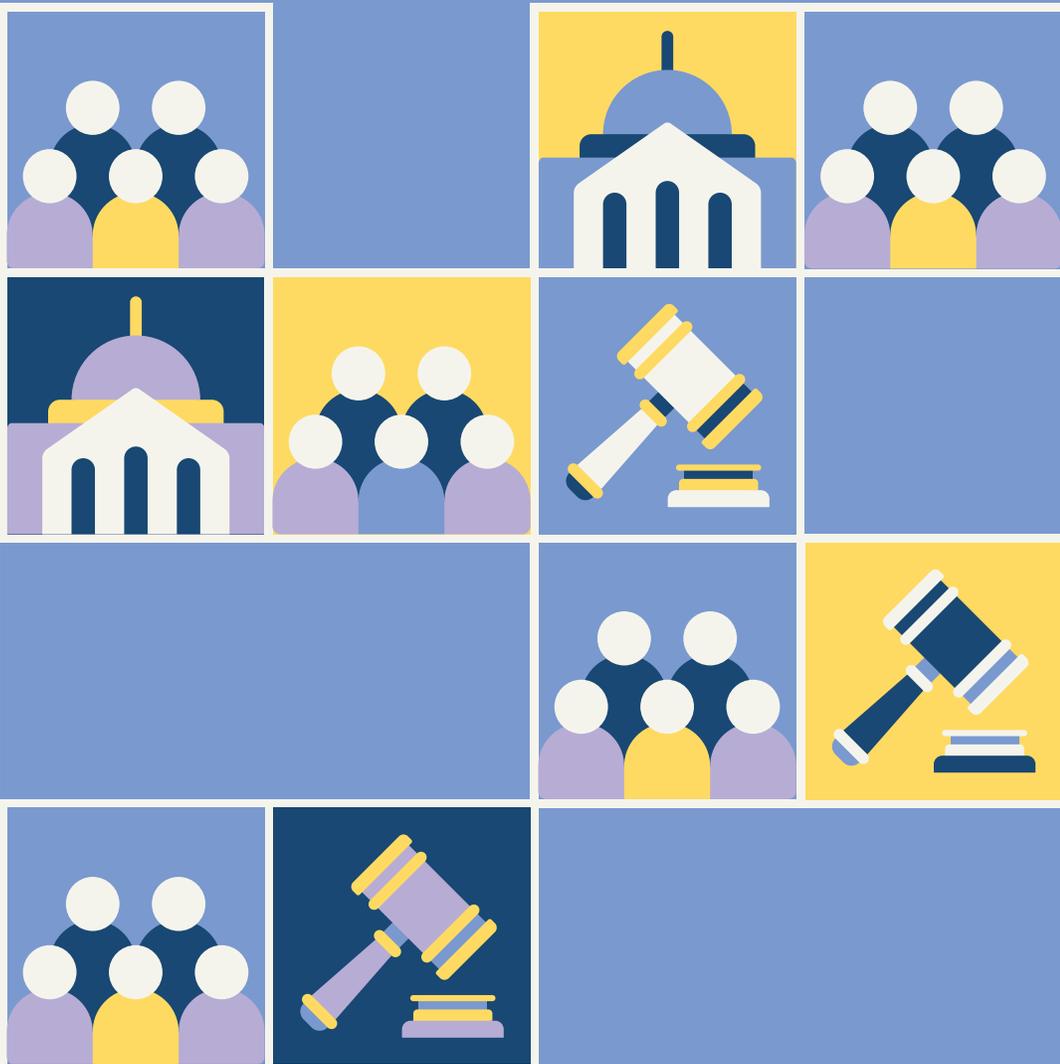


# BEST EUROPEAN PRACTICE OF PUBLIC ADMINISTRATION AND GEORGIA



2021

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# **BEST EUROPEAN PRACTICE OF PUBLIC ADMINISTRATION AND GEORGIA**



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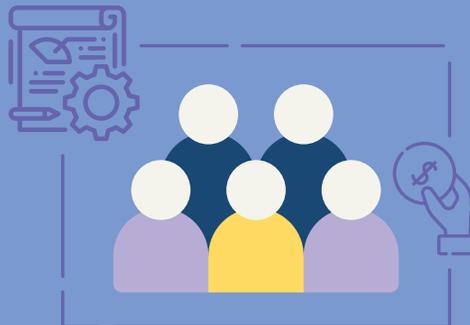
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# ACCOUNTABILITY AND PUBLIC SERVICE DELIVERY



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## INTRODUCTION

Well-functioning public administration is a prerequisite for transparent and effective democratic governance and the foundation of the functioning of the state as it determines a government's ability to provide public services and foster the competitiveness in public service. Effective public administration is vital for implementing crucial reforms and reaching the goal of the European Union (EU) membership. The EU enlargement criteria precisely indicate that states should establish strong national public administration systems in order to enable effective transmission, introduction, and implementation of good governance principles.<sup>1</sup> The critical importance of accountable public administration in terms of democratic governance and economic development is also emphasized by the United Nations (UN) Sustainable Development Goals (SDGs).<sup>2</sup>

Effective public administration has a positive impact on the state and the society, as it enables governments to achieve their policy objectives and ensures proper implementation of political decisions and legal rules, and therefore promotes political stability. Herewith, a well-functioning public administration also plays a crucial role in the economic development since, in conjunction with relevant legislation and an independent judiciary, it constitutes an essential underpinning of a well-functioning market. In contrast, poor public administration causes confusion, inefficiency, public protest against the government and its institutions, and thus feeds corruption, which eventually undermines the legitimacy of the governance. At the same time, lengthy and complex administrative processes hinder economic initiatives by domestic and foreign investors, negatively affecting the economic stability.<sup>3</sup>

Due planning and implementation of the reforms, through tactical goals, available resources, and logical approaches constitute important factors of effective public administration. The aim of the study prepared by the Institute for Development of Freedom of Information (IDFI) is to study the models of successful European countries in the directions of accountability and public service delivery, and based on the analysis of their public administration systems, elaborate recommendations for supporting effective implementation of the Public Administration Reform in Georgia.

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<sup>1</sup> European Commission, [Enlargement Strategy and Main Challenges 2014 – 15](#); SIGMA (2018), [Toolkit](#) for the preparation, implementation, monitoring, reporting and evaluation of public administration reform and sector strategies: guidance for SIGMA partners.

<sup>2</sup> UN (2015), Sustainable Development [Goals](#).

<sup>3</sup> OECD (2019), [Government at a Glance 2019](#), OECD Publishing, Paris.

## **METHODOLOGY**

The objective of the study was to identify successful European countries in two main directions (accountability and public service delivery) of public administration reform and analyze their public administration systems. To this end, IDFI carried out a research using on secondary sources and conducted situation analysis based on reports, studies, recommendations of international and local organizations, and other relevant information.

As an initial step, IDFI analyzed relevant international ranking and indexes in the directions of accountability and public service delivery (United Nations e-Government Development Index, Public Services Index of the Global Economy, World Governance Indicators); Based on the processed data the groups of top five countries in both directions were identified. An in-depth analysis of the public administration systems of European countries was carried out on the countries with the best performance. The analysis focused on the public administration characteristics of the selected countries, the coordination of public administration at the national level, the successful steps and innovative practices taken by states in the directions of accountability and public service delivery.

Within the study, the public administration system of Georgia and the existing challenges related to accountability and public service delivery were analyzed.

## **MAIN FINDINGS**

According to the United Nations e-Government Development Index for 2020, Denmark, South Korea, Estonia, Finland, and Australia are in the lead.

Finland, Iceland, the Netherlands, Canada, Sweden, New Zealand, and Denmark are the leading countries in terms of public services according to the index published by Global Economy for 2020.

According to the data from the World Governance Indicators for 2020, Norway, Finland, New Zealand, Switzerland, and the Netherlands are in the lead in terms of accountability; In terms of government effectiveness - Singapore, Switzerland, Finland, Norway, and Denmark.

### **Findings of the analysis of public administration systems in successful European countries:**

Relatively large-scale and systematic public administration reforms in successful European countries in the directions of accountability and public service delivery began in the 1980s and 1990s.<sup>4</sup>

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<sup>4</sup> The date of commencement of public administration reform in the countries studied (except Estonia) is mainly considered to be the beginning of recent, relatively large-scale and systemic reforms related to the New Public Management (NPM).

In the European countries discussed within the study commitments related to public administration are enshrined in various strategic documents (e.g., Open Government Partnership Action Plan, eGovernment Action Plan, Digitization Strategy).

The main coordinating body for public administration in these countries is chiefly the Ministry of Finance. The various directions of public administration are prioritized in the countries under review. Governmental or non-governmental institutions in the form of councils, agencies, and organizations are established to improve governance efficiency and promote the development of e-governance.

For most of these countries discussed, the development of information and communication technologies (ICT) and, consequently, the digitization of governance, which is crucial in terms of improving public services and increasing accountability, have been a priority in parallel with the launch of public administration reform.

The European countries covered by the study are making a significant effort to digitize all areas and make the most of information and communication technologies as a mean to reduce administrative costs and improve the service delivery.

The regulatory policies in these countries have been refined along with the implementation of the public administration reform.<sup>5</sup> The involvement of relevant stakeholders in the legislative process in these countries is an integral part of the decision-making process. As a result of the development of digital technologies, citizens have the opportunity to participate electronically in political or legislative processes.

Freedom of information is highly guaranteed in the countries considered. All European countries covered by the study regulate access to public information through independent normative acts. The countries also pay special attention to the the access of open data.

### **Findings of the analysis of the public administration system of Georgia:**

Public administration reform in Georgia began in 2015, after the signing of the Association Agreement between Georgia and the European Union.

To the purpose of implementing public administration reform, the Government of Georgia approves the Public Administration Reform Action Plan once in every two years.

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<sup>5</sup> Regulatory Policy refers to achieving government's goals through the use of regulations, laws, and other instruments to deliver better economic and social outcomes and, consequently, enhance the lives of citizens and business. Regulatory policies apply to all sectors of the economy and affect the everyday life of business and citizens (OECD). Rapid technological advances and the dependence of the economy on them put the government in a difficult position in terms of what and how to regulate and highlight the need to improve the legislative process.

