**Coordination practice**

**SZÉLL KÁLMÁN WORKING GROUP**

György Hajnal
Corvinus University of Budapest

*The Széll Kálmán Working Group (SKWG) was a committee encompassing high-level representatives from each ministry. The goal of the Working Group was coordinating the implementation of the Széll Kálmán Plan (SKP), an overarching set of top-priority austerity measures taken by the newly elected government in 2010 in order to decrease the budget deficit and thus improve the fiscal balance of Hungary's public budget. The SKP included 26 measures/decisions ranging from the re-design of a broad range of social benefits to decreasing the number of MPs from 386 to 200. The SKP itself contained a very brief description of measures requiring close collaboration of a broad range of central government actors. The core element of the Working Group arrangement was the two-tier system of problem analysis, problem-solving and conflict resolution/coordination leading to a detailed set of legal measures implementing the items in the SKP. Most of the substantive technical work was done at the lower tier of the Working Group. On the basis of available evidence it seems that the Working Group was, from a purely technical perspective, successful since it managed to get through a large number of harsh austerity measures – vividly opposed by the sectoral ministries – within a relatively short period of time.*

**Preface**


This coordination practice is a result of research within COCOPS Work Package 5: The Governance of Social Cohesion: Innovative Coordination Practices in Public Management.

The COCOPS project (Coordinating for Cohesion in the Public Sector of the Future) seeks to comparatively and quantitatively assess the impact of New Public Management style reforms in European countries, drawing on a team of European public administration scholars from 11 universities in 10 countries.

The specific objectives of Work Package 5 are:


- To search and identify emerging coordination practices and related steering instruments in public management in European public sectors.
- To compile a case study catalogue of such coordination practices with direct utility to public managers and the research community.
- To analyse the functioning of such coordination practices and to assess their value in countering public sector fragmentation and delivering public value.



Work Package leader:

**Prof. Dr. Per Lægreid**
University of Bergen
Department of Administration and Organization Theory
Norway


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| **1. THE COORDINATION LANDSCAPE** | |
| **Main country characteristics: HUNGARY** | |
| General political-administrative structure | Hungary is a unitary, parliamentary republic. The executive branch is divided into three levels.

The Hungarian central government subsystem is divided into ministries, the number of which ranged between 12 and 18 between 1990 and 2010. In 2010 the Cabinet implemented far-reaching structural changes, as a result of which eight integrated "superministries" emerged. At the same time the Prime Minister's Office (PMO) was re-structured into a Ministry of Public Administration and Justice with a broader task portfolio. Ministries are chiefly responsible for policy-making while most of the implementation tasks – especially those with a territorial dimension – are carried out by agencies.

At the second, sub-ministerial level one finds a number of agencies. Between 1990 and 2006 the proliferation of these agencies was a constant trend in Hungary. From 2006 on, and even more so after 2010, a new administrative policy emerged. This spectacular change was driven by a quest to enhance the political control of administrative apparatuses – this time, unlike previous attempts, backed by a two-third majority. Agencies' regional branches have been integrated to the 20 county-level "Government Offices", controlled directly by the government and headed by political appointees (MPs, political state secretaries etc.).

At the third level of administration one finds the local governments. The local government system is a two-tier one involving, at the upper tier, nineteen counties and the capital city Budapest and, at the lower, municipal tier almost 3200 local governments governed by elected councils. Local governments are responsible for a broad set of public-service-provision tasks, including child care, education, health and local physical-infrastructure services. According to the new Local Government Act (in effect from 2013) local governments' scope of duties and competencies will be dramatically reduced.

The broad-scope structural changes of the past two years can best be understood in a broader framework characterised by a decisive and successful attempt to strengthen hierarchical and political control in all spheres and segments of state organisations. This series of measures – to a significant extent necessitating fundamental constitutional changes and involving the adoption by the governing parties with a two-third majority, in December 2011, an entirely new constitution – involve a range of elements extending beyond the executive branch.

