 8

A distinction must be made between local authorities of England, on the one hand, and the Scottish Parliament, the National Assembly of Wales and the 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. In addition, the Cities and Local Government Devolution Act 2016, in what can be seen as a limited push toward English devolution, established directly elected mayors for combined local authorities in England and Wales, so-called metro mayors. Eight elections for metro mayors were held in 2017.

The devolved parliaments in Scotland and Northern Ireland have ruled against the creation of directly elected mayors in their respective regions. The establishment of a directly elected mayor in England or Wales normally follows a local referendum, although neither Leicester nor Liverpool held a popular vote. However, in the majority of cases, voters opposed the establishment of a new mayoral office and one even revoked an existing office (Stoke on Trent in 2009). In 2018, 17 cities had directly elected mayors, including London. However, one (Torbay) will be abolished in May 2019 following a referendum. There are also seven so-called metro mayors, who are the chairs of “mayoral combined authorities,” for instance in the Greater Manchester Area and the West Midlands. In addition, there are several indirectly elected mayors with comparable political powers and many localities have a purely ceremonial Lord Mayor.

Some further powers are shifting to the devolved administrations. Scotland’s increased tax powers are now in effect and being used: the 2017 Scottish Budget sets out new income-tax bands. Meanwhile, the New Welsh Land Transaction Tax was introduced on 1 April 2018. The return of powers from the European Union will lead to a significant increase in the decision-making powers of the Scottish and Welsh governments, and what is expected to be a restored Northern Ireland executive after a long political hiatus resulting from the collapse of the power-sharing executive in early 2017.

The political weight of these subsidiary authorities varies strongly and the substance of mayoral offices in the traditionally centralized political system of the United Kingdom is hard to measure. The number of mayors is clearly increasing, but remains remarkably low in comparison to the total number of authorities. However, several of the largest and most important cities of the country (e.g., London, Bristol, Greater Manchester and Liverpool City Region) have directly elected mayors. Notably, the Greater London Authority is headed by its mayor, the Rt. Hon. Sadiq Khan, and culturally and politically can almost be seen as a federated state within the United Kingdom.

An evaluation by the Council of Europe notes a general satisfaction with recent developments in the United Kingdom, 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.”

The Scottish Parliament and the Scottish government have become major political actors, especially through the Scotland Act 2016. Although the powers of the Scottish Parliament are revocable by central government, they should be considered permanent for political reasons. The Welsh and Northern Irish parliaments have considerable autonomy, granted for instance in the Wales Bill.

However, these powers differ in degree from those held by the Scottish Parliament, although new financial powers are being devolved, such as the proposed introduction of a Northern Ireland rate for corporation tax. Even if some decisions by the Scottish

government have antagonized central government, the central government has not intervened.

Citation:  
 Guide to Localism Act:  
[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)  
 House of Commons Briefing paper SN05000 2016 – Directly elected mayors:  
<http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN05000>

## United States

### Score 8

Whether the federal government permits the states to exercise their constitutional authority without undue interference is one of the central, long-term 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 2015, the Supreme Court invalidated all state laws that bar same-sex marriage. On the other hand, multiple states have legalized medical and sometimes recreational use of marijuana. Even though marijuana remains illegal under federal law, the federal government had not attempted to prosecute violators in states with legalization policies.

## Czechia

### 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 meet the standards set for key services, notably education, which limits the scope for transferring funds between uses. Irregularities in public procurement, against which NGOs campaigned, have been somewhat addressed due to EU pressure and strong oversight with respect to EU structural funding.

## Italy

### Score 7

The constitutional and legislative changes, which had substantially increased the powers and scope of regional government activity over the last 20 years, did not make the relationship between different levels of government less antagonistic. Across an increased number of policy fields, central and regional governments have concurrent legislative powers. In these areas, the central state should simply define general guidelines, leaving the articulation of specific legislative contents to regional

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

For their part, regions often adopt a posture of resistance to national rules. This has produced an exceeding amount of litigation before the Constitutional Court. Tensions between the two levels have also increased as a result of the strained fiscal context. The central government has sought 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. Moreover, central government has provided the necessary funds whenever local governments have been close to defaulting.

A clearer definition of the powers and responsibilities of central state and regions failed when the proposed constitutional reform was defeated in the referendum of December 2016.

The new government has introduced no policies that have significantly changed this situation.

## Luxembourg

### Score 7

Local governments increasingly depend 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. Following a reform of the education system, municipalities lost one of their major prerogatives, which was the autonomous management of primary school (students four to 12 years old) teaching staff. With a municipal reform, the municipalities also lost autonomy, as evidenced by a law on emergency services. 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:

Eser, Thimo W./Scholtes, Maryse (2008): Raumentwicklung, Regionalpolitik und Landesplanung, in: Wolfgang H. Lorig/Mario Hirsch (eds.), *Das politische System Luxemburgs*, Springer VS Verlag, pp. 286 – 309.

Feist, Peter: "Der Tanz Beginnt | D'Lëtzebuurger Land." *D'Lëtzebuurger Land*, 8 February 2013. [www.land.lu/page/article/076/6076/DEU/index.html/](http://www.land.lu/page/article/076/6076/DEU/index.html/). Accessed 24 Oct. 2018.

"Schlecht gerüstet." Interview with Emile Eicher, *Syvicol. Forum.lu*, June 2013, no. 330, pp. 48 – 49. [www.forum.lu/pdf/artikel/7660\\_330\\_Eicher.pdf](http://www.forum.lu/pdf/artikel/7660_330_Eicher.pdf). Accessed 24 Oct. 2018.



## Chile

### Score 6

Chile is a centrally organized state. This represents a structural problem given the wide-range of differences between the respective regions regarding geography, development 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.

In January 2018, a new law (Ley No. 21,074) was enacted that enhances the regionalization of the state (Ley de fortalecimiento de la regionalización del país). This can be seen as an important step in the context of the ongoing decentralization process, which is planned to be fully implemented with the first direct democratic election of regional governors in 2020.

Citation:

<http://www.senado.cl/appsenado/templates/tramitacion/index.php>

<http://www.descentralizacion.subdere.gov.cl/index/index.php>

<http://chiledescentralizado.cl/eleccion-de-gobernadores-regionales/>

<http://www.subdere.gov.cl/sala-de-prensa/proyecto-que-regula-traspaso-de-competencias-fue-despachado-por-comisi%C3%B3n-mixta>

Law Nr. 21,074:

<http://www.diariooficial.interior.gob.cl/publicaciones/2018/02/15/41984/01/1353452.pdf>

<https://aldiachile.microjuris.com/2018/02/16/ley-no-21-075-fortalece-la-regionalizacion-del-pais/>

## Estonia

### Score 6

According to the Estonian constitution, local self-governments can independently decide on all local issues. The rights and responsibilities of local governments are stipulated in detail in the Local Government Organization Act. In 2018, former (smaller) municipalities with a median population of 1,900 were merged into larger units with a median population of 7,700. The aim of the reform was to enhance local governance capacity and to improve the quality of public services throughout the country. Following the reform, the scope of implementation autonomy has extended. Today, local governments can decide on regional public transport arrangements. Previously, these arrangements had been the task of the former county governments, which had represented the central government and were abolished at the beginning of 2018.

## 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 has been decisive. However, this is less true in the National Assembly due to the fact that the majority of the new deputies elected in 2017 have no local experience or responsibility. 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. As local taxes and spending have grown beyond control over the past 30 years, and the myriad of local units make the steering of policymaking difficult, central government has failed to find more effective tools than reducing central government financial contributions to force local authorities to reduce their spending. “Contracts” determining spending have been signed with most of the large local units.

## 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.

## Mexico

### Score 6

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 considerable leverage over states. The economic heterogeneity of states is so substantial that there is a need for a solidarity-oriented transfer system. In other words, fiscal federalism in Mexico cannot rely on the principle of market-based federalism with its focus on competition among subnational entities.

The current system is not in equilibrium between solidarity and market-based federalism. The federal government formally has substantial leverage over states, the federal government has generally refrained from reining in the illiberal practices of

local elites. Considerable administrative capacity deficits and illiberal political practices therefore persist at the subnational level, while at the same time these illiberal practices vary strongly between regions and subnational entities. Thus, while political processes in several states fall short of democratic practices, in other states the situation is much better. The complicity of the federal government is illustrated by its failure to intervene even in cases where governors systematically embezzled funds to the point of financially ruining their states, such as Veracruz. In the case of Mexico, federalism is therefore undermined not only by an overbearing center but also by a lack of accountability and oversight of subnational officials.

Citation:

Diaz-Cayeros, Alberto, Fiscal Federalism and Redistribution in Mexico (December 16, 2016). Available at SSRN: <https://ssrn.com/abstract=2886703>

## New Zealand

### Score 6

Local governments do not enjoy constitutional status, as they are creatures of statute. 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 enacted during the review period, culminating in the Local Government Act 2002 Amendment Act 2014.

According to the Department of Internal Affairs, the act includes: changes in regard to what development contributions can be used for; more collaboration and shared services between local authorities; new requirements for infrastructure strategies and asset management planning; elected members to use technology to participate in council meetings rather than attending in person; local councils to disclose information about their rating bases in long-term plans, annual plans and annual reports; and the disclosure of 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.

Citation:

Department of Internal Affairs, Better Local Government: <http://www.dia.govt.nz/better-local-government> (accessed November 30, 2015).

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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

Norway is a unitary state with a tradition of considerable local autonomy. There is ongoing tension between Norway’s local and central governments over the extent of local government’s discretionary powers, and we have observed a long trend of gradually increased centralization around the larger urban areas. Some claim that the

central government has increasingly tied the hands of local governments. For example, central government partially controls local government spending by earmarking transferred funds for specific purposes. Central government also defines specific standards on services and rights. As part of the current reform agenda, the government has offered to grant greater autonomy to those units that decide to merge and form larger units.

