COCOPS

Coordination practice

"GOVERNMENT WINDOWS": ONE-STOP SHOPS FOR ADMINISTRATIVE SERVICES IN HUNGARY

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A Structural Reform Programme was introduced in Hungary in 2010. It established Government Offices in Budapest City and 19 counties. The Government Offices are strictly controlled by the central government, integrate a diverse set of special and general administration services and can be seen as an effort to supersede sectoral lines of authority and accountability and to reinforce hierarchical control by the centre. In 2011, integrated service contact centres or one-stop shops, called "Government Windows" started to operate as front offices of the Government Offices. They dealt with 30 different types of public administrative procedures, and their task portfolio is constantly broadening. The task portfolio of Government Windows is broad but shallow and the delegated tasks embrace the whole public sector: immigration, industry, agriculture, employment and welfare benefits, environment protection, customer protection, national-register tasks etc. This case description reviews the context, process and immediate results of this on-going coordination effort.

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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.

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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.

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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 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 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 Government Windows case can be located in the policy area traditionally denoted as "the reform of the middle tier of central government". The revision of the middle tier of administration, which has taken place from 2010 onwards, was a result of a process consisting of three major phases. 1. Proliferation (1990-2006) In 1990 the strongly centralised county councils – integrating all administrative and much public services on the county level – were abolished. From this time on, the ministries tended to establish, without any central control or policy, their own middle-tier governmental organisations. From that time on, all governments have attempted to restructure the middle tier of administration and contain the proliferation of middle-tier sectoral public organisations, but none of them have had enough political strength to push this reform through against ministries' and agencies' resistance. These attempts involved the creation, in 1990, of eight Commissioners of the Republic (responsible for coordinating the operation of de-concentrated organisations and legal supervision over the local governments. The Commissioners of the Republic were criticised by the county self-governments as being overly politicised, and by the agencies, too. themselves protecting their administrative autonomy. From 1994 on, the Commissioners of the Republic's role was taken over by the newly created Administrative Supervisory Authorities). These were subordinate bodies of central government operating in each of the 19 counties and the capital city of Budapest. Although the Administrative Supervisory Authorities were entrusted with the task of coordinating central-government policy on the middle-tier (county) level they did not possess real enforcement power. In the second half of the 1990s there were several half-finished or unfinished attempts at consolidating the central government's middle-tier organisational structure; these are not discussed here in detail. 2. Regionalisation (2006-2010) The EU integration required the creation of 7-8 middle-tier NUTS2/Nomenclature of Territorial Units for Statistics level planning and statistical regions instead of, or in addition to, the existing county level territorial division consisting of 19 counties and the capital city Budapest. In 1998 the establishment of seven planning-statistical regions was

	recommended by the legislature as a response, involving a weakening, or even a replacement, of the county structure. The regions were finally created – after a long political and academic debate – in 2006. The middle-tier administrative bodies – having operated on the county level (n=20) – were reshuffled into regional bodies (n=7) according to the NUTS system. 3. Merger (from 2010) The Structural Reform Programme introduced in 2010 eliminated – with some exceptions – the regional level of administration and restored the authority of the county level by establishing Government Offices in Budapest City and in the 19 counties. The newly created Government Offices, strictly controlled by the central government, integrate a diverse set of special and general administration services (n=18) that previously operated as regional offices of separate national agencies. There are further plans for the formation of 168 districts and an extended central administrative structure on their basis at the regional level. In 2011, the integrated service contact centres, the one-stop shops called Government Windows started to operate as the front offices of Government Offices.