The Cabinet has implemented the centralisation not only on the governmental structural level, but the recruitment and hiring process of |

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| | the central state-administrative apparatus is also under strict vertical control. Recruitment is strictly controlled by the Ministry of Public Administration and Justice; it is entitled to veto candidates for any central government managerial positions. Moreover, the new civil service regulation assesses loyalty as an employment requirement for every civil servant. Being contravened of it might result in dismissal, which practically means that, not only *de facto* but also *de jure*, the career system is replaced by a spoils system. |
| Coordination discourse | On a general level, in the post-transition period three important milestones can be identified in relation to the structural features of central government coordination. |
| | The first milestone is the creation of the Council of Permanent State Secretaries in 1990. Permanent State Secretaries were, from 1990 onwards, the highest-ranking administrative officials in ministries. The Council of Permanent State Secretaries met once a week and discussed all and any items on the agenda of the next Cabinet Meeting. That is, no issue could be put on the Cabinet Meeting's agenda without the prior consent of the Council. |
| | The second milestone is the 1998 reform of the PMO involving a definitive strengthening of the PMO's role and position vis-à-vis the ministries. The core of this change was the creation of a structure mirroring the ministry structure within the PMO, whereby each mirror department was entitled to examine/filter/reject initiatives coming from the respective ministry before it could get on the Cabinet's agenda. |
| | The third milestone was a set of closely interrelated measures introduced in early 2006. By and large, these measures were labelled as the "strengthening of political governance". They included, among others, the following elements. (i) The abolition of the position of Permanent State Secretaries and the entire institution of Council of Permanent State Secretaries, and replacing it with a similar but more political structure, the Committee of State Secretaries. This body was staffed with deputy state secretaries and played a similar – but less powerful and undisputed – role than the Council had. (ii) The introduction of a procedure called "policy consultation" required each ministry to have its proposition approved by the PMO prior to the administrative consultation process. This involves a review and approval by the relevant PMO/Ministry of Public Administration and Justice staff. In 2010 the Cabinet re-introduced the pre-2006 arrangements of Permanent State Secretaries and the Council of Permanent State Secretaries. |
| | Stepping away from the institutional framework and focusing on specific coordination problems, one of the focal – and most problematic – issues within the broader field of central government coordination continues to be the coordination of EU policies and the adoption of Hungary's position on EU issues. In the period of the preparation for the EU accession (in |

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| | 1996) the government decided to establish a "uni-polar" coordination structure for integration. The State Secretariat for Integration operated within the Ministry for Foreign Affairs. In 2005 the Cabinet transferred the responsibility for European affairs from the Ministry to the Office for European Affairs of the PMO but one year later an arrangement similar to the original one was restored. All in all, EU coordination remains an "enclave" within central government coordination – led by the Ministry for Foreign Affairs and having much less than a necessary day-to-day connection to all other fields of government. |
| Policy area | The austerity programme titled Széll Kálmán Plan (SKP) was elaborated in the Ministry of National Economy in early 2011. Nevertheless, as soon as the SKP appeared the Cabinet decided that all ministries should be involved in its implementation. The usual process of policy coordination in central government involves the following sequence of events: (i) the ministry in charge adopts a proposal (such as a bill or a draft Cabinet Decree); (ii) it is circulated among, and commented on by, ministries (administrative consultation); (iii) it is sent out to social partners such as NGOs, other stakeholders and the broader public for opinions (social consultation); (iv) the CPSS discusses (and adopts or rejects) the proposal; (v) the Cabinet decides on the subject matter.<br><br>In this framework the SKWG arrangement precedes/substitutes the administrative consultation phase.<br><br>Apart from the (optional and oftentimes only formal) participation in the social consultation private-sector actors have no mandate in the process of central coordination. There were no explicit legal measures underlying the SKWG; from a legal aspect it was based on the Cabinet's Rules of Procedure allowing the minister of MPAJ to decide upon the items on the agenda of the Cabinet Meeting. The SKWG meant that the MPAJ minister delegated this competence from him to the working group.<br><br>The structural features of central government coordination – and their development over the past few years – were overviewed in Section 1. In light of these developments the "opening up" of the central consultation landscape and the increased empowerment and involvement of ministries in the process can be seen as a novel phenomenon. Note, however, that this empowerment was strictly limited to issues and details of "second-order" political salience. The cornerstones of the policy course were laid down in the key SKP document, without much involvement of the ministries; the broader coordination and involvement started only after these fundamental decisions were reached by the executive core. |