Despite the progress made in the field of public services, the absence of the unified standard for the creation and delivery of services is a significant challenge, as a result of which, fragmented development as well as a heterogeneous nature and inconsistency is characteristic for public services.

Offering electronic services to customers is no less of an important challenge in the country. In terms of introduction and use of online services, Georgia lags far behind not only international but also regional trends.

An important challenge in terms of accountability is the openness of public institutions and access to public information, proactive disclosure of information, and access to open data.

There is the lack of regulatory policy governing public consultations in Georgia. In the absence of a general rule for holding public consultations when drafting laws and policies, the practice of consultations is heterogeneous and characterized by low public involvement. Although the government ordinance established the need for public consultations in the policy-making process, it sets only minimum mandatory requirements that fail to provide quality public consultations.



## SUCCESSFUL EXAMPLES OF PUBLIC ADMINISTRATION

International organizations, including the Organization for Economic Co-operation and Development (OECD), stress member states' achievements in public administration and service delivery. Data demonstrates that improved service delivery by countries has a positive impact on public satisfaction.<sup>6</sup> Openness, engagement, transparency, and accountability are all interrelated. Today there are a number of mechanisms for engaging citizens in dialogue, especially through the use of information and communication technologies. OECD countries have widely implemented digital technologies as a mean of providing services to citizens through process simplification and automation. Additionally, emerging technologies such as artificial intelligence and blockchain have significant potential to create "smart" public services that will be faster, more efficient, more user-friendly, and therefore more trustworthy.

### INTERNATIONAL ORGANIZATIONS RANKINGS AND COUNTRIES WITH THE BEST INDICATORS

In the area of public services, it is important to pay special attention to the UN **e-Government Development Index**.<sup>7</sup> The ranking is published once in every two years as part of an electronic governance survey by the Department of Economic and Social Affairs, Public Institutions and Digital Government (DPIDG) along with the E-participation Index. 193 countries are rated from 0 to 1 point, where 0 is the lowest indicator, while 1 is the highest. In the framework of the e-Government Development Index, experts assess countries in three key areas:

1. **Online Services** - Assessing the various government websites in the country. Special attention is paid to the existence of national portals, e-services, and e-engagement platforms.
2. **Development of Telecommunications Infrastructure** - Includes subcomponents such as number of internet users, number of mobile phone users, number of wireless broadband internet users, etc.
3. **Human Capital** - Assesses the potential of the population to use new technologies as effectively as possible.

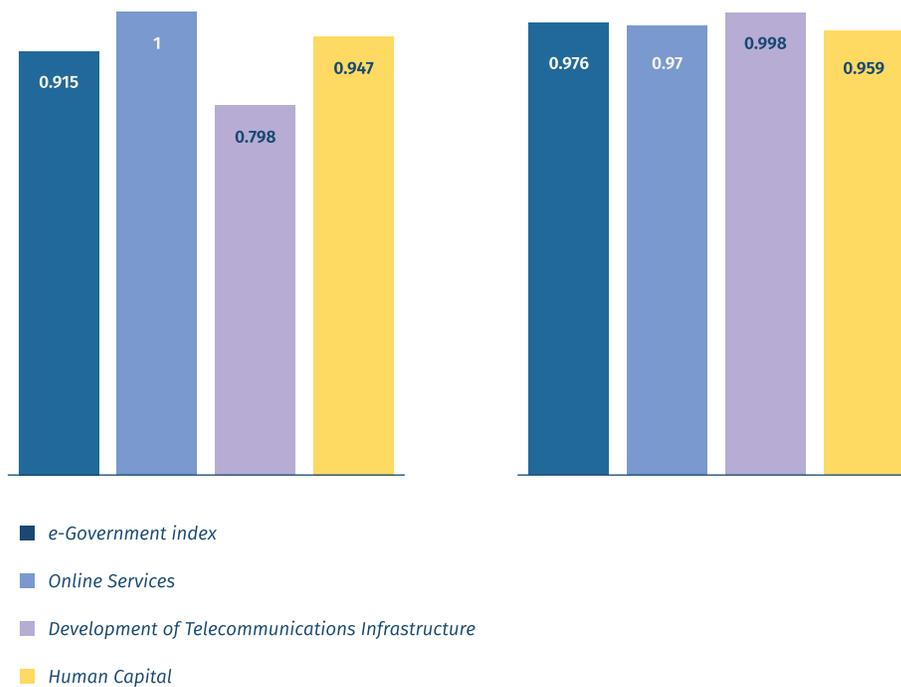
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<sup>6</sup> OECD (2019), Government at a [Glance](#) 2019, OECD Publishing, Paris.

<sup>7</sup> UN E-government Development [Index](#).

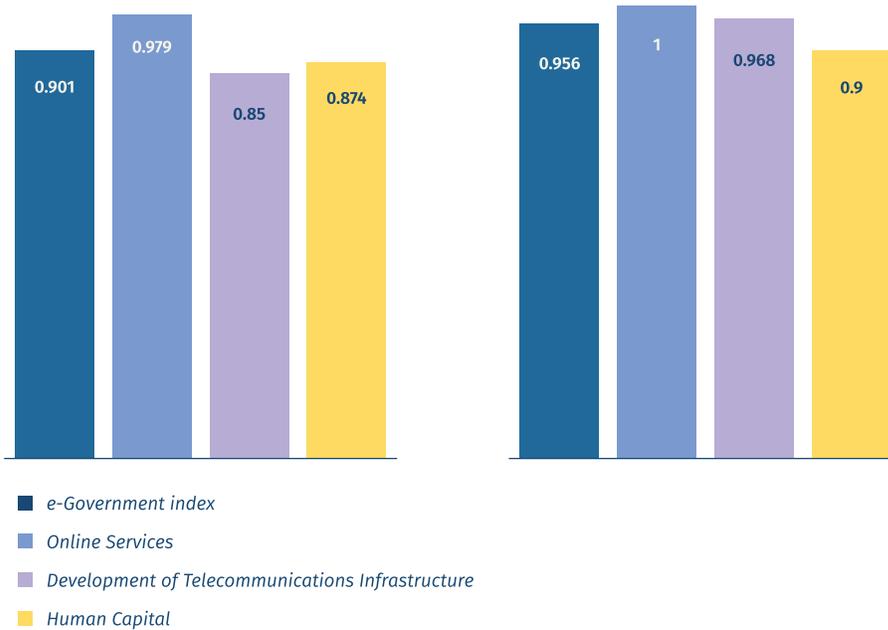
According to the 2020 data, in terms of e-governance development, **Denmark** is the leader among 193 countries in the international ranking, with 0.976 points. It should be noted that Denmark was also in the lead in 2018, with 0.915 points. Therefore, in 2020 the country improved its score by 0.061 points, owing to its high ratings in the directions of the development of telecommunications services (0.998) and human capital (0.959). As for online services, Denmark received 0.97 points in this area. According to the E-participation Index, in 2020 Denmark was ranked 9th with 0.964 points.

### The UN e-Government Development Index: Denmark



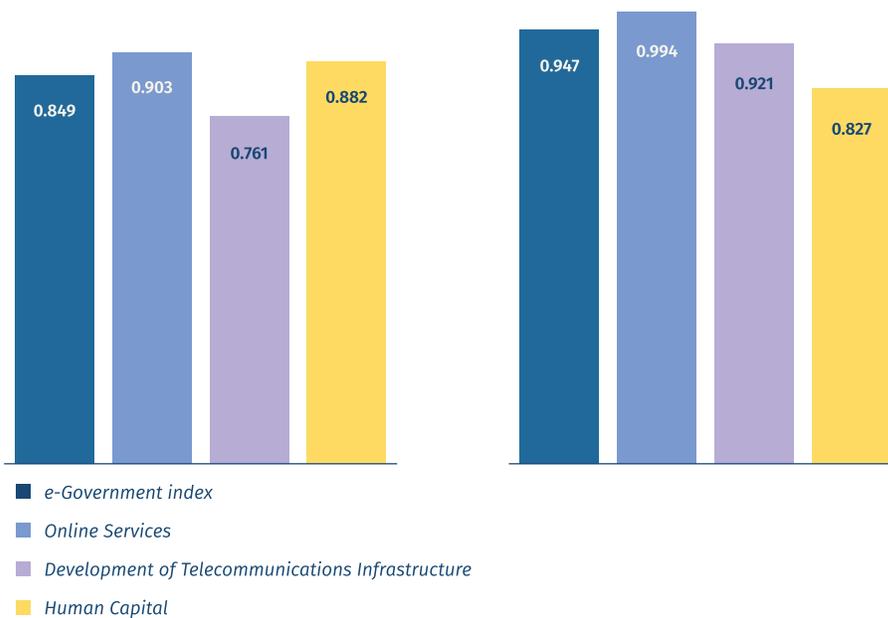
According to the UN e-Government Development Index, **South Korea** ranks second, with 0.956 points. Compared to 2018, the country improved its score by 0.055 points and its ranking position by one place. In terms of e-participation, the country is still in the first place in 2020 with 1 point, the same as the 2018 result. The Republic of Korea also achieved the best result in terms of online services (1 point). As for the development of telecommunications services and human capital indicators, the Republic of Korea also showed improvements in these directions compared to previous years (0.968 and 0.9 points, respectively).