2. COORDINATION PRACTICE: "Government Windows" – One-stop shops for administrative services in Hungary	
2.1. Substance	
Country	Hungary
Area	Central/middle-tier government
Main characteristics of the practice	The Government Windows, operating with the extended and standardised opening hours (from 8 a.m. to 8 p.m.), wish to contribute to the establishment of business- and customer-friendly service where the client is able to access public services by a single point even in the late hours. The responsibilities and activities of current Government Offices can be distinguished in three categories (according to Government Decree 288/2010. (XII. 21.) specified in the following: 1) Providing access to the central e-government platform (Client Gate) and helping clients fill in electronic forms (such as the declaration of entrepreneurial activity). 2) Informing and advising customers on the process of the eight types of administrative procedures. 3) The clients' requests and attached documents are received and forwarded by the Government Window officers (in 39 types of procedure, e.g. the authorisation of construction activities). Note that currently there are overlaps between these affairs and those run by the

	specialised agencies' branch offices.
Background and initiation of the practice	As discussed earlier since 1990 almost all Cabinets have attempted to restructure the middle tier of administration, but only the second Orbán Cabinet in 2010 had enough political strength to implement a restructuring. The legal background of the broader reform involving the creation of Government Offices embraces (i) the Act of 2010 on Metropolitan and County-level Government Offices (ii); the Government Decree on the operation of Metropolitan and County-level Government Offices; (iii) the Government Resolution on the establishment of one-stop shops and guaranteeing their financial coverage. According to views expressed by present-time officials, client service at the middle tier of the administration system has become unsustainable, operating in a fragmented and inefficient manner (e.g. varying opening hours, non-standardised service qualities and not interoperable operating and management systems). The broader middle-tier administrative reform, of which the one-stop offices formed a part, can be seen as an effort to improve both horizontal and vertical coordination on the territorial (county) level. Horizontally, it merged services (e.g. health care, employment services, social care, pension services etc.) that previously operated separately under the direction of their respective (usually county-level) directorate. Vertically, it created a new pattern of control and coordination relationships between the central government (responsible for directing the county Government Offices at large), the sectoral agencies (responsible for directing the absorbed sectoral offices in professional issues) and the county Government Offices (integrating the above mentioned 18 different services). The stated goals of the newly created Government Windows include the following: - extended and standardised opening hours (from 8 a.m. to 8 p.m.); - service delivery points within a short distance from where the clients live and work; - cutting time and cost of providing administrative procedures. The government would also cut the cost of services by improving the efficiency and effectiveness of the public services and the quality of the outputs.
Time frame	See 2.2.

2.2. Structure and actors	
Basic features	On 1 January 2011 with the establishment of Government Offices the integrated service contact centres (Government Windows) started to operate with authority in 30 types of public administrative procedures (some months later 31 other types of administrative procedures were added). In the current, first phase of a larger project 29 Government Windows were established (one to four per county). The overall project aims at establishing about 330 one-stop shops on the county level and the lower district level by 2013, having a substantially broader scope of authority. The officers of Government Windows have the responsibility to provide adequate information on the process and the deadlines of the administrative procedure, emphasise the rights and the duties of the clients and receive the documents of clients and forward them to the authorised back office. The extended task portfolio of Government Windows is extremely broad but very shallow. The delegated tasks show various pictures and embrace almost all public sector services (immigration, industry, agriculture, employment and welfare benefits, environment protection, customer protection, national register tasks etc.). Administrative issues not involved in the task portfolio of the Government Windows are mostly those (i) covered by national agencies not subordinated to the Cabinet, (ii) related to security and the armed forces and (iii) related to the energy sector. Nevertheless the Government Offices operate mostly as information/signposting only. In most cases only information is provided concerning the procedure. Further steps – e.g. visiting other offices – are required from the clients to complete cases. In 2011, 256 officers have been employed in the 29 Government Windows (plus 44 standby officers). Altogether 99 front-office points (desks) are operating currently (2-6 points in each Government Windows). A problematic element of the middle-tier reform was, understandably, deciding which organisations should be integrated into the new county-level offices. The agencies to be integrated feared the loss of their powers and authorities. Although substantive policy matters and certain operational functions of agencies' field services continue to be controlled by the respective sectoral ministry/agency (e.g. influencing technical guidelines as well as managerial appointments), the "core office" of the county level Government Offices – encompassing the Financial, HRM, ICT, Technical/Facility Management Departments – provides the functional assistance to the branches. The core offices are directed by a director-general responsible for professional direction, and supervised, at the top of the hierarchy, by political appointees (government commissioner). In order to strengthen central control the National State Administration Centre) was created as a central agency under the Ministry of Public Administration and Justice.