## Portugal

### Score 6

Formally, the central government enables subnational governments to make full use of their constitutional scope of discretion with regard to policy implementation. During the period under review, a new fund was established for the municipal level of government. Even so, the central government generally has considerable control.

Citation:

<https://dre.pt/home/-/dre/115533382/details/maximized>

## South Korea

### Score 6

While autonomous local governments are protected by the constitution, the constitution does not clearly define specific competencies and rights. A major obstacle to subnational self-government is the lack of fiscal autonomy for local governments. Due to the very high dependence on transfer grants from the central government, most regional and local governments are vulnerable to central-government interference. 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.

President Moon has promised to reduce centralization within the country's overall system of governance. For example, he has suggested holding periodic meetings with local government leaders, thus creating a kind of "secondary cabinet." Moon also has shown great interest in holding a referendum on a constitutional amendment designed to redistribute power to the local level. The central government's attempt to remove environmental-protection regulations for Seoul's green belt in order to secure land to construct apartments for people lacking housing in the area has been suspended by the rejection of Seoul City, which has constitutional discretion on the issue.

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)  
 Korea Times. Moon and Local Authority. September 26, 2017.  
[http://www.koreatimes.co.kr/www/opinion/2017/10/625\\_237037.html](http://www.koreatimes.co.kr/www/opinion/2017/10/625_237037.html)

## Australia

### Score 5

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 past 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. 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 federal government. On a number of occasions, the federal government has also 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 for discretion. However, the relationship between the federal and the state level has improved in recent years, although there is room for additional improvement. Considering the asymmetrical relationship of the past, the current situation is much improved.

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>

<https://www.coag.gov.au/about-coag/agreements/intergovernmental-agreement-implementing-water-reform-murray-darling-basin>

## 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. John Coakley describes the 2014 act as “the ultimate stage in the centralization of the Irish local government system” (2018, p21).

Citation:

John Coakley (2018), ‘The foundations of statehood,’ in in John Coakley and Michael Gallagher (eds), *Politics in the Republic of Ireland*. 6th edition. London: Routledge and PSAI Press.

## Israel

### Score 5

The legal framework for local government 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 over policy, often times local authorities act 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 a permanent outside accountant, cancel an approved budget, and even dissolve the council and nominate a professional alternative.

As a part of the government’s effort to handle corruption problems, the attorney general formed a special committee in 2015. The committee recommended that the heads of local authorities increase transparency regarding finance, such as requiring senior local authority staff to provide annual declarations of capital. In 2016, a report made by the committee was submitted to the attorney general. It appears likely that the reports’ recommendations will be made law by parliament. However, in another report, published in 2018, the recommendations were shelved. Attempts to promote the legislation of the reports’ recommendations face resistance from both political sides in parliament.

The tension between the national and local governments intensified after the legislation of the “Supermarket law” in 2017. The law prohibited the opening of

supermarkets on “Shabbat” (Saturday). The law was heavily criticized by local authorities with small religious populations. Some local authorities tried to legislate a Municipal Bylaw, allowing the authority to act in disregard of the national law. However, as part of the centralization of local authorities in Israel, such bylaws must be approved by the minister of interior, who in this instance denied their approval.

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).

Deri used the supermarket law, Channel 7 News, 21.6.2018 (Hebrew):

<https://www.inn.co.il/News/News.aspx/376136>

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

<https://www.idi.org.il/parliaments/4503/4507>

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

Lichtman, Moshe. “It’s not necessary to recommend to reduce mayors term,” 19.9.16 (Hebrew):

<http://www.globes.co.il/news/article.aspx?did=1001152963>

Modi’in joined the “bypassing the supermarkets,” Ynet News 3.1.18 (Hebrew):

<https://www.ynet.co.il/articles/0,7340,L-5065779,00.html>

The report that was shelved: A new bill to combat corruption in the local government, Israel News, 18.1.2018

<http://www.israelnews.co.il/%D7%94%D7%93%D7%95%D7%97-%D7%A9%D7%A0%D7%92%D7%A0%D7%96-%D7%A1%D7%99%D7%A2%D7%AA-%D7%9B%D7%95%D7%9C%D7%A0%D7%95-%D7%9E%D7%A7%D7%93%D7%9E%D7%AA-%D7%94%D7%A6%D7%A2%D7%AA-%D7%97%D7%95%D7%A7-%D7%A9/>

The Supermarkets Law was approved in second and third readings – by a vote of one vote, Walla News, 9.1.2018 (Hebrew):

<https://news.walla.co.il/item/3125629>

“What will be opened and what will be closed on Shabbat? All you need to know about the “Supermarket Law”“, Ynet

News 9.1.18 (Hebrew):

<https://www.ynet.co.il/articles/0,7340,L-5068454,00.html>

Why and by whom is a report of recommendations for eradicating corruption in the local government shelved?, Branza News, 23.1.18, (Hebrew):

[http://branza.co.il/site/article/article\\_view/news-1516727272](http://branza.co.il/site/article/article_view/news-1516727272)

<https://www.ynet.co.il/articles/0,7340,L-5068454,00.html>

## 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. Similarly, in 2015 and 2016 public discussion focused on the burden of financing expected refugee flows.

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. Law on Local Governments, Available at: <https://likumi.lv/doc.php?id=57255>, Last assessed: 02.01.2019

## Netherlands

### Score 5

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.

Starting in 2016, the Local Government Fund (Gemeentefonds) budget has increased in step with increases in the national government's budget. The transfer of policy competencies in many domains of care imply that local discretion has increased, sometimes resulting in different treatment for similar cases by local governments in different parts of the 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.

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H. Bekkers, VNG waarschuwt voor tegenvallen 2019, Binnenlands Bestuur, 27 September 2018 (binnenlandsbestuur.nl, accessed 1 November 2018)



## 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. The Cerar government started to address this issue through the adoption of the Public Administration Development Strategy in April 2015 and a separate strategy for the development of local government in September 2016. Both strategies aim at fostering closer cooperation between municipalities in the fields of public services and tourism, but implementation of those strategies has so far proven inadequate and central government and municipalities are still far apart on the most issues.

#### Citation:

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Ministry for Public Administration (2016): Strategija razvoja lokalne samouprave do 2020 (Strategy of local government development until 2020). Ljubljana  
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Rožen, Tomaž and Miro Haček (2014): Merjenje upravljalne sposobnosti lokalnih samoupravnih skupnosti: primer slovenskih občin (Measurement of administrative capacity of local governments: case of Slovenian municipalities). Ljubljana: Faculty of Social Sciences.

## Spain

### Score 5

Since 2012, legislation on budgetary stability and financial sustainability has imposed austerity conditions and debt targets on all public administrative bodies. With this legislation, the central government has – despite formally respecting the autonomous communities’ constitutional autonomy – de facto narrowed the scope of their spending autonomy. One of the effects of the law has been to paralyze policy initiatives, especially at the municipal and regional levels. Some regions (particularly Catalonia) have tried to protect themselves from what they deem excessive central control, but the radicalization of this strategy in the form of Catalonia’s bid for secession prompted the imposition of temporary direct rule by the central government (from October 2017 to May 2018).

#### Citation:

November 2017, El País: “Montoro interviene las cuentas de Madrid”  
[https://elpais.com/ccaa/2017/11/07/madrid/1510051221\\_630892.html](https://elpais.com/ccaa/2017/11/07/madrid/1510051221_630892.html)

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<https://www.lavanguardia.com/politica/20180204/44518036224/se-cumplen-cien-dias-de-la-aplicacion-del-articulo-155.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.

In 2016, the Ministry of Regional Development and Public Works adopted a new decentralization strategy for the next 10 years. Compared to its largely ineffective predecessor, it has a broader scope and covers not only fiscal matters, but the functions of different tiers of government as well. The strategy is accompanied by an implementation program for 2016 – 2019. Its implementation should be monitored by a newly created council on the decentralization of state government. However, as of late 2018, according to its portal, the council's last session was held in January 2016.

## Croatia

### Score 4

The autonomy of local and regional self-government units is very 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.

## Cyprus

### Score 4

The constitutional status of local government is vague. Placed originally under the authority of the Communal Chambers (Art. 86-111) that were abolished in 1964, local authorities are governed by the Law on Municipalities of 1985. Local authorities demonstrate limited capacity and efficiency. The aforementioned constitutional clauses have led to restrictions on municipalities' powers. Budgets and management decisions regarding a variety of financial issues and assets are subject to approval by the Council of Ministers. Additionally, the law on fiscal responsibility (20(I)/2014) imposes stricter budget controls. Reforms by statutory regulation are pending for years, while the number of municipalities is deemed excessive and their operations highly problematic. Local authorities must prove that they deserve their autonomy.

Citation:

1. Discussion of local government reform bill drags on, Cyprus Mail, 25 June 2018, <https://cyprus-mail.com/2018/06/25/discussion-of-local-government-reform-bill-drags-on/>

## Japan

Score 4

The Japanese constitution guarantees local-government autonomy. However, articles 92 to 95 discussing 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 last decade, there have been a growing number of initiatives aimed at strengthening local autonomy. However, the success of the government's regional revitalization drive remains questionable given the continuing allure of Tokyo and its surroundings. This issue is gaining in urgency as remote regions age and lose population with increasing speed.

Experiences with increasing agency autonomy in Japan have been rather underwhelming to date. A recent survey suggested that quasi-public so-called independent agencies still essentially remain dependent on the government.

Citation:

N. N., The need to sustain local autonomy (Editorial), The Japan Times, 13 January 2018, <https://www.japantimes.co.jp/opinion/2018/01/13/editorials/need-sustain-local-autonomy/>

Shuntaro Iizuka, Consequences of Agencification in Japan: An Analysis of Survey Data, Paper for IPSA Conference 2018, <https://wc2018.ipso.org/events/congress/wc2018/paper/consequences-agencification-japan-analysis-survey-data>

## Poland

Score 4

The process of government decentralization that started in 1998 has been broadly accepted. However, since the PiS government has perceived local governments as a bastion of the opposition, it has tried to restrict their role. Legislation passed in 2017 has reduced the role of subnational governments in the management of inland waterways and regional operational programs involving EU funds. In July 2017, President Duda vetoed an amendment to the auditing of subnational finances, which would have increased the national government's grip on decisions at the subnational level.