### The UN e-Government Development Index: South Korea



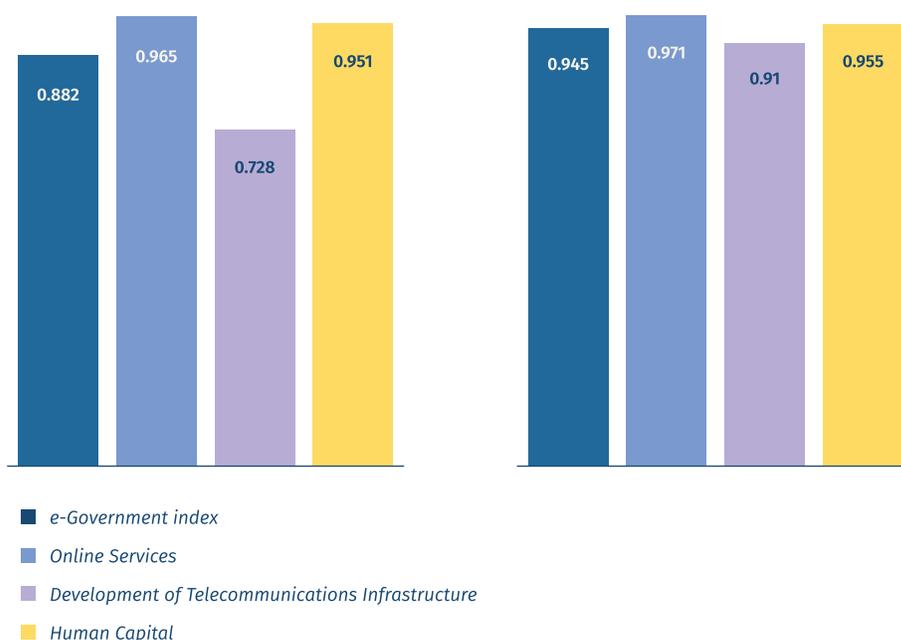
**Estonia** ranks third in the UN international ranking, with 0.947 points. The country significantly improved its indicators for 2020. In 2018, Estonia ranked 16<sup>th</sup>, with 0.849 points. For electronic participation, as with South Korea, Estonia received a rating of 1 point. In terms of online services, the country was rated with 0.994 points in 2020, which is an improvement over previous years. Estonia has a score of 0.921 in the component of the development of telecommunications infrastructure, up from 0.761 in 2018. As for human capital, this direction has also improved and is evaluated with 0.927 points.

### The UN e-Government Development Index: Estonia



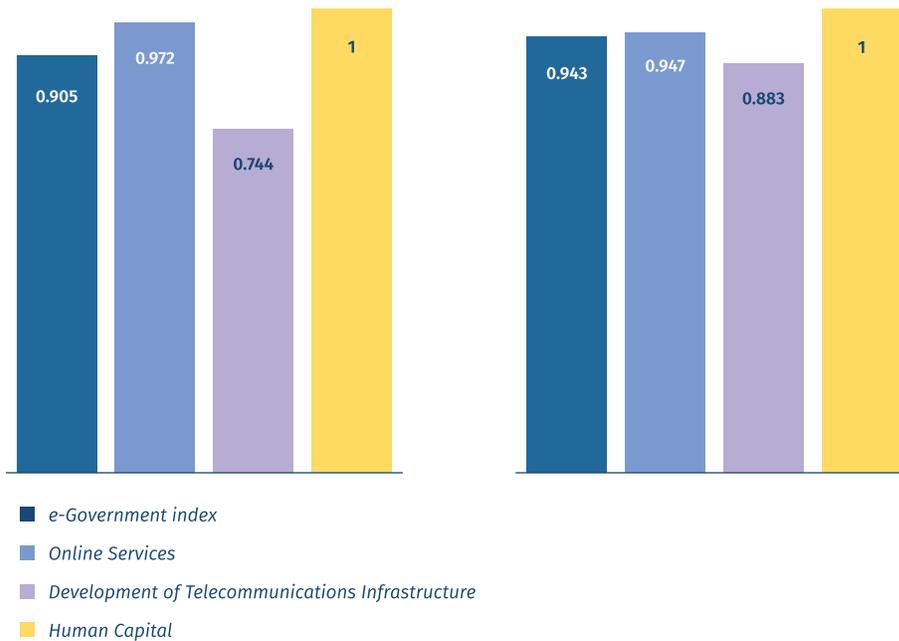
**Finland** takes the fourth place in the e-Government Development Index with 0.945 points. This figure has improved by 0.063 points compared to 2018, and the country has moved from 6<sup>th</sup> place to 4<sup>th</sup> place in the international ranking. According to the E-participation Index, the country is in the 14<sup>th</sup> place, with 0.952 points. The direction of online services in Finland received 0.971 points, which is an improvement over 2018 (0.965) and 2016 (0.942) results. In terms of telecommunications infrastructure, Finland is rated with 0.91 points, while in 2018 it was rated with 0.728 points. Finland has 0.955 points in terms of human capital, almost identical to the 2018 figure (0.951).

### *The UN e-Government Development Index: Finland*



**Australia** ranks fifth in the index with 0.943 points. While the country improved the index by 0.038 points compared to 2018, it moved from the 2<sup>nd</sup> place to the 5<sup>th</sup> place in the ranking. In terms of electronic participation, the country is in the 9<sup>th</sup> place with 0.964 points. It achieved 0.947 points in the direction of electronic services. As for telecommunications infrastructure, for 2020 Australia had 0.883 points in this component, which is an improvement compared to previous years (in 2018 the country had 0.744 points, while in 2016 it was rated with 0.765 points). In the human capital component in 2020 as well as in 2018 and 2016 Australia is rated with one point.

## The UN e-Government Development Index: Australia



To provide public services oriented on the general public, the government requires information and data on the needs, problems, and expectations of the population as well as information on how they will be involved in public policy, service formation and development. To this end, the government needs to collect large amounts of data when it comes to delivering services and implementing laws and financial transactions. This data has significant value and can be used for the improvement of services.<sup>8</sup> One of the most successful examples of the use of Big Data<sup>9</sup> for policy development and service improvement is **Ireland**, which ranked first in the European Commission's 2019 Open Data Maturity study.<sup>10</sup> Ireland is constantly working to improve access to open data, which is why the country also occupies one of the top places of the OECD Open, Useful and Re-usable Data Index (OURdata).<sup>11</sup>

The **Global Economy** ranking is also important to consider when it comes to the topic of the public service delivery.<sup>12</sup> Global Economy publishes business and economic data for 200 countries and offers up-to-date figures in various areas (GDP, inflation, credit, employment, etc.) as well as over 300 indicators from various official sources such as the World Bank, the International Monetary

<sup>8</sup> OECD (2019), Government at a [Glance](#) 2019, OECD Publishing, Paris.

<sup>9</sup> The term Big Data refers to such a large volume of data that it is virtually impossible to process it through standard methods. Big data has three main characteristics (3V): Volume, Velocity, and Variety.

<sup>10</sup> Open Data Maturity [Report](#) 2019, p. 72.

<sup>11</sup> OECD Open, Useful and Re-usable data (OURdata) [Index](#): 2019; OECD OURdata Index: 2019, [Ireland](#).

<sup>12</sup> Global economy, Public Services [Index](#) 2020.

Fund, the United Nations, and the World Economic Forum. According to the assessment published by Global Economy in the field of public services in 2020, **Finland** received the best rating (0.6 index points) among 176 countries in 2020 (0 points being the highest rating and 10 being the lowest). The average score of the country between 2007 and 2020 was 1.15 index points, with the lowest rate recorded in 2012 (1.8).

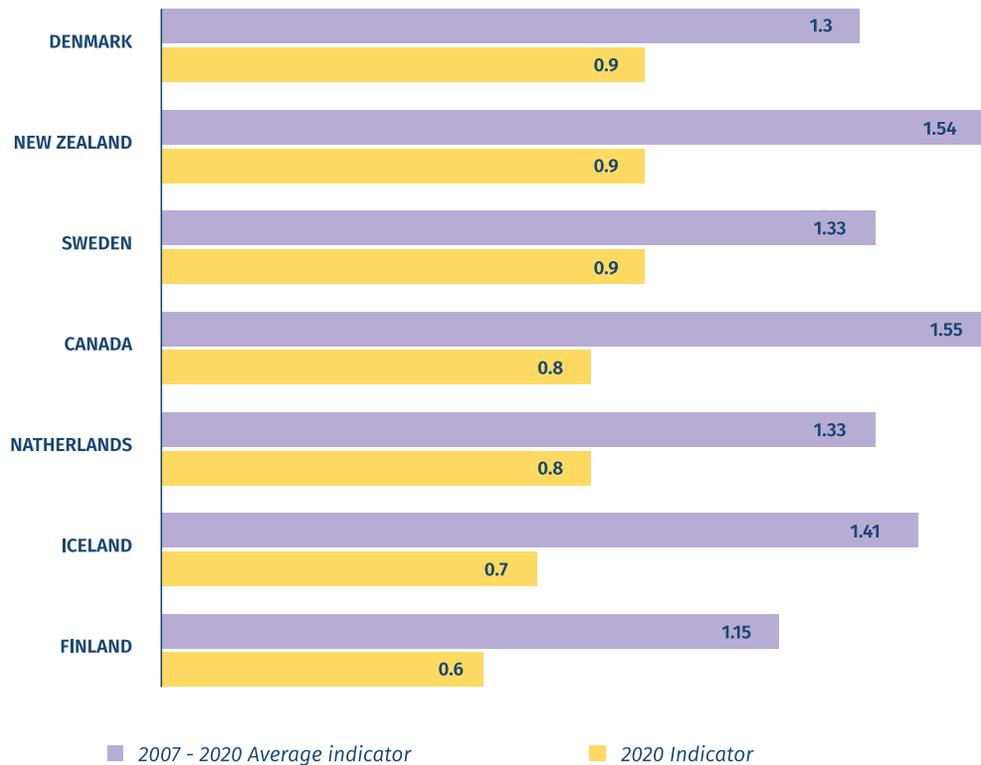
Following Finland, **Iceland** earned the highest marks. In the period between 2007 and 2020, Iceland averaged 1.41 index points for public services, with the best score of 0.7 points in 2020. The lowest score of the country was recorded in 2011 (1.9 points).

The average score of the Netherlands in the period between 2007 and 2020 is 1.33 and the country ranks third in the rating. According to the 2018, 2019, and 2020 indicators, **the Netherlands** achieved a score of 0.8 index points. The lowest score of the country was recorded in 2012 and 2014 (1.33 points).

**Canada** is in the fourth place in the 2020 international ranking. Between 2007 and 2020, the country's average score is 1.55 index points. The country recorded the best result in 2020 (0.8 points).