Main tools	The establishment of Government Windows was mandatory and based on a formal arrangement. Therefore, participants' (parent agencies of the formal regional offices, county-level actors) autonomy was minimal. Technological issues are central to the reform, especially in its future stages (integration of separate ICT systems, new call-centre service system etc.). The reform is mostly funded from EU Funds. The management tools were mostly of a mandatory nature. There was no opportunity for discretion.
Main actors	At the central government level, practically all affected ministries were involved in the planning process, the Ministry of Public Administration and Justice playing a central role. In 2012 it established a Working Group for the Development of Regional Public Administration with the task of organising necessary trainings and preparing the next phases of the project. A certain limited set of central agencies were also involved in the initiation and implementation. On the basis of the available evidence it seems, however, that most of the affected agencies were only marginally involved in the decision-making and planning process at the final stage where every relevant question was determined. - The Central Office for Administrative and Electronic Public Services) provided the ICT background of the one stop shops. - The National Institute of Public Administration contributed to developing the necessary trainings. - The National State Administration Centre is in charge of the management of the implementation, the coordination and supervision. - The county-level Government Offices were also involved in the project. They were responsible for the selection of the one-stop shops' staff.
2.3. Impacts and effects	
	The Government Window reform is, at the time of writing, still in the phase of implementation, therefore no formal accounts, let alone evaluations, are available on its process or, especially, its effects. The following evaluative claims and observations are based on mosaic pieces of qualitative data available from interviews, government documents and other sources, and thus intend to investigate the induced influence and outcomes of the on-going reform on a rudimentary basis only. Whatever its possible benefits are, a major challenge of merging the previously separate field services is to ensure that Government Offices' departments belonging to different professional and functional areas collaborate effectively and in a coordinated way. On the basis of interview data it seems, however, that these interrelations are frequently

	characterised by poor communication and cooperation. (i) The new system operates more bureaucratically than beforehand. (E.g. signing a contract now takes a long time because it has to be processed by additional layers/decision makers of the hierarchy). The delay of contracting for, e.g., maintenance services or equipment might cause uneven quality of service delivery. (ii) There is insufficient clarity regarding who is responsible for what. The administrative functions that were eliminated in the absorbed branches (such as HRM and controlling) were transferred to the core offices of Government Offices. Despite this, administrative tasks (e.g. stock-tacking) are often "seeping" to the professional staff of specialised departments – the latter ones getting overloaded with unanticipated tasks. (iii) An integrated mindset is often missing from the staff working in the newly established Government Offices. Legally separating central agencies from their field (county) offices makes the communication between them more difficult and bureaucratic. Due to the chain of command that creates unnecessary hierarchical levels (e.g. the core office of the Government Offices) the communication procedure became more complicated and sluggish. The central policy supervision/support provided by the agencies to their branch offices – for example, guidance facilitating the unified interpretation and implementation of policy – is now much more difficult than earlier. For example, the central agency of cultural heritage and historic-monuments protection used to issue guidelines and recommendations either in individual cases or in general to the field offices; this has now become almost impossible because of the extended chain of hierarchy and thus the increased difficulty of communication. The Ministry of Public Administration and Justice regularly convenes a meeting for political and administrative leaders of the Government Offices to facilitate the development and unification of the operation and management through mutual exchange of experiences. A periodical report must be submitted by heads of the absorbed sectoral branches summarising their experiences and problems. This feedback is expected to facilitate the reduction of heterogeneity of the organisation structure and to improve cooperation. Although the heads of the branches indicate the dysfunctions and barriers of the operation – according to the perceptions of the interviewees – the feedback is nevertheless often ignored, and the required corrections are not performed. One of the key justifications of the integration effort is the realisation of cost cutting on the basis of economies of scale and scope. According to official internal documents/reports cost reduction was achieved in a number of areas. There are, however, interview data partly contradicting, and partly re-interpreting, these official claims. According to the above-mentioned official data the elimination of redundant workforce and the rationalisation of office space use resulted in yearly saving amounting to €2.3 million. According to some of our key