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| **2. COORDINATION PRACTICE: Széll Kálmán Working Group** | |
| **2.1.  Substance (what)** | |
| Country | Hungary |
| Area | Central government |
| Main characteristics of the practice | 1. The coordination problem and the goals of the SKWG |

The Széll Kálmán Working Group (SKWG) is a committee encompassing high level representatives of each ministry. The goal of the SKWG is to coordinate the implementation of the Széll Kálmán Plan (SKP), an overarching set of top-priority austerity measures taken by the government in order to decrease its budget deficit and thus improve the fiscal balance of Hungary's public budget. The SKP included 26 measures/decisions ranging from the re-design of a broad range of social benefits to decreasing, from the next elections onward, the number of MPs from 386 to 200.

The SKP itself contained only a very brief, usually one-sentence description of measures, the detailed elaboration and implementation of most of which required the collaboration of a number of ministries and ministry departments. For example, the "modification of the sick leave benefit system" in order to cut budget required the close collaboration of a broad range of central government actors, including the Ministry of National Economy and the Ministry of National Resources. The primary purpose of such collaboration was to elaborate the details of the specific implementation measures for each item in the SKP, whereby the term "implementation measures" refers to the set of bills and other legal measures necessary to turn decisions into practice. Note that the actual monitoring of the implementation of these measures – let alone the monitoring of the effects of the measures – was entirely absent from the concept. The very items on the SKP agenda were conceptualised and formulated as the adoption of legal measures, rather than "doing" or "achieving" things. For example, the reformed old-age-pension system appears in the SKP not as a set of institutions and procedures operating in a particular way and to a particular effect; rather, it figured as "By 31 December 2012 we codify the legal measures necessary for the operation of the new old age pension system."

As described earlier central government coordination in Hungary has traditionally been conceived of in terms of a power struggle between the executive core (nowadays, the MPAJ) and individual ministries. There are

| | somewhat contradictory views among those involved regarding political expectations against the SKWG. According to some, a distinctive feature of the new arrangement, as opposed to the traditional ones, seemed to be its orientation towards encouraging ministries to cooperate and discuss things openly and constructively. According to another account, however, the original intention was to "push through" the top-priority political decisions down the bureaucratic apparatuses so that the key policy objectives are achieved, the legal measures are taken and the necessary savings are realised against all and any resistance of the ministries. |
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| | 2. Affected organisations |
| | The top-level organ of the SKWG arrangement consists of representatives of central government ministries, the Central Bureau for Statistics, and a limited set of background institutions/agencies. Sub-groups working on individual issues may include a variable set of members from other government agencies, academic/scientific organisations and, occasionally, NGOs or private-sector actors. |
| | 3. Stated goals of the SKWG |
| | It is interesting to note that – in the Hungarian context: quite exceptionally – the SKWG lacked any formal legal authorisation or statute. It was established through a Cabinet decision and a (set of) decisions of the minister of the MPAJ. These measures are not of a legal nature, therefore they are not accessible for external actors (such as the research team). Consequently the state goals of the project are not retrievable. Some pieces of information on this may be available in memos etc., but these were not accessible, either. The interviewee was informed about these features of the SKWG only indirectly, through conversation with peers and superiors. |
| Background and initiation of the practice | No publicly available, formal decision – and, therefore, no formal statement of goals – is available in relation to the SKWG. These elements can, to some extent, only be inferred from participants' accounts and the actual features of the practice. |
| | The SKWG was initiated, upon the decision of the Cabinet, by the decision of the Minister of MPAJ. There is no information available on the decision process leading to the initiation of the SKWG; presumably this decision was taken in/by the very core of the executive political power without much discussion. This decision can best be seen as a stand-alone initiative, without being part of a larger set of similar or interrelated measures. Note, however, that since then some similar, although lower-level, arrangements were initiated (for example, in the field of reducing administrative burden). |
| Time frame | The SKWG was initiated in March 2011. The first meeting of the SKWG was held in April 2011, and its operations lasted – without a formal end date – until the SKP was deemed to be implemented, that is, until about the end of the year (note that there was no formal "last meeting" or closure of the |