## Hungary

### Score 3

The government has decided to tackle the long-lasting problem of inefficient subnational governance by introducing a wave of centralization accompanied by the deconcentration of state administration – with mixed results. The second Orbán government initiated a far-reaching reform of local governments. 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:

Hajnal, G., K. Kádár, É. Kovács (2018): Hungary, in: N. Thijs, G. Hammerschmid (eds.), *Public Administration Characteristics and Performance in EU28*. Luxembourg: European Union, 426-459, 429-430 (<https://publications.europa.eu/en/publication-detail/-/publication/ae181e42-9601-11e8-8bc1-01aa75ed71a1/language-en>).

## 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. Consequently, local councils intent on taking decisions that conflict with the central government, for instance in the area of local planning, must resort to *sui generis* tactics, often working with civil society organizations, in order to support the views of the locality.

## Romania

### Score 3

The 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 continued

during the period under review. Another problem is that allocations are often made with considerable delay, which affects the capacity of subnational units to initiate and complete projects.

## Slovakia

### Score 3

All Fico-led governments pursued a hands-on approach limiting the constitutional discretion of subnational governments. After the 2016 elections, the politics of direct patronage for party-loyal municipalities (such as building sports facilities in towns and villages led by Smer-SD party members) has continued under the third Fico government. The pattern may change in the months following the municipal elections held in November 2018, as Smer-SD lost all regional capitals to predominantly independent candidates or candidates supported by the opposition parties. Most of the persons elected represent a different generation and a different attitude toward subnational self-government.

## 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, subnational self-governments have few financial means at their disposal. Since the crisis began, successive governments narrowed the scope of fiscal discretion of subnational self-governments because the state's finances have been on the brink of collapse and the country has relied on external support from Greece's lenders.

Citation:

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

## Turkey

### Score 2

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.

Shortly after the June 2015 parliamentary elections, two towns and 15 provinces in the southeast of Turkey and two neighborhoods in Istanbul declared self-government. The central government took a strong stand against these declarations, and judicial investigations were initiated against mayors and other people in charge. Moreover, in the wake of the averted coup attempt in 2016 and the government's state of emergency, numerous democratically elected mayors and municipality staff were detained and replaced with pro-government appointees by the central government.

While existing competencies will continue in general, it may be necessary to expand local government powers, diversify local needs, broaden service requirements, and promote public interest to ensure effective and efficient services. However, the new presidential system, which is based on the centralization and unification of decision-making, leaves no space for decentralization.

Citation:

Ayşe Güner and Serdar Yılmaz, Son Değişikliklerin Türkiye’de Yerel Yönetimlerin Takdir Hakkı ve Hesap Verilebilirlik Üzerindeki Etkisi, *Marmara İktisat Dergisi*, 1,2 Eylül 2017, 229-250.

Z. Sobacı, Türkiye’nin Avrupa Yerel Yönetimler Özerklik Şartı’na Uyum: Özerklik Miti, 2015, <http://setav.org/tr/turkiyenin-avrupa-yerel-yonetimler-ozerklik-sartina-uyumu-ozerklik-miti/analiz/18570> (accessed 1 November 2018)

Cumhurbaşkanlığı Teşkilatı Hakkında Cumhurbaşkanlığı Kararnamesi 1, <http://www.resmigazete.gov.tr/eskiler/2018/07/20180710-1.pdf> (accessed 1 November 2018)

K. Gözler, Türkiye’nin Yönetim Yapısı (TC İdari Teşkilatı), Bursa: Ekin Basın Yayın Dağıtım, 2018.

Z.Sobacı et al., Turkey’s New Government Model and the Presidential Organization, SETA Perspective No. 45, July 2018.

“Yerel yönetimlere düzenleme: İller ‘Bütünşehir’ sayılacak, belediye başkanlarının yetkisi artacak,” <https://tr.sputniknews.com/turkiye/201807181034332985-yerel-yonetimler-butunsehir-belediye-baskanlari-yetki/> (accessed 1 November 2018)

“Öz yönetim ilan edilen merkez sayısı 16’ya yükseldi,” T24, 20 August 2015, <https://t24.com.tr/haber/oz-yonetim-ilan-edilen-merkez-sayisi-16ya-yukseldi,306949> (accessed 1 November 2018)

## 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. 4th ed., 2017.

## 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 or garbage collection are run by many different companies, most of which belong to two or three holding companies. 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.” However, to date, no significant results have been observed with the exception of the construction sector where norms have been simplified, after imposing extremely cumbersome rules and standards.

## 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 in view of the financial support 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 transfers between central and local entities, and training activities. While a 2000 reform abolished local entities’ agency functions in a strict sense (with direct administrative supervision losing some importance as compared to legal and judicial supervision), other channels have remained important. At the local and particularly the prefectural level, there is an elaborate training system that is linked in various ways to national-level standards. The government seeks to promote evidence-based policymaking through new data platforms, which are also meant to support local governments in the implementation of plan-do-check-adjust (PDCA) cycles.

A unified digital “My Number Card” system (based on the new social-security and tax number system) was introduced for citizens in 2015 to help authorities with providing and enforcing uniform services. It is facing sustained opposition and foot-dragging by citizens, however. In 2018, the authorities postponed plans to obtain information on personal deposit and security accounts through the system, which would have enabled them to exclude wealthy elderly people from some financial support.



## 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/>

Jiji, Japan puts off using My Number system to scrutinize financial assets of elderly people, The Japan Times, 14 August 2018, <https://www.japantimes.co.jp/news/2018/08/14/national/japan-puts-off-using-number-system-scrutinize-financial-assets-elderly/>

Cabinet Office, Basic Policy on Economic and Fiscal Management and Reform 2017 – Increasing productivity through investment in human resources, Overview, 9 June 2017

## Luxembourg

### Score 8

The Ministry of the 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 optimize and improve local government.

State planning was criticized by several municipalities because the Ministry of the Interior had failed to publish a land-use plan (“Plan d’aménagement général” or “Flächennutzungsplan,” PAG), resulting in deficits for the Ministry of the Interior. This means that the country’s planning procedures continue to vary significantly across municipalities.

Municipalities were asked to adapt their PAGs to the Law on Local Land Use and Urban Development from 19 July 2004. At this point in time (October 2018), more than 60 municipalities have failed to comply with this request, despite potential sanctions.

Even after 14 years, more than half of the municipalities have yet to adapt their development plans to the law. As a result, the Ministry of the Interior has taken some of the blame because the new municipal land-use law has proved to be too difficult. A sub-development plan (“Plan d’aménagement particulier” or “Teil-Bebauungsplan,” PAP) had to be published for all construction projects.

## Citation:

Gantenbein, Michèle: “Die unendliche PAG-Geschichte.” Luxemburger Wort, 13 April 2018. <https://www.wort.lu/de/politik/die-unendliche-pag-geschichte-5ad0d8e5c1097cee25b87492>. Accessed 24 Oct. 2018.

## Norway

### Score 8

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

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

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

## 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

German federalism impedes the application of national standards because both states and local governments enjoy considerable autonomy. 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 some areas, such as education.

## 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 are 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 (e.g., largely Arab or Jewish orthodox municipalities) struggle to maintain government standards. This incited the expansion of 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 a less 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. In recent years, many local authorities have taken part of this process and published information regarding local services on their website. 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.

Citation:

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

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

Detal, Lior, "The Ministry of Education inc.: This is how hundreds of private bodies receive some 11 billion shekels," TheMarker 5.10.2014: <http://www.themarker.co.m/news/education/1.2450395> (Hebrew).

Paz-Fuchs, Amir and Bensimhon-Peleg, Sarit, "On the seam between the public and the private: privatization and nationalization in Israel: Annual report 2013," The Van Leer Jerusalem Institute, 2014 (Hebrew)

Spektor, Shiri, "Social rights and personal social services in Israel," The Knesset Research Center 21.10.2010: <http://www.knesset.gov.il/mmm/data/pdf/m03158.pdf> (Hebrew)

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

Local government in Israel, Knesset website:  
[http://www.knesset.gov.il/lexicon/eng/LocalAuthorities\\_eng.Htm](http://www.knesset.gov.il/lexicon/eng/LocalAuthorities_eng.Htm)

"Quality of service provided to residents of local authorities," State Comptroller, 2016 (Hebrew):  
[http://www.mevaker.gov.il/he/Reports/Report\\_554/8b2456e1-a1dd-450f-af0c-df9fcca5d4f/106-service.pdf](http://www.mevaker.gov.il/he/Reports/Report_554/8b2456e1-a1dd-450f-af0c-df9fcca5d4f/106-service.pdf)

The citizen's empowerment center in Israel: the implantation of the movement's decision to establish a regulatory authority over hospitals – review – April 2016:  
<http://www.ceci.org.il/sites/citizens/UserContent/files/monitorreport/monitor%201622.pdf>

## New Zealand

### Score 7

There is a dense network of agencies that are involved with the development and monitoring of local government, including 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 form part of the Local Government Act 2002 Amendment Act 2014. In June 2017, the Local Government Act 2002 Amendment Bill (No 2) passed its second parliamentary reading, which includes the Better Local Services reforms. The bill would have continued the general trend of increasing central government scrutiny and control over local government. The bill was the subject of criticism, especially in Auckland with its relatively new "super-city" structure and population of 1.4 million. However, smaller municipalities had also been critical of the reforms, describing them as being undemocratic, especially the "draconian" powers granted to the Local Government Commission. Following the September 2017 election and the change of government, the bill was not moved forward to the third reading. Tensions between central and local government over the allocation of responsibility continue to be felt in areas such as housing, especially over local government's perceived slowness in granting building permits and in maintaining environmental standards.