According to Global Economy, **Sweden** ranks fifth in terms of public services. The best rating in the country was recorded in 2018, 2019, and 2020 (0.9 index points), while the worst was 1.9 index points in 2013. The average rating between 2007 and 2020 is 1.33 points. **New Zealand** and **Denmark** also achieved 0.9 points in 2020. In New Zealand, the worst indicator (2.1 index points) was recorded in 2012, and the best (0.9 index points) - in 2020. New Zealand averaged 1.54 index points between 2007 and 2020. As for Denmark, the worst result in the country (1.7 index points) was recorded in 2012, while the best - 0.9 index points was recorded for the first time in 2018. Between 2007 and 2020, Denmark averaged 1.3 points.

## Global Economy Public Services Index



**World Governance Indicators (WGI)**<sup>13</sup> are important to consider for the direction of accountability. This represents research data that summarizes the views on the quality of governance obtained from surveys of entrepreneurs, citizens, and experts in industrialized and developing countries. This data is collected from a number of research institutes, scientific centers, non-governmental organizations, international and private organizations. The World Governance Indicators Project reflects governance indicators for 1996-2020 for more than 200 countries and territories in the following six dimensions of governance:

1. **Accountability** – Assesses citizen involvement in the governance process, as well as freedom of speech, media, assembly, and demonstration.
2. **Political Stability** – Assesses the likelihood of a violent change of government, as well as the actions aimed at combating terrorism and eliminating violence.
3. **Government Effectiveness** – Assesses the effectiveness of public services, the quality of public service and political independence, the quality of policy development and implementation, consistency in policy implementation by the government.

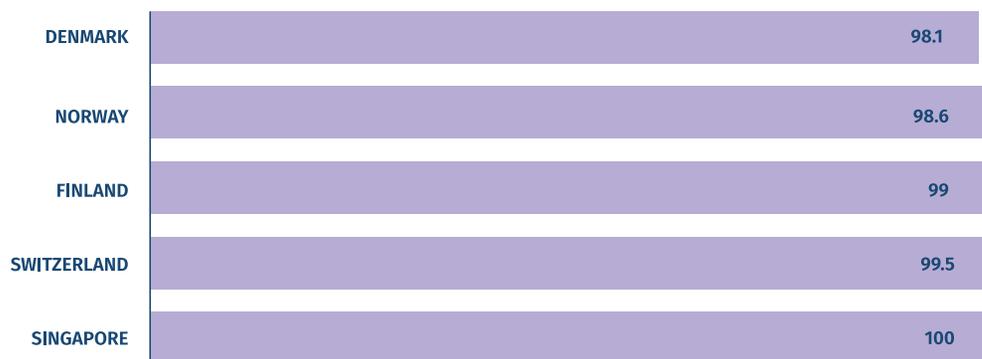
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<sup>13</sup> World governance databases are available at this [link](#).

4. **Quality of Regulations** – Assesses the ability of the government to develop and implement reforms that promote the development of the private sector.
5. **Rule of Law** – Assesses the degree to which the activities of the government are in compliance with legal norms, respect for the judiciary, protection of property rights, with particular focus on offense and crime statistics.
6. **Corruption Control** – Encompasses the assessment of minor, as well as high-level (so called elite) corruption. Assesses the practice of ruling elites using their authority for the purposes of personal interests.

Through the world governance indicators, countries are rated on a scale of 0% to 100%. Out of the six dimensions mentioned above, accountability and government effectiveness are of particular interest to us. **Singapore** ranked first in terms of government effectiveness in 2020 (100%). Following Singapore, **Switzerland** (99.5%), **Finland** (99%), **Norway** (98.6%), and **Denmark** (98.1%) are in the top five. As for accountability, **Norway** has the highest rating (100%), followed by **Finland** (99.5%), **New Zealand** (99%), **Switzerland** (98.6%), and **the Netherlands** (98.1%).

#### **World Governance Indicators 2020: Government Effectiveness**



#### **World Governance Indicators 2020: Accountability**



## ANALYSIS OF PUBLIC ADMINISTRATION SYSTEMS IN LEADING EUROPEAN COUNTRIES

This chapter analyzes the public administration systems of successful European countries, discusses the issue of public administration coordination at the state level, and the successful steps taken by countries in the areas of accountability and public service delivery.

Relatively large-scale and systematic public administration reforms in successful European countries in the areas of accountability and public service delivery began in the 1980s-1990s. Commitments related to public administration are enshrined in various strategic documents (e.g., Open Government Partnership Action Plan, eGovernment Action Plan, Digitization Strategy). Various directions of public administration are prioritized in the countries under consideration. To the purposes of improving governance efficiency and promoting e-governance, different bodies in the form of councils, agencies and organizations are established. The main coordinating body for public administration at the governmental level is most often the Ministry of Finance.

In the discussed countries, special attention is paid to the involvement of stakeholders in the decision-making process, including through the use of electronic means. Simultaneously, access to public information, which is regulated by independent normative acts in all countries under consideration, is guaranteed to a high degree.

The development of information and communication technologies is a priority for most of the successful European countries. Countries strive to digitize all areas of governance, which is crucial for improving public services and increasing accountability.

### **ESTONIA**

Public administration reform in Estonia began in 1991 after the restoration of its independence.<sup>14</sup> The main coordinating body for public administration in the country is the Ministry of Finance, the main governance area of which is economic, tax, financial, administrative, and fiscal policy. The responsibilities of the Ministry include the planning and implementation of state budget, resource management, tax, customs and financial policies, economic analysis, coordination of issues related to state aid, development of public administration and public service policies and their implementation, development of local self-governments, and more.<sup>15</sup> The Ministry of Finance aims to set an

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<sup>14</sup> OECD (2011), [Estonia: Towards a Single Government Approach](#), OECD Public Governance Reviews, OECD Publishing.

<sup>15</sup> The official [website](#) of the Ministry of Finance of Estonia.

example for the development of public administration by combining the best international experience and Estonian innovation. The Ministry of Finance has two ministers - the Minister of Finance and the Minister of Public Administration. The Department of Public Administration and Personnel Policy, which ensures the development of public administration policy, the strengthening of public service ethics and core values, the promotion of international cooperation in the field of public administration,<sup>16</sup> etc., falls under the authority of the Minister of Public Administration. Commitments related to public administration are enshrined in various strategic documents (e.g., the Open Government Partnership Action Plan, the Estonian Digital Agenda).

Estonia is a world leader when it comes to introducing and implementing new technologies. After gaining independence, the country launched a series of rapid reforms to modernize its economy, with the digital approach being a choice from the very beginning. One of the main initiatives in Estonia was in the field of education, when it began to equip classrooms with computers, thereby enabling all schools to function online as early as 2000. While in 2000 the rate of Internet use in the country was 29%, by 2021 it exceeds 90%.<sup>17</sup>

From the beginning stages of public administration reform, Estonia paid special attention to the development of information and communication technologies and, consequently, on the digitization of governance. The Ministry of Economic Affairs and Communications, which ensures the development of information policy, has the political responsibility in the field of digital governance in the country.<sup>18</sup> The Office of the Chief Information Officer (CIO) in the Ministry of Economic Affairs and Communications, which is responsible for carrying out information society activities, drafting laws, coordinating state IT policies, etc.,<sup>19</sup> plays the main role in the development of the Estonian information society<sup>20</sup> policy. Estonia also has an e-Estonia Council established in 2014, a government committee that oversees the development of the digital society and e-governance. The Council consists of five representatives and experts from the ICT sector, along with three ministers. The Prime-Minister is the chairman of the Council. Other government agencies and experts are involved in the activities of the Council as needed.<sup>21</sup> Aside from the governmental agencies, Estonia also relies on the Association of Information Technology and Telecommunications, a non-profit organization dedicated to the popularization of ICT technologies.<sup>22</sup>

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<sup>16</sup> Ibid.

<sup>17</sup> Information is available at the following [link](#).

<sup>18</sup> The official [website](#) of the Ministry of Economic Affairs and Communications of Estonia.

<sup>19</sup> European Commission, Digital Public Administration Factsheet 2020, [Estonia](#).

<sup>20</sup> The term Information Society refers to a society where the creation, dissemination, use, integration, and manipulation of information is an important economic, political, and cultural activity driven mainly by information and communication technologies.

<sup>21</sup> Ibid.

<sup>22</sup> Ibid.

The delivery of public services is highly developed in Estonia. 99% of the services are accessible online. Public services are provided by both central and local governments. Local governments are usually responsible for issues of local significance, such as social services, water supply, amenities, and etc.<sup>23</sup> The country has a functioning e-government portal created in 2003 (<https://www.eesti.ee/>), which brings together information about government agencies and the services they offer for citizens, entrepreneurs, and government officials. Persons registered using the website have access to their personal data, have the opportunity to carry out various transactions, fill out and send official forms and applications to government agencies, sign documents electronically. Electronic services can be used through the electronic identification card as well as through a special mobile application (Mobile-ID, Smart-ID).<sup>24</sup> According to the 2020 data of Eurostat, the percentage of individuals using the Internet for downloading official forms from public authorities was 44%, while the percentage of its use for sending filled forms electronically to public authorities was 75%.<sup>25</sup> It is important to note that since 2014, the government, governmental agencies, and ministries in Estonia have uniformly structured websites that are easy to use and are unified into a government portal (<https://www.riigikantselei.ee/>).

Like most developed countries, Estonia is looking for innovative ways to reduce central government administrative costs and improve service delivery by making the most of ICT technologies. E-governance and related services are an important means in terms of utilizing resources to improve the delivery of services to citizens and businesses.<sup>26</sup> Administrative and infrastructural capabilities are important for building a strategically fast and responsive public administration. E-governance can facilitate the most efficient use of limited human and financial resources by encouraging the development of innovative capabilities and improving public sector flexibility and responsiveness. The X-Road platform created by Estonia is of crucial importance in the development of information and communication technologies in public administration in the country. X-Road is a centrally managed system for the exchange of information between information systems and provides a standardized and secure means to produce and use services.<sup>27</sup> The platform allows the government to automate activities and use data more efficiently. Importantly, the platform is already being utilized by other countries as well. The X-Road software-based system X-tee is the backbone of e-Estonia (<https://e-estonia.com/>). The e-Estonian website integrates various important and innovative services, including e-residency. Estonia was the first country to introduce the electronic residency service in 2014. E-residency allows a person from anywhere in the world to receive the

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<sup>23</sup> European Commission, Public Administration Characteristics and Performance in EU28: [Estonia](#), 2018, pp. 252 – 253.