	informants, working in leading positions of the agencies and field offices, resources are often allocated disproportionately between counties. The sectoral agencies' budget proposals – based on professional considerations – are perceived to have been ignored. The distribution of resources was allegedly guided by political interests. This leads to dysfunctions in the service-delivery system. The rationalisation of car use allegedly resulted in €0.6 million savings; here again some field offices complain about the change threatening the operations of legal enforcement by reducing the availability of car use and thus the number of on-the-spot controls. A relatively straightforward way of improving efficiency was rationalising/integrating IT policies, HR management and accounting systems. The former, separated sectoral branches were allowed to develop their support systems independently, adding new equipment or software as the need arose. These incompatible and redundant systems were/will be replaced with integrated services. In all, the organisational integration – part of which is the creation of the new one-stop-shop arrangement – resulted, according to official calculations, in savings amounting to €4.1 million. According to the law the heads of the former parent agencies of the absorbed sectoral branches are empowered to provide substantive, policy-related direction (falling outside the scope of central authority that covers more technical issues of budget matters, HRM, support and ICT services) to the branch offices. But it has not been clarified how these "substantive" and "technical" matters are demarcated. Tending to encroach on each other's field of competence (e.g. appointment of the head of sectoral branches; giving instructions in policy issues) is a recurrent source of conflicts between the agencies and the leadership (mostly from the political side) of Government Offices. Turning from the general issues of middle-tier administrative reform to the focus area of the present case, Government Windows, it should be noted at the outset that the amount and quality of evidence is even more modest in this regard than was the case beforehand. There were approximately 210,000 clients recorded in the first year (2011) across the Government Windows, one-fifth of which having initiated at least two administrative procedures. According to official statistics 98 per cent of the clients were satisfied with the Government Windows' services. There are no "before-after" type data regarding the use of the affected administrative services. One important argument for the unification of the customer services was, however, the extension of operating hours and thereby complying with the needs of the customers to a larger extent. It is a particularly important information in this regard that according to the official statistics two-thirds of the clients continue to visit the Government Windows between 8 a.m.-13 p.m.; more importantly only 3 to 4% of

	customers appear after 6 p.m. On the basis of this preliminary data it seems that one of the key justifications for the government windows does not, at least for the time being, seem to be valid.
2.4.	**Lessons learned and policy recommendations**
	On the basis of the limited time perspective and evidence available it seems that the successful operation of Government Windows relies on a number of crucial factors as follows: An overall structural reform requires a strong governmental commitment, but stakeholders – especially those directly involved – should be involved in both the preparation and the implementation/feedback phase. - Unexpected conditions can change the schedule and the way of implementation. According to the original action plan, in 2011 more than 29 one-stop shops with a wider scope of authority would have started to operate. Because of the tight time frame and the financial barriers the government had to modify the original plan and launch Government Windows with a significantly more restricted task portfolio. Not only the first phase of the project, but also the implementation according to the plan of the second phase is risky. There is a tight framework to train the officers of the one-stop shop, and the financing is delayed. This might lead to further difficulties or delays. - Managing change in the way that public services are delivered may require a mix of political, technical and administrative action. It requires action at several levels, including sustained commitment from the top and constructive cooperation from the bottom. It is useful to look for good "entry points" for enhancing integration and to consider what incentives there are for officers and their managers at different levels to change their destructive behaviour and support the on-going process. - Integration in itself is not a cure for inadequate resources and funding. It may provide some savings, but integrating activities into a new system cannot be continued indefinitely without the system as a whole being better resourced. The costs of any sort of reform – both in the reform's implementation phase and in the course of the regular operations of the reformed organisations afterwards – should therefore be explicitly taken into consideration.

2.5. Further information	
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