#### Citation:

New Zealand Parliament 2018. Local Government Act 2002 Amendment Bill (No 2). [https://www.parliament.nz/en/pb/bills-and-laws/bills-proposed-laws/document/00DBHOH\\_BILL69266\\_1/local-government-act-2002-amendment-bill-no-2](https://www.parliament.nz/en/pb/bills-and-laws/bills-proposed-laws/document/00DBHOH_BILL69266_1/local-government-act-2002-amendment-bill-no-2).

Woolf, Amber-Leigh, 2016. Minister says Better Local Services reforms not a 'threat to democracy' or forced amalgamation. Stuff.co.nz. 3 August 2016 <http://www.stuff.co.nz/national/politics/82752225/Minister-says-Better-Local-Services-reforms-not-a-threat-to-democracy-or-forced-amalgamation>.

## Poland

### Score 7

Previous governments have set national standards with the aim of guaranteeing a minimum quality of public services. Institutionally, the regions have a centrally appointed head of regional administration (voivode) who is responsible for ensuring that national policies are implemented, and that state institutions operating in the region perform their functions properly. The politicization of the civil service under the PiS government has put the success of these standards at risk by reducing professionalism within the regional administrations.

## 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 much lower professional standards than does 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 and the southeast and less prosperous (i.e., dependent on transfer payments) regions in the southwest. For instance, a number of local governments have recently begun paying child benefits greater than those dictated by national standards. As local-government autonomy develops, a greater number of customized policies are being introduced for residents. For example, the Special Act for the Promotion of Health and Welfare of Rural Communities was implemented in 2017.

## 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 must 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.

As member-state implementation in all policy sectors leads to marked differences in both conformance and performance compliance, the federal government increasingly employs non-binding policy programs instead of legal acts to steer the cantons and secure distributive justice in service delivery. These programs often take the form of financial incentives or funding schemes for the achievement of given policy goals. They rest upon deliberative action rather than hierarchical coercion.

## 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, established a new range of national standards, especially in skills, accountability, transparency and diversity, as recorded in the New Public Appointments Governance Code.

An agreement on common standards was reached between central government and the devolved administrations in October 2017 regarding powers returning from Brussels. In a similar vein, a new Appointments Governance Code came into effect on 1 January 2017.

#### 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 federal government 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 federal government 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, most notably education, the federal government does not have the formal 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 practical 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. The federal government has threatened to withhold funds from provinces that fail 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.

## Czechia

### 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; there remains a strong tradition of non-implementation.

## 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. In 2015, 59 one-stop agencies were launched. After only one year of operation, they have proven to be useful, processing more than 25,000 different types of applications to state and municipal agencies. A further 20 one-stop agencies were to open in 2016. However, the comparability of data sets between institutions remains a challenge.

Citation:

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

2. Regulation Regarding Concept of the Public Service System Development (2013), Available at (in Latvian): <http://www.likumi.lv/doc.php?id=254910>, Last assessed: 08.01.2019

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: 08.01.2019

## 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. Though the Sunset Commission has since been dissolved. A recent report from the National Audit Office found that the central government still lacks reliable and comprehensive data on the provision of public services, which is necessary for the effective modernization and standardization of services. The parliamentary group of the Homeland Union (Lithuanian Christian Democrats) recently called for the development of public service standards to enhance opportunities for the Lithuanian public to benefit from quality public services in all counties and districts of the country.

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

It is the Department of Local Government and the National Audit Office which seek to ensure standards within local councils. 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 is the National Audit Office, which independently investigates local council activities both from a purely auditing perspective and from a “value for money” perspective. It is the latter that 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. The ombudsman’s office has also suggested the introduction of a commissioner for local government within his office. A local-council reform bill was introduced into parliament during the review period. The proposed reform would strengthen regional councils, supply them with financial resources and recognize this level of government in the constitution. Furthermore, it would introduce the position of full time mayors, increase investment in education and training for councilors and staff, introduce so-called “integration programmers,” and extend the hours in which local council services were provided.

Citation:

<http://www.timesofmalta.com/articles/view/20151226/local/councils-christmas-dinner-bills-give-auditor-a-headache.596707>

<http://www.timesofmalta.com/articles/view/20160111/opinion/Auditing-local-governance.598374>

<http://www.timesofmalta.com/articles/view/20160706/local/auditor-general-criticises-funding-scheme-as-hasty.617914>

<http://www.timesofmalta.com/articles/view/20151228/local/councils-shortcoming-identified-by-nao-unacceptable-parliamentary.597069>

Report by the auditor general on the workings of local government for the year 2015

White paper on local government 2018

## 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. However, there are differences between municipalities in some services, as in the case of infrastructure, culture and extracurricular educational offerings. Similarly, differences in service provision can result from the “luck of the draw” in terms of the specific civil servant a citizen encounters. This reflects both the complex and frequently changing policy framework and the relative lack of accountability in public-services provision.

## Spain

### Score 6

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. The formal method for monitoring the provision of services by the regions through administrative supervision (the so-called High Inspectorate) has not been

particularly effective. However, new regulations on financial sustainability within public administration and local governments have strengthened the tools through which the central government can ensure that regional and local governments realize national minimum standards. One example was the health care reform, which focused on a services portfolio of the National Health System. The central government tried to ensure that the decentralized provision of public health services comply with standards set on the national level. Overall, inequalities between regions have not increased, but neither have they diminished.

In 2018, the Spanish Constitutional Court reaffirmed the powers of the central government to establish curriculum standards for students in primary and secondary education.

Citation:

Kölling; Rambler, (2018), Spain, in: Wong, Knüpling, Kölling, Chebenova (ed.), *Federalism and Education: Ongoing Challenges and Policy Strategies in Ten Countries*, 2018, Information Age Publishing, Charlotte.

## 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 extensively evaluate the performance of schools and publicize evaluation reports (i.e., to “name, blame and shame” underperforming schools). Thus, government exercises a strategy of steering by auditing. 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. In addition, subnational and local executives have to abide by budgetary constraints set by the central government.

In general, the central government does not have the ability to enforce or control more detailed standards with regard to issues such as performance figures. The government can only try to maintain influence through more general (legal or budgetary) levers. Another informal mechanism is party discipline; whenever the same parties are in power at the national and subnational levels, coordination is facilitated. The change of government in Wallonia, which is now largely controlled by the MR, a right-wing party also in the national government, has aligned majorities and oppositions in all regions except Brussels.

## Estonia

### Score 5

Several public services in Estonia are provided at the local level, although the quantity and quality of services varies greatly relative to the size and capacity of municipalities. The administrative-territorial reform (2017), which merged municipalities into larger units, aims to offer residents better services, and hire more competent employees and officials. The focus is on ensuring that a basic universal list of services is available in each municipality and that the quality of services is more closely monitored. Yet, the process is at an initial stage and national standards for municipal public services are lacking.

## Italy

### Score 5

Minimal standards for decentralized public services (e.g., public health care and utilities) 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.

## Netherlands

### Score 5

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 other's executive capacities. In 2009, the Association of Dutch Local Governments established the Quality Institute of Dutch Local Governments (Kwaliteitsinstituut Nederlandse Gemeenten, KING, renamed VNG Realisatie B.V.). Since 2016, it produces a comparative report on the status of local governments (previously *De staat van Gemeenten* and now *Gemeentelijke Monitor Social Domain*) which collects relevant policy evaluations and assists local governments in their information management-based policy perspectives. 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. Instead of strict output equality, official discourse now refers to "situational equality." This development is counteracted by increasing cooperation by municipalities in transboundary tasks (e.g., garbage collection and treatment, youth care, and care for the elderly).

Citation:

A. Korsten, 2004. *Visiteren van gemeentebesturen*, Bestuurwetenschappen, 1-15, VNG Uitgeverij

P. Meurs, *Maatwerk en willekeur. Een pleidooi voor situationele gelijkheid*, Raad voor Volksgezondheid en Samenleving, 28 January, 2016

VNG, *Nieuwe Gemeentelijke Monitor Sociaal Domein aangevuld met levensweganalyse*, ([vng.realisatie.nl](http://vng.realisatie.nl), accessed 1 November 2018

## Romania

### Score 5

The central government seeks to ensure that subnational governments realize national public-service standards. The prefects, which represent the central government in each of the country's 41 counties as well as in the municipality of Bucharest, have an important role in this respect. In practice, however, enforcement is often undermined by the inadequate and uneven funding of subnational governments.

## 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.

Citation:

Kamu Hizmetlerinin Sunumunda Uyulacak Usul ve Esaslara İlişkin Yönetmelik, Official Gazette, 31 July 2009, <http://www.resmigazete.gov.tr/main.aspx?home=http://www.resmigazete.gov.tr/eskiler/2009/07/20090731.htm&main=http://www.resmigazete.gov.tr/eskiler/2009/07/20090731.htm> (accessed 1 November 2018)  
Cumhurbaşkanlığı Teşkilatı Hakkında Cumhurbaşkanlığı Kararnamesi 1, <http://www.resmigazete.gov.tr/eskiler/2018/07/20180710-1.pdf> (accessed 1 November 2018)  
K. Gözler, Türkiye'nin Yönetim Yapısı (TC İdari Teşkilatı), Bursa: Ekin Basın Yayın Dağıtım, 2018.  
Z.Sobacı et al., Turkey's New Government Model and the Presidential Organization, SETA Perspective No. 45, July 2018.

## 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 sometimes 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. In most areas, large variation in state government policies and standards of service are regarded as legitimate.

## 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 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 health care sector,

monitoring is uneven and some localities have much lower standards than others. The extent to which different municipalities' regulations are compliant with regulatory standards set in national law also varies.