<sup>24</sup> Information is available at the following [link](#).

<sup>25</sup> The official [website](#) of Eurostat.

<sup>26</sup> Information is available at the following [link](#).

<sup>27</sup> Information is available at the following [link](#).

services necessary to establish and manage a company.<sup>28</sup> As of 2020, Estonia had 70,000 e-citizens from various countries who had established over 15,000 companies.<sup>29</sup>

It should be noted that Estonia was the first country in the world to introduce electronic voting service (i-Voting). The country utilized this voting method for the first time in 2005.<sup>30</sup> Nowadays, 44% of Estonians use the opportunity to vote electronically.

Estonia strives to digitize all areas as much as possible. The country launched the pilot digital court file program in 2017. The program is connected to the central case management system (e-File). In addition to allowing easy access to electronic versions of materials in a single space, the program allows parties to add messages and comments. By 2019, a full third of all court cases initiated were digital.<sup>31</sup> A digital court file completely replaces paper-based litigation.

Estonia is significantly dependent on its information systems, which is why it is diligent in maintaining a high level of cybersecurity. To this end, in 2017, the first data embassy of Estonia was established in Luxembourg.<sup>32</sup> The concept implies the consolidation of server resources outside the territorial boundaries of Estonia and the extension of similar legal safeguards to them as on the data stored in Estonia. This allows copies of data and services necessary for the functioning of the state to be stored in an independent data center and, therefore, provides an additional guarantee of security.

It is important to note that Estonia is on constant lookout for the transparency of and online access to its regulatory policy.<sup>33</sup> The first attempt was made in 2001 with the website "Today I Decide". The concept of the website envisaged that ministries would upload their bills to it for public review and consideration. However, it turned out that in the early stages of digital transformation, the population was not ready to participate electronically in the decision-making process. Later, in 2007, a website (osalee.ee) was launched in Estonia with the aim of involving the general public in legislative and policy-planning processes. Nowadays the website is integrated with the information system website (EIS - <https://eelnoud.valitsus.ee/>), where the full legislative and policy cycle is available to the public. Interested citizens have the opportunity to express their opinion at any stage of the process. With this in mind, Estonia is considered to be at the forefront in terms of transparency of the legislative process. It should be noted here as well that Estonia has a Citizens' Initiative Portal (<https://rahvaalgatus.ee/>), through which citizens can submit proposals to Parliament, including

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<sup>28</sup> Information is available at the following [link](#).

<sup>29</sup> Ibid.

<sup>30</sup> Information is available at the following [link](#).

<sup>31</sup> Information is available at the following [link](#).

<sup>32</sup> European Commission, Digital Public Administration Factsheet 2020, [Estonia](#).

<sup>33</sup> OECD, Regulatory Policy [Outlook](#), 2018, p. 182.

ones related to updating existing regulations. The appeals are in the form of a petition and require 1000 signatures to be considered. The website can also be used to submit an initiative to local governments, which requires the signature of one percent of the municipality's eligible voters. The portal currently has 178 initiatives submitted (166 for parliament and 12 for local government), with a total of almost 200,000 signatures. In March 2021, 11 initiatives were registered (10 for parliament and one for local government), with a total of almost 20,000 signatures. To date, a total of 78 initiatives have been sent to Parliament for consideration, which indicates that the mechanism is functioning effectively. In the case of each initiative, information can be found on the portal about the status of the current or completed initiative, including the response to the initiatives discussed by the Parliament or the local government in the form of official letters.

The Estonian government pays special attention to access to public information, government transparency, and accountability. Availability of public information in Estonia is developed to a high degree.<sup>34</sup> The 2001 Public Information Act regulates access to public information. Public institutions have a period of five working days to issue requested information.<sup>35</sup> Institutions are responsible for posting the most comprehensive information in the online space and ensuring its systematic updating. According to the 2020 data of Eurostat, 80% of Estonians used the Internet to interact with public institutions, while 67% used Internet for obtaining public information from public authorities.<sup>36</sup> Estonia was one of the first countries to sign the Council of Europe Convention on Access to Official Documents in 2009.<sup>37</sup> As for open data, an open data portal (<https://avaandmed.eesti.ee/>) exists at the national level, where 2198 publishers are currently registered and 793 databases are available.<sup>38</sup> The website is overseen by the Ministry of Economic Affairs and Communications. Estonia also uploads open data to the European data portal, where 1003 databases have been published by the country to this date.<sup>39</sup> It is noteworthy that according to the European Commission's 2020 Open Data Maturity report, Estonia is in the top five countries with a 91% indicator.<sup>40</sup>

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<sup>34</sup> Sustainable Governance Indicators 2020, [Estonia](#) Report, pp. 21-22.

<sup>35</sup> European Commission, Digital Public Administration Factsheet 2020, [Estonia](#).

<sup>36</sup> The official [website](#) of Eurostat.

<sup>37</sup> Estonia ratified the Convention in 2016. The Convention is effective from 1 December 2020. Information is available at the following [link](#).

<sup>38</sup> The amount of data posted on open data portals as part of the study is presented as of March 2021.

<sup>39</sup> European Data [Portal](#).

<sup>40</sup> Open Data Maturity [Report](#) 2020, p. 89.

## FINLAND

Public administration reform in Finland began in 1987.<sup>41</sup> The Ministry of Finance and the Office of the Prime Minister are the primary coordinating bodies of public administration. The Ministry of Finance is tasked with creating, overseeing, and reforming the operational framework of public finance and public administration,<sup>42</sup> as well as developing general principles for the development of public administration.<sup>43</sup> Coordination groups are established within the Ministry, of which the Governance Policy Coordination Group is responsible for developing governance policy issues within the authority of the Personnel and Governance Policy Department, the Local Government and Regional Administration Department and the Public Sector Information and Communication Technologies Department.<sup>44</sup> The Governance Policy Coordination Group is chaired by the Permanent Under-Secretary to the Minister for Governance Policy.<sup>45</sup> As for the Prime Minister's Office, it provides general coordination of various issues, including by monitoring the implementation of the government program.<sup>46</sup> In Finland, public administration commitments are enshrined in various strategic documents (for instance, the Open Government Partnership Action Plan).

Finland is one of the leading European countries in terms of digital governance development, which is crucial in terms of improving public services and increasing accountability. The country has significantly improved its e-governance capabilities. Over the last two decades, the Finnish government has invested heavily in technology and innovation development at both the national and local levels. These efforts were mainly focused on the development and implementation of public policy and public services through digital governance and ICT strategies.<sup>47</sup>

In Finland, the coordination of municipal and central information and communication technologies has been strengthened since 2011 with the establishment of the Information and Communication Technology Management Department (Public Sector ICT) at the Ministry of Finance, providing the necessary preconditions for the digitization of the public sector.<sup>48</sup> In 2014, a government center for information and communication technologies was also established.<sup>49</sup> The development of ICT has contributed to the improvement of electronic infrastructure that has ultimately been reflected in the development of new public services.

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<sup>41</sup> OECD, *Public Governance Reviews, Finland*, Working together to Sustain Success, 2010, p. 16.

<sup>42</sup> The official [website](#) of the Ministry of Finance of Finland.

<sup>43</sup> [Ibid.](#)

<sup>44</sup> [Ibid.](#)

<sup>45</sup> [Ibid.](#)

<sup>46</sup> European Commission, *Public Administration Characteristics and Performance in EU28: Finland*, 2018, p. 300.

<sup>47</sup> O. C. Osifo, "Examining digital government and public service provision: The case of Finland," 2018 41st International Convention on Information and Communication Technology, Electronics and Microelectronics (MIPRO), Opatija, 2018, p. 1342.

<sup>48</sup> *Ibid.*, p. 311. Information about the Information and Communication Technology Management Department is available at the following [link](#).

<sup>49</sup> Information about the Centre is available at the following [link](#).

The Government of Finland pays special attention to the delivery of customer-oriented electronic services and to ensuring high quality data protection. Finland is considered one of the global leaders in the delivery of electronic public services. There is a national website (<https://www.suomi.fi/>)<sup>50</sup> that combines information about public services for citizens (for example, living together, divorcing, services for people with disabilities, healthcare, education, property issues, travelling, etc.) and for business organizations (e.g., starting a business, financing a business, paying taxes, etc.). It is noteworthy that it is mandatory for public institutions to update the information on the website.<sup>51</sup> The website also provides official service-related forms, e-services, and information about municipal services. It is precisely the municipalities that provide the majority of public services, which are regulated and largely funded by the central administration (mainly social and health services, education (except higher education) and utilities (water, electricity, local transport)). As a consequence of this, Finland is actively working on strengthening the capabilities of its various municipalities.<sup>52</sup>

In Finland, the implementation of electronic authorization in public e-services is mandatory under national law.<sup>53</sup> The integrated service platform contains a communication function with public institutions, which allows the customer to send a message to the institution with attachments and to receive information about the decision with the necessary documents from the institution electronically. The website additionally provides the possibility of electronic authorization, through which the user is authorized to transfer the mandate to use the services to another natural or legal person (electronic power of attorney). Finland is the first country in the world that implemented this kind of service, allowing for electronic power of attorney. This service is widely used. In the period of around two years, four million e-mandates were issued.<sup>54</sup>

Healthcare, social services, security, immigrant integration, elections, and citizen involvement are the main areas of public service delivery that Finland has already digitized.<sup>55</sup> It should be noted that by 2023 the Finnish government aims to ensure digital access to all public services.<sup>56</sup> Owing to the digitalization policy, public services have become more accessible, transparent, convenient, and efficient for citizens.<sup>57</sup>

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<sup>50</sup> Information is available at the following [link](#).

<sup>51</sup> European Commission, Digital Public Administration Factsheet 2020, [Finland](#), p. 27.

<sup>52</sup> European Commission, Public Administration Characteristics and Performance in EU28: [Finland](#), 2018, pp. 296 – 298.

<sup>53</sup> *Ibid.*

<sup>54</sup> OECD, the official [website](#) of the Public Sector Innovation Observatory.

<sup>55</sup> O. C. Osifo, "Examining digital government and public service provision: The case of Finland," 2018 41st International Convention on Information and Communication Technology, Electronics and Microelectronics (MIPRO), Opatija, 2018, p. 1344.