| | SKWG). According to insider views the SKWG can be seen as relatively successful as most of the measures foreseen in the SKP could be elaborated and adopted in a timely and professional manner. |
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| **2.2.** **Structure and actors** | |
| Basic features | From a structural perspective the SKWG involved a two-tier framework.<br><br>- On the top level one finds the SKWG itself, headed by the Minister of MPAJ and consisting of PSS's, a selected set of state secretaries and deputy state secretaries, and the representative of the Cabinet Office.<br><br>- At the lower tier of the arrangement one finds a set of expert working groups (EWGs; approximately 16). These EWGs were set up early in the process by the decision of the Minister of MPAJ. Each EWG was headed by one or more high-level representative(s) of the affected ministry (ministries), usually on the state-secretary level. The internal organisation and the working procedures of the EWGs were much less formalised and uniform than in the case of the SKWG; EWG leaders enjoyed substantial discretion in this regard. Participation in these EWGs was open in the sense that the leadership of the EWG could invite members both from within and outside the central government administration. Moreover, central agencies themselves could "sign up" for participation in the EWGs themselves, too.<br><br>The entire system of EWGs and SKWG was built upon existing structures and resources; that is, no new units were set up and no new personnel was hired for this purpose. The organisational/logistical tasks were managed by an existing unit within the MPAJ, the Deputy State Secretariat for Public Administration Strategy.<br><br>In terms of top-down vs. bottom-up coordination the working method of the SKWG seems to imply an asymmetric two-way interaction, whereby the main route of interaction is top-down (i.e. the implementation of the measures of the SKP), but there are significant bottom-up elements primarily in relation to the elaboration of ways and details of the foreseen decisions/legal measures to be elaborated. |
| Main tools | The core element of the SKWG arrangement was the two-tier system of problem analysis, problem-solving and conflict resolution/coordination described earlier. Most of the substantive technical work was done at the lower, EWG tier (problem definition and analysis, identification and evaluation of alternatives, elaboration of the actual outputs in the form of proposed measures/draft regulations).<br><br>The process within the SKWG involved the following: (i) preparation of the work plan of individual EWGs; (ii) approval of the work plan by the high-level SKWG; (iii) technical work within the EWG with weekly monitoring reports to the high-level SKWG; (iv) submission of the EWG output to the |