## Chile

### Score 4

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 clearly fails to establish national standards at municipal level across the whole country. 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. In comparison to previous years, a slight improvement can be noticed in the field of education and primary health care. Nevertheless, there is still a huge gap to be closed.

## Hungary

### Score 4

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 have only gradually gained experience in providing services. 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 as well as from conflicting legal norms and the complexity of some regulations. 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.

## 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.

## Greece

- Score 3** In the period under review, there was some improvement in the implementation of national standards. It was realized by the incumbent government that non-implementation of such standards could put the state's finances in danger, particularly since subnational self-governments are heavily dependent on the central government for their finances.

## Slovenia

- Score 3** In Slovenia, public-service standards are poorly defined, especially with regard to the independent functions of municipal governments. As the constitution guarantees the autonomy of every municipality, the extent and quality of public services 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 finances, for instance, the Ministry of Finance, the Court of Audit and municipal supervisory committees all play an oversight role.

## 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 catalog 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 felt particularly 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 often lack consistency and universality. Reforms aiming to create a complete framework and improve implementation have been pending since 2014. Notwithstanding, the Ministry of



Finance issues guidelines to assist subnational entities in designing budgets based on strategic planning. Guidelines set general standards and procedures, in particular on fiscal issues. Though no evaluation report on their application is available from the Ministry of Finance, the auditor general's report for 2016 points to disrespect for standards and procedures. He stresses that "the situation in municipalities is not viable" and urges the government to make the approval of pending reforms an extremely high priority. Reforms may, among others, set standards that reduce individual discretion regarding the interpretation and implementation of fiscal and other policies.

Citation:

1. Municipal gravy trains can't go on, audit boss says, Cyprus Mail, 4 May 2018, <https://cyprus-mail.com/2018/05/04/municipal-gravy-trains-cant-go-on-audit-boss-says/>

## Mexico

### Score 2

Insufficient funding, corruption and inefficiency inhibit the effective implementation of nationwide public policy standards in many sectors. Currently, this is playing out particularly visibly in the education sector, where not a single government entity seems to know how many teachers there are in the public schools, let alone how effectively they teach. Part of a recent education reform requires the statistical agency INEGI to conduct a census of the education sector. The discrepancy in the number of teachers in official data provided by the Ministry of Education and those encountered by census-takers when they visited schools is significant. In several states, INEGI's work was disrupted by unions, especially the CNTE, which sought to prevent census-takers from entering schools. Overall, the education reform has increased pressure for accountability and transparency but the country still has a long way to go before all schools and teachers meet national standards. So far, even trying to collect the data that would enable the monitoring of standards has been challenging. While education reform has focused mostly on schools, higher education also suffers from a lack of uniformity and insufficient monitoring of standards.

Citation:

Latin American Regional Report: Mexico & Nafta (November 2017) "Solving higher education conundrum key to 2018 election success?."

## Indicator

## Effective Regulatory Enforcement

## Question

To what extent is government enforcing regulations in an effective and unbiased way, also against vested interests?

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 = Government agencies enforce regulations effectively and without bias.
- 8-6 = Government agencies, for the most part, enforce regulations effectively and without bias.
- 5-3 = Government agencies enforce regulations, but ineffectively and with bias.
- 2-1 = Government agencies enforce regulations ineffectively, inconsistently and with bias.

## Finland

## Score 9

In general, powerful vested interests are not favored in Finland. To a certain extent, this can be explained by the fact that Finnish governments tend to be coalition governments, often made up of parties from both the left and right.

## Germany

## Score 9

Laws and other regulations are usually enforced in an effective and unbiased way. However, law enforcement against vested interest depends on the structure of the respective acts. Detailed and strict laws are difficult to thwart, and administrators and courts are able to enforce them. By contrast, vague and lax laws may be more easily circumvented by vested interests. In general, government and courts are willing and able to enforce their respective regulations, and prevail against vested interests.

A current example concerns the enforcement of air quality protection regulation. This is a highly contested issue with vested interests on both sides of the debate (on the one hand, the powerful automotive industry and, on the other hand, influential environmental pressure groups). The fact that driving limits for diesel cars have been enforced in a rigorous way (also compared to other EU member states with identical air quality standards) indicates a largely unbiased implementation process.

## Sweden

### Score 9

Much of modern regulation is responsive regulation: it is designed and implemented through a dialog with the targets of the regulation rather than forcefully imposed. Often, regulatory agencies prefer to use incentives rather than formal rules to elicit the desired behavioral changes among the targets of the regulation. Given that changing behavior is the overarching objective, regulators may use a combination of rules, bargaining and incentives toward that objective. There is no evidence of a systematic bias in this respect among Swedish regulatory agencies.

## Belgium

### Score 8

Belgium's system of proportional representation easily falls prey to lobbying. Belgium is actually recognized as a neo-corporatist system. When a strategic decision involves key socioeconomic issues, representatives of the social partners (i.e., the powerful and well-structured employers' organizations, and trade unions) systematically negotiate a bilateral agreement, which is then passed to the executive.

For this reason, the design of regulations may tend to be biased and at times ineffective, as it is based on a temporary and uneasy compromise between the social partners.

When it comes to the enforcement of regulations that have been agreed upon and then confirmed by the executive, however, public administration and government agencies tend to be fair and effective.

## Denmark

### Score 8

The government is fairly effective in enforcing regulations. It is difficult for the government to protect resourceful interests, and any such effort would most likely be noticed by the media and thus potentially exploited by the opposition in the parliament.

The tradition of coalition and minority governments, and tripartite consultations are further mechanisms that ensure the effective and relatively unbiased enforcement of regulations. Moreover, there are a number of formal checks and balances in the Danish system that also ensure the effective and unbiased enforcement of regulations.

## Estonia

### Score 8

Regulations are generally enforced in an impartial way without discriminating between the political and social status of organizations and enterprises. Some non-governmental foundations – which operate on a non-profit and non-political basis, and act in the public interest – may be tax-exempt. The list of income tax exempt foundations is issued annually by the Tax and Customs Board in accordance with the Income Tax Act.

Equal enforcement applies also for businesses in terms of complying with tax obligations, technical and sanitary standards. However, such strict enforcement of regulations is sometimes criticized for penalizing SMEs (e.g., small shops, tourist farms and food providers), which struggle to meet the government's high standards.

## Ireland

### Score 8

Government agencies do attempt to enforce regulations effectively and without bias. This was borne out recently by the fact that Denis Naughten, the minister of communications, was asked to resign in October 2018 for having met a stakeholder of a company that was bidding for the National Broadband Plan contract.

There has been a significant growth in political lobbying in Ireland. In general, lobbyists claim that they are simply providing advice about how the process works, but – given that many lobby firms hire ex-ministers, members of parliament and some journalists – transparency advocates believe it is important to have a statutory register of lobbying to guard against corruption. The Regulation of Lobbying Act was passed in 2015. The act provides for an extensive web-based register of lobbying. In its first year of operation 1,100 people registered and there were also almost 1,500 returns by lobbyists. The database is searchable and provides a lot of information on who the lobbyist was, whom they lobbied, what was the content of their lobbying and what the intended outcome of their lobbying was. “All this is radically new in the Irish context. The lobbying register clearly provides citizens with far more information on the lobbying process than ever before – an important step in the promotion of open and transparent policymaking” (Murphy 2018, 290).

An Office of Lobbying Regulation was also set up (within the Standards of Public Office Commission). Its job is to ensure that the Lobbying Act is enforced. It is independent of government, industry and the other sectional interests.

Citation:

Gary Murphy (2018) ‘The Policymaking Process,’ in John Coakley and Michael Gallagher (eds) *Politics in the Republic of Ireland*.

## Norway

**Score 8** Governance in Norway is closely linked to consultative processes. Consequently, such consultations might limit government autonomy. In a small and open economy, the government also seeks to ensure policies that will enable important industries to continue. Historically, various interest groups associated with agriculture and shipping have been particularly influential. During the last decade or so, the interests of the petroleum business and the seafood industry have become more powerful. The key non-governmental actors that shape public policymaking are trade unions, the confederation of businesses and industry, and environmental groups.

## United Kingdom

**Score 8** The implementation, execution and control of regulations in the United Kingdom is the task of the civil service and statutory regulatory bodies. Many of the latter are set up on a statutory basis, either as non-departmental public bodies that report to parliament or as non-ministerial government departments, ensuring that they are at arms-length from government and ministers. There are also a number of non-governmental regulators for different industry sectors, some of which are voluntary and some of which are placed on a statutory footing either through legislation or a Royal Charter.

The civil service (also known as “Whitehall” for its historic location in London) is a highly centralized and powerful bureaucratic body that abides by very strict codes of conduct, and generally provides an indispensable and loyal service to the UK government.

To uphold or extend the government’s regulatory efficiency, parliament can launch an inquiry into a defined part of society or national business to assess possible interferences with political decision-making. For example, a Commons Select Committee in 2011 notably reported on the unethical and unlawful practices of journalists, which resulted in stricter regulation of powerful media conglomerates in the United Kingdom.

Like many other countries, key industries in the United Kingdom, namely the financial and insurance industry in the City of London, are able to lobby against unwelcome regulation more forcefully than other businesses or civil society.

## Canada

**Score 7** The quality of regulatory enforcement in Canada is generally high. While regulatory agencies occasionally face resource constraints, these are not usually the result of interest group lobbying. Interest groups in Canada tend to focus on obtaining

leniencies during the creation of regulations rather than after regulations are promulgated.

One notable exception is the regulatory oversight and environmental assessment review of major industrial projects, where final decisions are in the hands of the ministry or cabinet. In many instances, stakeholders have complained that government approval did not follow the rules and regulations set out by law. Two recent high-profile cases highlight the issue: both the Enbridge west coast oil-port proposal (under former prime minister Harper) and the Trans Mountain pipeline expansion (under current prime minister Trudeau) obtained positive recommendations from the National Energy Board, all required federal and provincial environmental assessment certificates, and final ministerial approval. Yet, federal courts ultimately struck down both approvals. In the most recent case, the Federal Court of Appeal determined that the National Energy Board's assessment of the project was so flawed that it should not have been relied on by the federal cabinet when it gave final approval.