<sup>56</sup> European Commission, Digital Public Administration Factsheet 2020, [Finland](#), p. 11.

<sup>57</sup> O. C. Osifo, "Examining digital government and public service provision: The case of Finland," 2018 41st International Convention on Information and Communication Technology, Electronics and Microelectronics (MIPRO), Opatija, 2018, p. 1345.

The development of digital means at various levels has enabled Finnish citizens to participate electronically in political or legislative processes. In Finland, public consultation is one of the mandatory phases of the legislative process. Provisions for ensuring the openness of the legislative process as well as ensuring that consultations are held are enshrined in the Constitution, the Act on the Openness of Government Activities, the Administrative Procedures Act, and the Language Act.<sup>58</sup> Additionally, a guidebook<sup>59</sup> on consultations in the legislative process issued by the government in 2016 defines the official policy on consultations, includes practical examples, and aims to introduce a common consultation mechanism in the legislative process. To get opinions on draft laws, it is recommended to upload them to the website created by the Ministry of Justice in 2015 (<https://www.lausuntopalvelu.fi>). The information posted on the website is publicly available to all interested parties. The website provides the opportunity to send information to specific addressees for feedback, as well as to monitor the consultation process. A minimum of six weeks is usually provided to comment on the proposed draft laws. The opinions obtained as a result of various consultations in the process of drafting the legislation are summarized in a special document (such as, for example, the report of the working group, the minutes of the meetings). Finally, brief information and comments on the consultations are reflected in the legislative package to be submitted by the government.<sup>60</sup>

Of no less importance is the website created for online discussion (<https://www.otakantaa.fi/>), which allows for citizen engagement at the early stages of legislative reforms and current and new government projects. This initiative has been recognized as good practice by the OECD.<sup>61</sup> It should also be noted that in order to provide more flexibility, websites related to citizen involvement in the decision-making process (including the above-mentioned websites) are also integrated into a single web portal (<https://www.demokratia.fi>), thus making it easier for citizens to access information about various services and, therefore, to participate in the decision-making process. According to 2020 data from Eurostat, 88% of the public in Finland used the Internet to interact with government agencies, while 85% used the Internet to obtain information from public institutions.<sup>62</sup> The rate of internet use is also high for the purposes of downloading official forms from the websites of state institutions (75%) and of submitting them electronically (74%).<sup>63</sup>

The degree to which public engagement in the governance process is ensured is reflected in Finland's high degree of accountability. The country has a high level of access to public information

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<sup>58</sup> The official [website](#) of the Ministry of Justice of Finland.

<sup>59</sup> The guidebook is available at the following [link](#).

<sup>60</sup> Information is available at the following [link](#).

<sup>61</sup> OECD draft best practice [principles](#) on stakeholder engagement in regulatory policy.

<sup>62</sup> The official website of [Eurostat](#).

<sup>63</sup> Ibid.

and open data, which is virtually unlimited.<sup>64</sup> Access to public information is regulated by the Act on Openness of Government Activities adopted in 1999. It should be noted that Finland was also one of the first countries to sign the Council of Europe Convention on Access to Official Documents in 2009.<sup>65</sup> As for open data, an open data portal (<https://www.avoindata.fi/>) that enables open data sharing and the development of functional compatibility between public institutions exists at the national level. The portal was created by a digital agency managed by the Ministry of Finance. 781 data providers are currently registered and 1793 databases are published on the portal. After it is uploaded to the site, the metadata is also uploaded to the European Data Portal.<sup>66</sup> Importantly, the portal has an open data usage guide, which provides information to the citizen about the benefits of using open data, how to find information on the platform, or what steps shall be taken to enable the interested person to upload data to the portal.<sup>67</sup> According to the European Commission's 2020 Open Data Maturity report, Finland is in the top ten countries with 85% evaluation.<sup>68</sup>

## SWEDEN

Public administration reform in Sweden began in the 1970s<sup>69</sup> and entered an especially active phase in the 1990s.<sup>70</sup> The most recent round of public administration reforms began in 2009.<sup>71</sup> While all ministries have responsibilities related to public administration, the Ministry of Finance is the main coordinating body.<sup>72</sup> The Ministry of Finance has three ministers, one of whom is the Minister of Public Administration. In Sweden, various government agencies are subordinated to the ministries. The Swedish Public Administration Agency and the Swedish National Financial Management Authority, both under the authority of the Ministry of Finance, are responsible for issues related to public administration. These agencies provide the government with information on ideas and models for improving public administration, in addition to providing analytical support.<sup>73</sup> In Sweden, such agencies play the biggest role in public administration reform. Agencies are characterized by a high degree of autonomy (administrative dualism) and may have central, regional, and local branches. Each agency is headed by a Director General appointed by the government. In many cases, the government also appoints an advisory board to the agencies. The agencies themselves determine

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<sup>64</sup> Sustainable Governance Indicators 2020, [Finland](#) Report, p.26.

<sup>65</sup> Finland ratified the Convention in 2015. Information is available at the following [link](#).

<sup>66</sup> European Data [Portal](#).

<sup>67</sup> Information is available at the following [link](#).

<sup>68</sup> Open Data Maturity [Report](#) 2020, p. 89.

<sup>69</sup> European Commission, Public Administration Characteristics and Performance in EU28: [Sweden](#), 2018, p. 1010.

<sup>70</sup> Greve C., Lægneid P., Rykkja L. H., *Nordic Administrative Reforms, Lessons for Public Management*, 2016, p. 49.

<sup>71</sup> European Commission, Public Administration Characteristics and Performance in EU28: [Sweden](#), 2018, p. 1016.

<sup>72</sup> *Ibid.*

<sup>73</sup> *Ibid.* Information on the Swedish Public Administration Agency is available at the following [link](#); Information about the Swedish National Financial Management Service is available at the following [link](#).

their personnel policy.<sup>74</sup> As for e-governance, the main coordinating body in this direction is the Ministry of Infrastructure established in 2019, which is responsible for the implementation of digital policy.<sup>75</sup> The Digital Governance Agency, established in 2018 under the Ministry, is responsible for digitizing the public sector.<sup>76</sup> In Sweden, public administration commitments are enshrined in various strategic documents (such as, for instance, the Open Government Partnership Action Plan).

Swedish governments have long had strong political aspirations in the field of digital governance. This has made Sweden one of the international leaders in this field.<sup>77</sup> In 1999, the Swedish government aimed to become an accessible, leading information society for all, and to this purpose it began implementing an e-Government Action Plan. The achievements of Swedish e-government are:

- ◆ Electronic invoices - Since 2008, all government agencies have handled invoices electronically;
- ◆ Electronic authorization infrastructure, called e-authentication, which allows citizens and businesses securely access e-services;
- ◆ Well-established electronic procurement portals;
- ◆ Ability to refund income taxes through text messages, telephone, online services, or specific applications.<sup>78</sup>

Notably, a government portal exists at the national level (<https://www.government.se/>) in Sweden, providing information about government, ministries, their activities, decision-making process, publications, EU-related issues, etc., in an united space.

The Swedish public sector is built around the principle of making predominantly digital choices. Digital as the first choice implies that the state should use predominantly digital means in public administration activities as well as in communication with businesses and individuals.<sup>79</sup> Since 2012, Sweden has focused on a citizen-centered approach to digital service delivery process, leading to a recent simplification of many services.<sup>80</sup> Electronic public services are mainly accessible through the websites of providers and are available with the use of an electronic identification card. The services offered for businesses by various public institutions are gathered on one portal (<https://www.verksam.se>). The portal also includes interactive checklists, making it easier for entrepreneurs to coordinate.

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<sup>74</sup> European Commission, Public Administration Characteristics and Performance in EU28: [Sweden](#), 2018, p. 1017.

<sup>75</sup> The official [website](#) of the Swedish Ministry of Infrastructure.

<sup>76</sup> European Commission, Digital Public Administration Factsheet 2020, [Sweden](#), p. 26.

<sup>77</sup> European Commission, Public Administration Characteristics and Performance in EU28: [Sweden](#), 2018, p. 1025.

<sup>78</sup> *Ibid.*

<sup>79</sup> European Commission, Digital Public Administration Factsheet 2020, [Sweden](#), pp. 9, 12.

<sup>80</sup> *Ibid.*, p. 12.

In 2015, Sweden developed an innovation guide aimed at promoting public sector development based on consumer interests. This is an innovative laboratory run by the Swedish Association of Local Authorities and Regions (SALAR).<sup>81</sup> The goal of the initiative is to support community organizations that aim to enhance the innovative skills of their employees and create new and better public services tailored to customer needs.

An innovative approach was introduced in 2015 in the municipality of Trelleborg. The municipality uses a program that automates certain processes (such as financial aid processing) in the Labor and Social Services Administration.<sup>82</sup> The Trelleborg Municipality was one of the first in Sweden to create an electronic service for social and economic support and to digitize the management of social assistance. This has led to an increase in access to services for citizens and in the efficiency of work for public servants. By 2016, 75% of applications were submitted online and all applications received a response within one business day. It is important to note that internet usage rate in Sweden has reached 98% in 2021.<sup>83</sup> Additionally, according to the 2020 data from Eurostat, 86% of the population uses the Internet to interact with the state. 53% was the rate of using internet for downloading official forms, and 74% was the rate of using internet for submitting official forms electronically to the public authorities.<sup>84</sup>

The social values of Swedish public sector are linked to consensus, cooperation, equality, and inclusion, which influences public interaction and promotes a social culture of the public sector where the decision-making process is characterized by mutual agreement and the tendency to avoid conflict.<sup>85</sup> For Sweden, maximizing simplicity is the cornerstone of its regulatory policy.<sup>86</sup> The involvement of relevant stakeholders in the legislative process is an integral part of the decision-making process. A new website used to be set up by the ministries for each time consultations were conducted,<sup>87</sup> which was also highlighted by the OECD, and it was noted that the simplification of the process would facilitate the creation of a common portal, although it has yet to be implemented.<sup>88</sup>

The Swedish public administration system has many features that contribute to a high degree of government accountability and transparency.<sup>89</sup> Access to public information is ensured at a high level in the country. According to the 2020 data of Eurostat, 79% of the Swedish population used the Internet to access public information online. Sweden is a leader in all matters related to trans-

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<sup>81</sup> OECD, the official [website](#) of the Public Sector Innovation Observatory.