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| | high-level SKWG; (v) acceptance by the high-level SKWG or rejection and request for re-drafting; (vi) in case of acceptance the proposal is sent to the so-called fast-track administrative consultation and then to the CPSS; (vii) in case of acceptance by the CPSS the proposal gets on the Cabinet Meeting's agenda; in case of rejection the material is referred back to the EWG's table.<br><br>In terms of formal regulatory and structural frameworks the EWG level process was largely ad-hoc and informal, depending on the leadership of the EWG. The rest of the process was relatively highly regulated. Membership in the high-level SKWG as well as, in most cases, in the EWGs was compulsory, members were, however, relatively free to express their "own" (not personal but organisational) viewpoints. Participation in the EWGs was, in some cases, less compulsory.<br><br>Technology (ICT) played an important role in the SKWG framework. It involved a centralised online platform for planning/scheduling, monitoring/reporting on the activities of EWGs and the top-level SKWG, and sharing and reviewing working documents. The online platform was set up and operated by the MPAJ Deputy State Secretariat.<br><br>The SKWG was based on pre-existing organisational personnel resources. It involved no additional budget allocation. |
| Main actors | The broad idea of setting up a working group-like arrangement is based on decisions by the Cabinet and the Minister of MPAJ. On the basis of these decisions the technical details of the SKWG were elaborated by the Deputy State Secretariat for Public Administration Strategy.<br><br>The SKWG arrangement extensively involved both political and administrative/technical elements. Non-governmental (NGO or private-sector) actors appeared only marginally (for example, in the case of cutting back the health insurance budget for medicines; pharmaceutical companies were involved, on one occasion, in the work of the relevant EWG).<br><br>There were open conflicts in the working groups at both levels. On the EWG level, if the conflict could not be resolved then the issue was postponed to the next week's meeting (in the meantime additional solutions or compromises being sought for). If this did not solve the issue then the head of the high-level SKWG proposed a solution. If this did not solve the problem, either, a Cabinet decision was asked for. The frequency of such conflicts is reflected by the fact that in at least one third of the cases involved several decision alternatives were put on the Cabinet's table. As one participant put it, however, "[even] this ratio was deemed to be a relative success". |

## 2.3.    Impacts and effects

It should be noted at the outset that there is systematic evidence of any sort on the results and effects of the SKWG. Some crude statistics on the process (such as the number of measures adopted/drafted within a given time period) may be available but no systematic evaluation of either the process or its outcomes whatsoever has been performed. Therefore only impressionistic evaluations of interviewees having participated in the exercise are available.

On the basis of this evidence it seems that the SKWG was, from a purely technical perspective, successful since it managed to get through a large number of harsh austerity measures – vividly opposed by the sectoral ministries – within a relatively short period of time. Moreover, this seems to have happened (i) in a relatively "undistorted" way – that is, the cornerstones of the original SKP remained intact – and (ii) this involved a broad discourse and vivid debates/conflicts; thus presumably a broad range of interests, aspects and rationales have been taken into consideration.

In terms of transparency the SKWG arrangement scores quite poorly as all internal processes and documents were confidential throughout the entire process; neither conflicts nor preliminary ideas were circulated in the public. In terms of control, steering and accountability the SKWG seems to have achieved serious improvements compared to similar processes observed during the previous years. The political priorities were implemented, and clear and internally transparent lines of responsibility, control and accountability were established and maintained throughout the process.

In terms of the final quality and extent of coordination and integration the amount and solidity of evidence, as for now, is not sufficient to establish reasonably sound findings.

| 2.4. | **Lessons learned and policy recommendations** |
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By and large the SKWG seems to have proven a relatively successful solution, possibly useful in coordinating the implementation of other similar broad-scope action plans. However some possible limitations and problems may be identified too:

- The entire setup is oriented towards producing (draft) legal measures as outputs. That is, the implementation (in the usual sense) with all its resource planning, logistical and practical aspects, let alone monitoring of processes and outputs/outcomes remains entirely absent from the process. This feature of the policy process is characteristic of the entire Hungarian policy style.

- From an organisational perspective there were some shortcomings. Especially initially the bottom-line numbers (specific amounts of savings

| | to be reached in relation to each field/measure) were not clear. Moreover, it happened sometimes that WG members were represented by less weighty "substitutes" having no mandate to make actual decisions (this being a traditional dysfunction of all committee-type arrangements in the past, too). |
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| **2.5.** | **Further information** |
| Data and references | Information provided in this case description is based on the following sources:<br><br>- In-depth interviews with key informants of the MPAJ (one lower-ranking and one high-ranking official closely involved in the process). Further details are not provided in order to preserve confidentiality.<br><br>- Internal working documents produced by the SKWG secretariat in order to orientate users/members of the SKWG framework. |
| Contact | **György Hajnal**, Associate Professor<br>Corvinus University of Budapest and Hungarian Academy of Sciences,<br>gyorgy.hajnal@externet.hu |