The government has recently introduced legislation to undo a series of controversial changes to the environmental assessment process adopted by the former Harper government in 2012. The bill includes the introduction of a brand new Impact Assessment Agency to centralize federal evaluations of major projects, as well as a new Canadian Energy Regulator to oversee Canada's interprovincial and international pipelines and powerlines. These would replace the Canadian Environmental Assessment Agency and the National Energy Board.

## France

### Score 7

The willingness of French governments to adopt rules and regulations applicable across the country encounters resistance due to the diversity of situations and the relative strength of vested interests. The difficult exercise of balancing conflicting goals has characterized France since the time of the monarchy.

During the Fifth Republic, there have been limited cases of political bias or clientelistic behavior within the central administrative apparatus. It is not so clear at the local level where mayors can be more lenient vis-à-vis individuals or groups, for instance in the field of urban planning or in the management of procurement contracts (favoring local providers). The main distortions in policy implementation derive from a well-rooted tradition of ignoring the incomplete implementation or non-application of excessive regulations. Governments often lack the courage to enforce regulations when they fear substantial protests. Successive governments have either failed to regulate or withdrawn a planned regulation when protests proved powerful and won widespread public support. Since 2017, President Macron has been more courageous in this respect.

## Latvia

### Score 7

When it comes to effective regulatory enforcement in the private sector, there have been concerns regarding bribery, including a few high-profile corruption scandals (e.g., the so-called Oligarchs Case, which involved charges of bribery, money laundering and other crimes in 2011). In addition, there have been tensions around the banking sector and suspicions of “state capture.” These three factors have raised concerns about the state’s ability to take a strong stance. The OECD has noted that many of these issues are linked with the fact that Latvia’s financial sector provides bridging services between the East and West .

Following these scandals, Latvia has made substantial steps to improve the situation and has followed OECD recommendations closely. Latvia has fully or partially implemented 39 out of 44 OECD recommendations. For example, efforts have been made to prevent corruption, raise awareness about corruption, and increase the independence and capacity of the Corruption Prevention and Combating Bureau (Korupcijas novēršanas un apkarošanas birojs, KNAB).

Although the effects of these improvements are yet to be fully observed, Latvia has consistently attempted to tackle corruption since gaining independence (e.g., the creation of KNAB, and the development of several national anti-corruption strategies and programs). In terms of implementation and governance, Latvia has received positive reviews in global ranking reports.

#### Citation:

1. OECD (2015), Phase 2 Report on Implementing the OECD Anti-bribery Convention in Latvia, Available at: <http://www.oecd.org/corruption/anti-bribery/Latvia-Phase-2-Report-ENG.pdf>, Last assessed: 05.01.2019

2. OECD (2017), Latvia: Follow-up to the Phase 2 Report & Recommendations, Available at: <https://www.oecd.org/corruption/anti-bribery/Latvia-Phase-2-Written-Follow-up-Report-ENG.pdf>, Last assessed: 05.01.2019.

## Lithuania

### Score 7

In the World Bank’s 2017 Worldwide Governance Indicators, Lithuania scored 83 out of 100 for regulatory quality, down from 85 in 2016. A 2017 OECD report indicated mixed effectiveness in regulatory delivery efforts in Lithuania. Although food safety inspections were effective and in line with best practices, compliance with occupational safety rules was problematic, and the regulation of fire safety was of concern. To improve the enforcement system in Lithuania, the report recommended gathering better data and conducting more analysis, paying more political attention to enforcement, improving risk assessment in enforcement activities, rethinking priorities, reallocating resources, and paying more attention to education and outreach.

The better regulation policy of the Lithuanian government seeks to reduce administrative burden, manage risks better, fight corruption and move to compliance promotion. Regulatory reform momentum was strong at first but has slowed down considerably in recent years. No regulatory institution is named on the list of the most corrupt institutions in the country, though some corruption scandals involved a few regulatory agencies. For instance, in 2016 the Special Investigation Service called on the State Food and Veterinary Service to eliminate corruption after its food safety inspections had yielded no action against any food product deemed harmful to human health. In late 2018, the Ministry of Economy released the first study of regulatory institutions' activities, assessing the methods and instruments used by institutions that regulate businesses. The study determined that 61% of institutions (33 out of 50) assessed were performing unsatisfactorily, with grades below 5.5 out of 10. Only two institutions, State Tax Inspection and State Labor Inspection, received grades above nine. In general, those institutions that mostly deal with regulating business activities performed better than those which have business regulation as only one of their activities. On the basis of these assessments, the Ministry of Economy issued its recommendations on reducing administrative burdens for businesses. The current government also plans to merge some regulatory institutions, reducing their number from 55 to 47 by 2020.

Citation:

OECD, Regulatory Policy in Lithuania: Focusing on the Delivery Side, OECD Reviews of Regulatory Reform, OECD Publishing, Paris, 2015 [http://www.oecd-ilibrary.org/governance/regulatory-policy-in-lithuania\\_9789264239340-en](http://www.oecd-ilibrary.org/governance/regulatory-policy-in-lithuania_9789264239340-en).

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

Ministry of Economy, Report of Regulatory Institutions December 2018, available so far only in Lithuania at <https://ukmin.lrv.lt/lt/veiklos-sritys/verslo-aplinka/verslo-prieziuros-politika/svieslente>

## Spain

### Score 7

In recent years, the Spanish government has faced strong pressure from powerful economic groups in the banking, energy and telecommunications sectors, as well as several private groups such as pensioners and taxi drivers. Until 2015, with an absolute majority in parliament, the government was able to push unpopular legislative acts through parliament even against the opposition of vested interests. Nevertheless, the minority governments in power in 2016 through 2018 were forced to seek not only the support of other political parties, but also a broader societal consensus. This has limited the ability to push through regulations against strong opposition from powerful interest groups.

## Australia

### Score 6

With some notable exceptions, the enforcement of regulations is generally effective and unbiased. Exceptions arise in certain industries with large companies, such as in the banking sector, where there is clear evidence of so-called regulatory capture and



the regulator does not fully enforce the regulations. More problematic in the Australian context is that the regulations themselves (particularly those specific to an industry) are heavily influenced by powerful vested interests, be they financial institutions, mining companies, property developers or other large companies.

Citation:

<https://www.smh.com.au/politics/federal/watching-the-industry-watchdogs-20180601-p4zito.html>

## Austria

### Score 6

The question of “biased” and “unbiased” cannot be impartially answered by political actors. Political parties and their representatives will always tend to see the enforcement of regulations in different ways, reflecting the different perspectives of the competing parties. But, by and large, the Austrian tradition of enforcing regulations is broadly accepted as being without significant bias.

## Chile

### Score 6

Some regulations are highly influenced by economic interest groups, especially regulations affecting the productive sectors (e.g., fishing, agriculture and the mining industry). However, once enacted, government agencies usually enforce regulations effectively and without bias. Therefore, it’s more a question of how regulations are designed than a question of their enforcement.

## Iceland

### Score 6

Government agencies enforce regulations and are accountable to a corresponding ministry. Government agencies include the Directorate of Health, Icelandic Medicines Agency, Icelandic Competition Authority, Financial Supervisory Authority and Directorate of Fisheries. Evidence of the extent to which these authorities are able to function in an effective and unbiased way is hard to find. The Financial Supervisory Authority was heavily criticized for failing to do its job prior to the financial collapse in 2008. A 2015 master’s thesis on the Directorate of Fisheries concluded that the directorate had operated according to OECD standards. However, as state television (RÚV) has reported, fishermen have over many years complained about the significant quantities of fish illegally discarded at sea, despite the directorate’s denials.

In October 2018, the government announced a plan to merge the central bank and the Financial Supervisory Authority (FME). The planned merger would enhance trust, transparency and efficiency in financial administration, according to the Prime Minister’s Office. In the past, the FME was less effective as a department within the central bank than as an independent institution.

Citation:

Margrét Kristín Helgadóttir (2015), *Eftirlitsstofnanir á Íslandi. Fiskistofa*. MPA thesis from the University of Iceland.

RÚV (2017), *Brottkast, ís-svindl og uppgjöf Fiskistofu* (Discarding, ice-fraud, and the capitulation of the Directorate of Fisheries), <http://www.ruv.is/frett/brottkast-is-svindl-og-uppgjof-fiskistofu>. Accessed 21 December 2018.

## Israel

### Score 6

In general, Israel has a good record in dealing with powerful interest groups and enforcing regulation – the prime example being the Encouragement of Competition and Restriction of Centralism Act of 2013. The law was enacted after a public interministerial committee found that one of the most prevalent structural market failures was the presence of a small group of tycoons that used large pyramidal corporations to controll the market. Therefore, it recommended several affirmative actions to regulate the corporative structure of large businesses and ensure the public interest. The government accepted the recommendations and legislated the aforementioned law.

The law itself differentiates between two main types of businesses – a financial company and a real corporation – and imposes limitations and regulations on the control and purchase of both. The law also dictates that pyramidal corporations are allowed to be only two layers tall (excluding taller corporations that existed at the time of the law's enactment, which are regulated by a different set of limitations), and defines when and under what conditions a company is considered a big corporation. Moreover, the law ordered the establishment of a professional interministerial committee whose role is to oversee the market and prevent the rising of centralist business structures. The committee is still active and in January 2018 it published two updates to the law.