<sup>82</sup> [Ibid.](#)

<sup>83</sup> Information is available at the following [link](#).

<sup>84</sup> The official website of [Eurostat](#).

<sup>85</sup> OECD, Digital Government Review of [Sweden](#), Towards a Data-driven Public Sector, 2018, p. 6.

<sup>86</sup> OECD, Regulatory Policy [Outlook](#), 2018, p. 232.

<sup>87</sup> [Ibid.](#)

<sup>88</sup> [Ibid.](#)

<sup>89</sup> European Commission, Public Administration Characteristics and Performance in EU28: [Sweden](#), 2018, p. 1024.

parency and access to public information, easily maintaining a leading position in international rankings.<sup>90</sup> It should be highlighted that the 1766 Swedish Freedom of Press Act was the first normative document in the world related to freedom of information. Access to public information in Sweden is currently regulated by the 1949 Freedom of Press Act, which was adopted as a result of the revision of the 1766 Act. The basic principles of the current Act are also enshrined in the Constitution. It should also be noted that Sweden ratified the Council of Europe Convention on Access to Official Documents in 2010.<sup>91</sup>

The Swedish government has launched an initiative to achieve the goals of utilizing open data and artificial intelligence. In order to improve access to public information in the open data format, the government has charged the Digital Governance Agency with the mission of developing public sector capacity to produce open data. Sweden has an open data portal (<https://www.dataportal.se/en>), managed and developed by the Digital Governance Agency. The portal currently integrates more than 7,000 databases provided by 173 publishers. Open data is also published by Sweden on the European Data Portal.<sup>92</sup> According to the European Commission's 2020 Open Data Maturity report, Sweden has been evaluated with 84%.<sup>93</sup> In addition to the European Data Portal, the country has an information portal related to spatial data infrastructure (<https://www.geodata.se>), on which data is published in open format and currently 948 databases are available.

## NORWAY

Public administration reform in Norway was initiated in the 1980s and entered an active phase in the 1990s.<sup>94</sup> The coordinating agency for public administration in the country is the Ministry of Local Government and Modernization. Apart from the Minister of Local Government and Modernization, a position of the Minister of Regional Development and Digitization has existed in the Ministry since 2018. The Minister coordinates the IT Policy and Public Governance Department, which is responsible, among other things, for ensuring public sector digitization and innovation,<sup>95</sup> and is a key player in the administration of ICT and e-government policy.<sup>96</sup> The department also oversees the Digitization Agency and the Norwegian Communications Authority. The primary task of the agency is the digitization of the public sector. The Communications Authority, meanwhile, is the supervisory and administrative body for postal and electronic communications services in Norway. Commitments

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<sup>90</sup> Sustainable Governance Indicators 2020, [Sweden](#) Report, p. 30 – 31.

<sup>91</sup> Information is available at the following [link](#).

<sup>92</sup> European Data [Portal](#).

<sup>93</sup> Open Data Maturity [Report](#) 2020, p. 89.

<sup>94</sup> Greve C., Læg Reid P., Rykkja L. H., *Nordic Administrative Reforms, Lessons for Public Management*, 2016, pp. 48 – 49.

<sup>95</sup> The official [website](#) of the Government of Norway.

<sup>96</sup> European Commission, *Digital Public Administration Factsheet 2020*, [Norway](#), p. 24.

related to public administration in Norway are enshrined in various strategic documents (e.g., Open Government Partnership Action Plan, Digital Public Sector Strategy).

Digital governance is developed to a high degree in Norway. Globally, Norway is one of the leading countries in terms of digitization of public administration and access to information and communication technologies. Digital skills are well-developed among Norwegians. As of January 2021, Internet access was at 99%,<sup>97</sup> which is naturally reflected in the usage rate of e-services by the population (84%).<sup>98</sup> According to the 2020 data from Eurostat, 92% of the public in Norway used the Internet to interact with governmental agencies, and 58% used the Internet to obtain information from public institutions.<sup>99</sup> The rate of Internet use for downloading official forms from the websites of state institutions was 84%, while the use rate for submitting forms electronically to public institutions was 81%.<sup>100</sup>

A unified portal of electronic public services (<https://www.norge.no>) exists at the national level, providing information on the services of central and local public institutions. In Norway, the central administration and a majority of municipalities communicate with citizens electronically. To this end, the portal has an integrated digital mailbox service, which allows citizens to receive official documents from government agencies electronically. As of 2019, about 40% of the population was using the digital mailbox.

The portal created in 2003 (<https://www.altinn.no>), which is used for dialogue between businesses, individuals, and public institutions, is of no less importance. Through the platform, interested persons can have direct access to 45 public service providers. The portal is mainly used for reporting by businesses and for the provision of income tax information to the state by individuals. Over four million citizens and more than a million business companies use the portal. In the period between the launch of the portal and 2016, 141 million forms have been submitted electronically,<sup>101</sup> pointing to the effectiveness and success of the initiative.

One of the major achievements of e-governance in Norway is the umbrella platform for geospatial e-services (<https://www.geonorge.no/>), which provides access to geographic, agricultural, natural resources, transport, environmental pollution, social security, and other thematic data.

Along with the efficiency of the delivery of public services, the accountability of the government in the country is developed to a high degree. Norway takes into consideration public engagement in

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<sup>97</sup> Information is available at the following [link](#).

<sup>98</sup> OECD (2019), *How's Life in the Digital Age?: Opportunities and Risks of the Digital Transformation for People's Well-being*, OECD Publishing, Paris, p. 161.

<sup>99</sup> The official website of [Eurostat](#).

<sup>100</sup> *Ibid.*

<sup>101</sup> Information is available at the following [link](#).

the decision-making process. In 2016, Norway updated its guidelines for official surveys and reports in order to improve citizen engagement in the legislative process. The document contains drafting procedures and requirements and guidelines for regulatory impact assessment, citizen engagement, and ex post assessment.<sup>102</sup> Public consultations are conducted for all draft laws. However, although the 2016 guidelines call for consultations to be held at an early stage in the process, this has not yet been fully implemented.<sup>103</sup>

Norway has developed access to public information to a high degree.<sup>104</sup> Access to public information is regulated by the Freedom of Information Act of 2006, which entered into force in 2009 and replaced Norway's first Freedom of Information Act of 1970. Any material is indexed upon its creation or receipt. Data and information are proactively published by the government, which helps to keep the citizens informed.<sup>105</sup> Norway was the first country to ratify the Council of Europe Convention on Access to Official Documents in 2009.<sup>106</sup> A request for public information may be made in any form, including anonymously, and the institution is obligated to provide the information immediately (usually within a period of three days). A decision to refuse to provide information can be appealed to a higher administrative body and then to the Parliamentary Ombudsman for public administration or to a court. Although the ombudsman's decisions are not binding, they are generally followed, and there have been very few court cases dealing with this issue. A national open data portal (<https://data.norge.no>) has functioned in Norway since 2011. Both public and private institutions upload data to the website. Currently, 1566 databases are published on the website. In addition, the portal contains information about information models, concepts, and e-services. The Digitization Agency is responsible for the functioning and development of the website. Open data is also uploaded to the European Data Portal, where information is collected in two catalogs - data.norge.no and Geonorge.<sup>107</sup> According to the European Commission's 2020 Open Data Maturity report, Norway has rate of 51%.<sup>108</sup>

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<sup>102</sup> OECD, Regulatory Policy Outlook 2018, p. 220.

<sup>103</sup> Ibid.

<sup>104</sup> Sustainable Governance Indicators 2020, [Norway](#) Report, p. 23.

<sup>105</sup> Ibid, p. 36.

<sup>106</sup> Information is available at the following [link](#).

<sup>107</sup> European Data [Portal](#).

<sup>108</sup> Open Data Maturity [Report](#) 2020, p. 89.

## ICELAND

Public administration reform in Iceland was initiated in the 1990s.<sup>109</sup> The Ministry of Finance and Economic Affairs is the main coordinating body for public administration. The primary mission of the Ministry is to ensure stability and economic growth in the state. The Ministry is responsible for implementing various governmental reforms and managing other issues such as improving corporate governance and planning, managing the state's human resources, directing the innovation and improvement of central government activities.<sup>110</sup> In addition to this, policy development and planning are an important part of the Ministry's activities.<sup>111</sup> The Department of Public Management and Reform existing in the Ministry, along with financial management, is responsible for improving the national institutional system, developing digital infrastructure, using information technology in public services, and etc.<sup>112</sup> In 2017, ICT issues were transferred under the authority of the Ministry, following which, in 2018, in order to provide better digital services to citizens, the Ministry created a temporary group "Digital Iceland" to coordinate and implement major projects.<sup>113</sup> In Iceland, commitments related to public administration are enshrined in various strategic documents (for example, the Action Plan for the promotion of digital public services).

Digitization policy is a priority for Iceland. As of January 2021, the rate of internet use in the country was 99%.<sup>114</sup> In 2018, Iceland launched the data exchange system (Straumurinn) based on the Estonian X-Road platform, aiming to promote synergies between the IT systems of public institutions by simplifying and automating data exchange processes. This system ensures the strengthening of the "once-only" principle (which implies the right of the user to provide information about herself/himself to the public administration only once, without the obligation to re-submit them in each subsequent appeal to the same or another body), facilitates standardized and secure data exchange, access to electronic services and, consequently, the improvement of the digital ecosystem.<sup>115</sup>

Iceland became the first country to decide to designate Microsoft as the sole IT provider for the public sector in 2019. The introduction of Microsoft 365 aims to merge all public services into a single license and increase communication and collaboration between institutions.<sup>116</sup>

A centralized public service portal (<https://www.island.is/en>) that integrates information about digital services of governmental agencies for the convenience of citizens and businesses is active in

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<sup>109</sup> Greve C., Læg Reid P., Rykkja L. H., *Nordic Administrative Reforms, Lessons for Public Management*, 2016, p. 47.