Another example of the ability of the government to withstand interest groups can be found in the latest developments regarding the dairy products market. In Israel, the authorities monitor and dictate the pricing of basic milk products while taking into account the costs of manufacture. In May 2018, a professional committee recommended that the Ministry of Agriculture and the Ministry of Finance raise the prices of monitored products due to the rise in the price of crude milk, but the minister of finance, Moshe Kahlon, refused to approve the move, supposedly on grounds of public interest. After allegedly failing to reach an agreement, Tnuva, the largest dairy products company in Israel, appealed to the Supreme Court to enforce this raise. Up to now, Kahlon has remained adamant in his refusal and in fact in late October 2018 he came to an agreement with the farmers to gradually lower the price of crude milk. Still, it is unclear whether or not it would make Tnuva's appeal redundant and at the time of writing the case is still in litigation.

Citation:

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HCI 5124/18 Tnuva Cooperative Center for the Marketing of Farm Produce in Israel Ltd. V The Minister of Finances (Hebrew) (Ongoing)

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Israel. “Announcement Regarding the Update of Values [lit., sums] According to the Encouragement of Competition and Restriction of Centralism Act, 2013,” Publications Digest Records [transliteration: Reshumot], 7679, Jerusalem: The Governmental Press, 2018, p. 4459. (Hebrew). (Full text: [https://www.nevo.co.il/law\\_word/law10/yalkut-7679.pdf](https://www.nevo.co.il/law_word/law10/yalkut-7679.pdf))

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Wittman, Ariel. “The Ministry of Finances and the Farmers Signed the Milk Agreement,” Israel Today, October 30th, 2018, p. 39. (Hebrew)

## Japan

### Score 6

During the early postwar period, the operations of the so-called iron triangle between LDP politicians, the ministerial bureaucracy and big business served to promote overall economic growth, with a bias in favor of large enterprise groups. At the same time, this system ensured that policymaking was not captured by selective industry interests. Following the collapse of the bubble economy around 1990, the iron triangle declined, but a bias in favor of larger enterprises can still be noted.

In some specific policy fields, however, the role of vested interests is much more conspicuous today. A notable example is energy policy, where the relationship between bureaucrats in the industry ministry, politicians with competence in this area, and the nuclear-power industry – basically the major regional energy providers – is considered to be rather close (creating the so-called nuclear village). Another

prime example is agriculture, which has received particularly favorable treatment and protection for decades as governments have sought to secure rural votes. In some fields, the government has made efforts to secure its supremacy through institutional reforms. In agriculture, for example, the Abe government curtailed the role of the once-powerful agricultural cooperatives (JA). However, the results are still mixed, for instance in light of the significant protection afforded to agricultural production still contained in recent trade agreements such as the Japan-EU FTA.

Citation:

Jeff Kingston, Japan's nuclear village. Power and resilience, in: Jeff Kingston (ed.), *Critical Issues in Contemporary Japan*, Abingdon: Routledge 2013, pp. 107-119

Masayoshi Honma and Aurelia George Mulgan, Political Economy of Agricultural Reform in Japan under Abe's Administration, *Asian Economic Policy Review*, Volume13, Issue1, January 2018, pp. 128-144

## Luxembourg

Score 6

Powerful interest groups which the government is unable to govern exist in Luxembourg. One such group are civil servants (Beamte) who are affiliated with the CGFP union. Civil servants represent a large part of the electorate in national elections (foreigners are not allowed to vote). Therefore, it is almost impossible for a government to make decisions against the will of the trade union CGFP, as the respective political opposition would immediately take the CGFP's side. As a result, civil servants earn very high salaries, much higher than comparable positions in the private sector. In addition, civil servants receive so-called jetons, premium payments which are granted for participation in working groups (despite the fact that this takes place during working hours).

A subgroup of civil servants are teachers who are able to prevent reforms. In recent years, the government has relocated many teachers from schools to training institutes (a separate "campus" has been specifically created for them in Walferdange). This reform led to protests concerned that the number of school teachers had decreased. Other powerful interest groups include foresters, business associations, insurance companies and the construction industry. Interest groups' links to politics are significant, especially with the CSV and DP parties.

Citation:

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## Netherlands

### Score 6

In the Netherlands, not legal prosecution by legal authorities, but effective regulatory enforcement by administrative bodies is “undermining” (“ondermijnen,” in a criminological sense) the efforts of “underworld” criminal organizations to penetrate formal and legal action channels of the “upper world.” Attention is focused on illegal drug production, transportation and trade, and human trafficking (women, refugees). Special police teams, mayors of larger cities, national and local public prosecutors, and fiscal detectives collaborate in detecting drug and human trafficking gangs – or, through the use of ordinary administrative laws, to “harass” drug and human traffickers to such an extent that they close or, more frequently, relocate. It is in connection to illegal drugs and human trafficking, that mayors of larger cities and sometimes small, rural villages become “crime fighters.” Another attention area is the integrity of political and administrative bodies. In the recent local elections, some municipalities and political parties screened aspiring new council members’ civic conduct status to a hitherto unusual extent. Integrity screening for police and customs officers, and sometimes high-level civil servants has also been strengthened. The narrowing of the criminological definition of “undermining” has been criticized by those who examine big corporations and financial institutions who abuse regulations and lax oversight, commit fraud and corruption, or do not comply with environmental regulations, especially regarding agriculture and chemistry. It is claimed that in the case of “white collar” crimes, regulations are not strictly enforced, as in class justice. However, overall, the Dutch government enforces rules effectively and fairly.

Citation:

P. Tops and J. Tromp, *De achterkant van Nederland*,

NRC-Handelsblad, *Wie nog weet wat ondermijning precies is, mag het zeggen*, 15 February 2018

Follow the Money, *Door echo undermining moet je op de Zuidas zijn*, 28 August, 2018 (ftm.nl, accessed 1 November 2018)

J. Brouwer, in NRC-Handelsblad, *“Ondermijning” is een loos begrip*, 1 October 2018

## New Zealand

### Score 6

The enforcement of regulations is generally effective and unbiased. As in other democracies, regulations themselves (particularly those specific to an industry) are heavily influenced by powerful vested interests. Regulatory capture – a situation in which an industry has the power to determine the activity of a government agency tasked with regulating the industry certainly occurs and can result in the weak enforcement of regulations. Examples include the fishing and mining industries. The conclusions of the Pike River inquiry show that the regulation of occupational health and safety in mining had in effect been subject to regulatory capture by employers.

Critics argue that the state of the electricity sector displays many symptoms of regulatory capture. There was also widespread criticism of the Securities Commission for its failure to control unacceptable behavior among investors and companies, contributing to a lack of confidence in the share market and other forms of investment. There was continuing opposition to greater regulation from some powerful and vocal parties, such as the Business Roundtable. It is difficult to distinguish the effects of weak legislation, weak regulator and regulatory capture, but the outcome of feeble standards and enforcement certainly suited some interests despite being to New Zealand's long-term detriment.

Citation:

OECD Regulatory Policy Outlook 2015 Country profile New Zealand. <https://www.oecd.org/gov/regulatory-policy/New%20Zealand-web.pdf>.

New Zealand Council of Trade Unions. 2013. Submission of theNewZealandCouncil of Trade UnionsTe Kauae Kaimahito theNew Zealand Productivity Commissionon its inquiry intoRegulatory Institutions and Practices. <https://www.union.org.nz/wp-content/uploads/2017/10/131025-Productivity-Commission-Regulatory-Institutions-Practices.pdf>

## Slovenia

### Score 6

Ministries and government agencies largely succeed in enforcing regulations effectively and without bias. However, there have been some cases in which they succumbed to pressure from interest groups. In the period under review, a case in point was the investment of Magna in Maribor in which a number of legal requirements were ignored by state agencies due to the threat that Magna would move its investment to another country and pressure from the Cerar government, which blindly supported the project.

## Switzerland

### Score 6

In Switzerland, there is a very limited likelihood that regulations contradict the interests of powerful groups, considering the numerous opportunities to articulate private interests in policy development. A case in point is agricultural policy: farmers are very effective in impeding regulations given their political power in parliament. For example, in 2018 farmers frustrated the government by rejecting free-trade and competition policies which were against their interests.

In addition, implementation – even of federal regulations – is almost exclusively done by cantonal and local administrations. Frequently, they apply federal law in a very pragmatic way, tailored to the needs of local and cantonal interests. Hence, if federal rules are in direct conflict with powerful vested interests, they are likely to be implemented in a way that minimizes the disadvantages for the powerful vested interests on the cantonal or local level.

Moreover, vested economic interests are very powerful in the implementation process of public policy. Obvious examples are federal rules which were agreed

upon in popular votes but violated major economic interests. In 2017, the government and parliament avoided implementing a constitutional rule constraining the inflow of foreign workers. The government and parliament feared that the rule would entail massive economic disadvantages and were supported in their view by economic interest organizations – ranging from trade unions to employers' associations – and individual firms. Likewise, the strict implementation of a constitutional rule limiting the construction of vacation homes was considerably modified due to powerful cantonal and local economic interests.

Discretion is a necessary condition for implementation, be it by interest groups or cantons. The main goal of federal legislation is the formulation of policy proposals that are accepted in a referendum. This is only possible by granting discretion in the implementation of policies: allowing implementing agents to adjust federal policy. As the federal government depends on implementing agents for basically all policies, there are strong reservations against strict enforcement of compliance. This is a deliberate consequence of the Swiss institutionalized emphasis on policy acceptance rather than outcomes.

## Czechia

### Score 5

The accumulation of wealth and business power has been significantly facilitated from 1990 onwards first by lax regulatory environments and subsequently by political favors and contacts with politicians. Prime Minister Andrej Babiš exemplifies the phenomenon at national level, building his business empire from a starting capital of unclear origins. Once established, state and EU subsidies ensured that Andrej Babiš did not remain just another entrepreneur selling fertilizers and fuel additives. Instead, thanks to the state, he is one of the richest men in Europe, with a business empire worth \$4 billion. The European Anti-Fraud Office (OLAF)'s preliminary report on EU subsidy fraud that was leaked in October 2017 before the parliamentary elections found that Andrej Babiš had defrauded EU subsidies and the Czech state, thus confirming the Czech police's earlier claim.

## Italy

### Score 5

The ability of the government to effectively enforce regulations against resourceful interest groups has received renewed attention after the collapse of the Genova bridge. It has become clear, for instance, that the Ministry of Transport and Infrastructures inadequately monitored (particularly in the field of investments and security controls) the implementation of the motorway concession agreements by the private companies who were the concessionaires. A review of what happens in other fields would likely show similar problems.

## Malta

### Score 5

For the most part, government agencies in Malta enforce regulations effectively and without bias. This said, the close personal relationships inevitable on a small island have undoubtedly greased the cogs of the administrative machine in order to facilitate positive outcomes in many cases. Certain powerful interests such as the construction lobby also wield influence over the decision-making process. Finally, the government's reliance on direct orders for large purchases, along with allegations of mismanagement in tendering processes, has left it open to accusations of favoritism. For example, the EU Commission has been asked to investigate a government concession to a private consortium seeking to develop on public land, on the basis that the concession was awarded in a biased and irregular manner. In 2013, the government strengthened the fight against corruption by reducing elected political figures' ability to evade corruption charges, and introduced a more effective Whistleblower Act. To further address these issues, additional changes have been proposed, including a shift a full-time parliament, with members no longer allowed to maintain private interests or sit on government boards. The 2017 ombudsman's report cited the need for legislation to regulate lobbying, a practice that can distort fair competition and has been linked to allegations of corruption, as well as the need for individuals to receive correct and timely information on the government's activities in order to ensure transparency and equal treatment before the law.

Citation:

<https://www.timesofmalta.com/articles/view/20181020/local/possibility-of-state-aid-rules-breach-in-db-groups-its-project-raised.692024>

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<https://www.timesofmalta.com/articles/view/20181027/local/we-have-nothing-to-hide-nothing-to-fear-on-pembroke-project.692678>

<https://www.timesofmalta.com/articles/view/20180828/local/274-million-svdp-deal-was-never-appealed.687770>

## Poland

### Score 5

Decision-making and the enforcement of decisions generally follow lines of political affiliation within the current Polish government. As government agencies do not act independently, but rather follow line with the responsible ministry and the party line, it is difficult for outside interests opposing the government to win a hearing. Thus, their attempts to influence government agencies are rarely fruitful, while economic interest groups that are close to the government have more success. For this reason, while government agencies do not act in a strictly unbiased manner, they can be effective in implementing the decisions the government wants enforced.



## Portugal

### Score 5

On the whole, government agencies enforce regulations on powerful vested interests largely without bias. While the level of effectiveness is low, this is a general problem in Portugal, particularly when faced by powerful vested interests that are more adept at finding loopholes in Portugal's complex legal structure.

At the same time, these vested interests may well have the ability to capture and shape regulation toward their interests. As such, government agencies may to some extent be enforcing regulations that are already designed to serve the interests of these interests.

## South Korea

### Score 5

Government agencies enforce regulation, but are usually biased in favor of certain groups and vested interests. The big business conglomerates are naturally the most powerful vested interests, and most policies take the interests of the big business sector into account. SMEs have similarly emerged as a powerful interest group. For example, SMEs have managed to obtain very generous exclusions, even from the very modest reduction of maximum allowed weekly work times from 68 to 52 hours. Collusion between management and labor unions has also led to circumvention or exploitation of government regulations. For example, by excluding regular (non-performance-based) bonuses from the calculation of the minimum wage, even workers with relatively high total wages were able to benefit from the minimum-wage increase.

Citation:

Rhyu Sang Young, Moon Jae-in and the Politics of Reform in South Korea, Global Asia 2018, [https://www.globalasia.org/v13no3/cover/moon-jae-in-and-the-politics-of-reform-in-south-korea\\_sang-young-rhyu](https://www.globalasia.org/v13no3/cover/moon-jae-in-and-the-politics-of-reform-in-south-korea_sang-young-rhyu)

## United States

### Score 5

In general, the United States has invested quite heavily in regulatory enforcement. A substantial amount of investment reflects the frequent, substantial legal resistance to enforcement actions on the part of the targeted firms or other entities. U.S. regulatory agencies are highly subject to judicial review, and their enforcement actions are often appealed, raising the costs of enforcement and reducing its effectiveness. In general, however, enforcement efforts have been sufficiently energetic that most regulations are taken seriously by the targeted firms.

During the Trump presidency, however, many of the regulatory agencies have been headed by appointees with extremely strong and direct ties to the regulated

industries, or with strong ideological opposition to their agencies' programs. In certain areas, such as environmental and workplace safety regulations, the Trump administration has largely ceased enforcement activity.

## Croatia

### Score 4

Ensuring impartial enforcement of the law and implementation of regulations by public administration bodies independently of the political, economic or social interests of those subject to regulation is a significant problem in Croatia. The underlying reasons lie in the existence of interest groups that enjoy strong protection through political patronage and in the corruptive tendencies of a part of the street-level bureaucracies dealing with the enforcement of regulation (i.e., inspectorates, tax administration, land registry administration, etc.) The politicization of the civil service and weak governance structures have led to the prevalence of institutions of clientelism and regulatory capture.

## Mexico

### Score 4

Insufficient funding, corruption and inefficiency inhibit effective regulation in many sectors. Additionally, fragmented responsibilities due to deficiencies in the federal Mexican system are prevalent. Vested interests often manage to block reforms or policy implementation. While this is a cross-sector phenomenon, it has been particularly visible in the education sector, where an ambitious reform was initiated by President Peña Nieto, but protests by and resistance from teachers and unions prevented the reforms implementation. The new president, Andrés Manuel López Obrador, has announced that he will end the educational reform process.

## Turkey

### Score 4

A state of emergency was declared by the government after the averted coup attempt of 2016, which lasted until shortly after the June 2018 elections. Under the state of emergency, the government used all its capacities and competences to impose its rule over many areas of public policymaking (e.g., security, justice, economy, media and civil society) by tightening its control over human resources and legal practices, as well as by restricting human and civil rights. According to the World Justice Project's Rule of Law Index 2017, Turkey ranked 88 out of 113 countries, with a score of 0.44 for regulatory enforcement.

In other words, during the review period, the AKP and the president followed a biased and polarizing strategy in government, which undermined sustainable, democratic public policymaking.

Citation:

World Justice Project, Rule of Law Index 2017-2018, [https://worldjusticeproject.org/sites/default/files/documents/WJP-ROLI-2018-June-Online-Edition\\_0.pdf](https://worldjusticeproject.org/sites/default/files/documents/WJP-ROLI-2018-June-Online-Edition_0.pdf) (accessed 1 November 2018)

## Cyprus

### Score 3

Government policies and practices point to a bias toward serving the interests of powerful economic groups and individuals as well as bowing to the demands of strong trade unions. Also, both the government and political parties often act on the basis of political expediency: they attempt to find ways to avoid “harming” the interests of informal groups by adopting rules that are either ineffective or unrelated or simply by not taking decisions. As a result, the public good is not fairly served and lingering challenges persist.

The most glaring examples are the citizenship granting “investment program” that neutralizes regulation on city planning and the favoring of land development – including new golf courses – within Natura 2000 protected sites while ignoring water scarcity. In the financial sector, the laws on foreclosures and non-performing loans and the accompanied ESTIA scheme were amended after the EU and IMF considered them inadequate for the task. Little or no progress on reforms is also indicative of a policy bias that enables the government and parties to avoid possible political costs.

Citation:

1. Environmental decisions placing Cyprus on path to self-destruction, Etek says, Cyprus Mail, 29 March 2018, <https://cyprus-mail.com/2018/03/29/environmental-decisions-placing-cyprus-path-self-destruction-etek-says/>

## Greece

### Score 3

In Greece, it is difficult to argue that enforcement of regulations is effective. On the one hand, enforcement does indeed depend on the technical capacities and propensities of Greek governments to employ pro-government individuals rather than skilled managers to head government agencies. In turn, this has dampened efficient and unbiased enforcement. Owing to pressure from Greece’s lenders, who have linked the country’s fiscal derailment to maladministration, there has been some effort to streamline regulation and law enforcement. On the other hand, in various sectors (e.g., commercial shipping, mass media, and construction) there have always been resourceful interest groups and influential businessmen. Governments have been and remain unwilling or unable to deal with them. Government agencies and the judiciary have been selective with regard to who should be consistently controlled and prosecuted for penal code violations, including for corruption.

## Hungary

- Score 3** The Hungarian government can enforce regulations quickly and drastically. However, given the capture of the Hungarian state, agencies have acted ineffectively and with bias when the interests of important oligarchs have been involved.

## Romania

- Score 3** Generally speaking, government agencies possess the technical capacity to enforce regulations against vested interests. In practice, however, regulations are mostly enforced only to the extent to which they benefit powerful lobbies and politicians' clients.

## Slovakia

- Score 3** A core weakness of the Slovak public administration system is the politicization of public decision-making and the influence of economic lobbies and other organized interest groups on policymaking. Thus, government agencies tend to enforce regulations ineffectively and demonstrate bias in their activity.

## Bulgaria

- Score 2** Government regulatory enforcement in Bulgaria is biased and uneven. On numerous occasions over recent years, government agencies have enforced regulations inconsistently for different actors, favoring specific vested interests and penalizing potential competitors to these vested interests. Examples include biases in the implementation of the competition protection framework in banking and non-bank financial supervision, public procurement, and post-privatization control. The most recent example of inconsistent and biased enforcement involved two decisions by the Competition Protection Commission in 2018, which blocked two private sector acquisitions (one in the energy sector and another in the media sector). In one case, the commission criticized the acquiring company for being too small relative to the acquired one. In the second instance, the commission criticized the acquiring company for being too big. In both cases, the decisions were motivated by considerations of political control.

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