<sup>110</sup> The official [website](#) of the Government of Iceland.

<sup>111</sup> [Ibid.](#)

<sup>112</sup> [Ibid.](#)

<sup>113</sup> European Commission, *Digital Public Administration Factsheet 2020*, [Iceland](#), p. 21.

<sup>114</sup> Information is available at the following [link](#).

<sup>115</sup> Information is available at the following [link](#).

<sup>116</sup> European Commission, *Digital Public Administration Factsheet 2020*, [Iceland](#), p. 12.

Iceland. A section (Mypages) has been integrated to the portal since 2011, through which citizens have the opportunity to obtain data in the registry and electronic documents available in state institutions pertaining to themselves. The website also features an electronic mailbox that all public institutions can use to send messages to citizens. In order to access these services, the citizens needs to undergo authorization. In addition, a consulting portal has been integrated into the public services website since 2018 to ensure citizen involvement in the legislative and policy development processes. The portal was prepared in collaboration with the Ministry of Transport and Local Government, the Ministry of Justice, and the Office of the Prime Minister.

Iceland has unique experience when it comes to civic engagement in the decision-making process. In the wake of the 2008 economic crisis, which also impacted public administration, in 2010 the NGO Citizens' Foundation,<sup>117</sup> in collaboration with the Reykjavik City Hall, launched the online platform "Better Reykjavik",<sup>118</sup> the purpose of which was to increase public trust at the municipal level and to ensure citizen engagement in participatory budgeting as well as policy-making and decision-making processes. The platform has a unique debate system, which involves adding a pro or anti argument to the proposed idea rather than commenting on it, and voting for or against the issue, which automatically sorts various issues on the website in terms of priority. More than 700 ideas from citizens have been implemented through the use of the platform. The platform was recognized by the OECD as a successful example of digital innovation in the public sector.<sup>119</sup> Following this initiative, a platform "Better Iceland"<sup>120</sup> was created at the national level in 2011, on which draft laws are also posted for citizen discussion.<sup>121</sup> The government made use of the platform to engage citizens in the process of drafting a new Icelandic constitution along with political parties, academia, and the civil society. Since 2017, it is mandatory in Iceland to involve the general public in the legislative process at an early stage and to assess the impact of a given regulation before the law is drafted.<sup>122</sup> It should be noted that Iceland was essentially the first country to involve the public as much as possible in the process of revising its 1944 Constitution.<sup>123</sup>

Despite ensuring citizen involvement in the decision-making process, there are a number of challenges in terms of accountability in Iceland. The government does not systematically and regularly publish information and data that would allow citizens to evaluate or monitor government activities.<sup>124</sup> Access to public information in Iceland is regulated by the 1996 Information Act. According

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<sup>117</sup> Information regarding the organization is available at the following [link](#).

<sup>118</sup> Information is available at the following [link](#).

<sup>119</sup> OECD, the official [website](#) of the Public Sector Innovation Observatory.

<sup>120</sup> The official [website](#) of the Citizens' Fund.

<sup>121</sup> Based on the "Better Reykjavik" and "Better Iceland" initiatives, a platform <https://rahvakogu.ee> was launched in Estonia in 2013 with the aim of involving the public in the process of reviewing legislation pertaining to elections and political parties.

<sup>122</sup> OECD, Regulatory Policy [Outlook](#) 2018, p. 49.

<sup>123</sup> Information is available at the following [link](#).

<sup>124</sup> Sustainable Governance Indicators 2020, [Iceland](#) Report, p. 54.

to the 2020 data from Eurostat, 86% of the public in Iceland used the Internet to interact with governmental agencies, while 81% used the Internet to obtain information from public institutions (the Internet use rate was 60% for downloading official forms from government agencies' websites and 87% for submitting forms electronically to public institutions).<sup>125</sup> The rate of access to public information in Iceland is lower than in other Nordic countries. It should also be noted that in 2021 Iceland ratified the Council of Europe Convention on Access to Official Documents.<sup>126</sup> Notably, a decision to refuse to provide public information is appealed to the Information Committee, the members of which are appointed by the Prime Minister and the decisions of which are final.<sup>127</sup> Iceland also lags behind the countries discussed above in terms of access to open data. An open data portal (<https://opingogn.is/>) does exist in the country, although only a limited amount of information is published on it (112 databases).<sup>128</sup> The amount of data that has been uploaded to the European Data Portal is also small.<sup>129</sup> Nevertheless, it is assumed that the introduction of the X-Road platform will have a positive impact on the accessibility of open data.<sup>130</sup>

## DENMARK

Public administration reform in Denmark was initiated in 1983.<sup>131</sup> The main coordinating bodies are the Ministry of Finance and the Office of the Prime Minister. The Office of the Prime Minister is responsible for coordinating policy at the governmental level. The Ministry of Finance, on the other hand, is the primary authority in coordinating public administration reform.<sup>132</sup> The Ministry of Finance is also responsible for coordinating digital governance and develops initiatives related to management and digitization aimed at improving the efficiency of public administration.<sup>133</sup> Among other agencies, Digitization Agency and Agency for Public Finance and Management established in 2011, equipped with various authorities, also exist within the Ministry of Finance. The Digitization Agency is responsible for the digitization of the public sector and is the catalyst for the digital development of the country. The primary responsibilities of the Agency are to implement the government's political vision in the digital era, to build digital development strategies, and to develop and manage the Danish digital infrastructure.<sup>134</sup> As for the Agency of Public Finance and Management, it assists the

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<sup>125</sup> The official [website](#) of Eurostat.

<sup>126</sup> Information is available at the following [link](#).

<sup>127</sup> Sustainable Governance Indicators 2020, [Iceland](#) Report, p. 29 – 30.

<sup>128</sup> European Commission, Digital Public Administration Factsheet 2020, [Iceland](#), p. 26.

<sup>129</sup> European Data [Portal](#).

<sup>130</sup> European Commission, Digital Public Administration Factsheet 2020, [Iceland](#), p. 26.

<sup>131</sup> Greve C., Læg Reid P., Rykkja L. H., *Nordic Administrative Reforms, Lessons for Public Management*, 2016, p. 46.

<sup>132</sup> European Commission, *Public Administration Characteristics and Performance in EU28: Denmark*, 2018, pp. 222 – 226, 228.

<sup>133</sup> European Commission, Digital Public Administration factsheet 2020: [Denmark](#), p. 23.

<sup>134</sup> The official [website](#) of the Digital Development Agency.

government in pursuing sound economic policies, ensures innovation and efficiency in the public sector, and is responsible for the operation of a part of the state's financial management and IT systems.<sup>135</sup> In Denmark, commitments pertaining to public administration are enshrined in various strategic documents (e.g., Open Government Partnership Action Plan, eGovernment Action Plan).

In the past two decades, digitization of public administration has been a priority of the Danish government. The digital solution is being integrated into the field of the delivery of public services.<sup>136</sup> It is important to note that local governments at the municipal level are effective in providing high quality public services.<sup>137</sup> In terms of electronic services, Denmark is one of the leading countries in the world. As of 2021, the internet usage rate in the country is 98%.<sup>138</sup> It should be noted that in the 2000s the use of many digital services became mandatory in Denmark. Denmark implements a common digital strategy, within which the central, regional, and local governments formulate and implement a unified digital strategy.

The main goal of the development of digital public administration infrastructure is to ensure the simplicity, speed, and security of electronic public services. The Danish local, regional and central governments work closely together to provide effective, consistent, transparent, and customer-oriented public services. Strategic digital initiatives allow government departments to jointly invest in particularly difficult areas of the public sector, which has a positive impact on the quality of services. Electronic identification card (eID), online service mechanism (NemID), digital communication system (Digital Post), and citizen portal (<https://www.borger.dk/>) represent some of the elements of mass infrastructure.<sup>139</sup>

The citizen portal, created in 2007, brings together information about public institutions and electronic services. The portal is operated and funded jointly by national, regional, and local governments. The portal offers general and location-specific (for example, by region or municipality) information to the interested persons. The portal integrates various "self-service" sections, which simplifies communication with the state for the citizens. The same website has an integrated digital mailbox, through which a citizen can receive official correspondence (related to taxes, vacancies in kindergartens, etc.) electronically. Denmark is the first country in the world to make it possible to receive digital messages from the state (e.g., car inspection messages, retirement messages, letters from the municipality, etc.). After entering the personal page (My page) on the portal through elec-

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<sup>135</sup> The official [website](#) of the Ministry of Finance of Denmark; The official [website](#) of the Public Finance and Management Service of the Danish Ministry of Finance.

<sup>136</sup> European Commission, Public Administration Characteristics and Performance in EU28: [Denmark](#), 2018, p. 238.

<sup>137</sup> Ibid.

<sup>138</sup> Information is available at the following [link](#).

<sup>139</sup> European Commission, Digital Public Administration factsheet 2020: [Denmark](#), p. 9.

tronic identification, the citizens have access to their personal data stored at the public institution, such as taxes, pension, health data, and other. An improved version of “My page” is the personal page of the citizen “My overview” integrated on the portal. The citizen portal alone has over 2,000 different public self-services and has around 3.9 million visitors every month. According to a user survey, 91% are satisfied or very satisfied with the portal.<sup>140</sup> An important initiative in Denmark launched in 2015 as a pilot is the innovative management mechanism for grievance complaints (against a service or public institution),<sup>141</sup> which involves reviewing a grievance in a direct dialogue format, rather than submitting a written response.

Notably, there are two important websites for businesses in Denmark - <https://virk.dk/> and <https://virksomhedsguiden.dk>. The former allows business representatives to report their liabilities in one place and to be relieved of additional administrative burdens. The second website aims to provide information and services to startups and companies on starting, managing, and developing a business.

Along with improving the delivery of public services, Denmark is focusing on improving regulatory policies. In parallel with public administration reform, the implementation of regulatory reform has been on the state's agenda since the 1980s. Following the publication of the OECD Multidisciplinary Review in 2000, Denmark made use of better regulatory policies to improve the legislative process.<sup>142</sup> The Danish government takes a systematic approach in its communications with stakeholders and uses interactive consultation websites at the late stages of the legislative process.<sup>143</sup> Denmark has developed a quality assurance guidebook that outlines descriptions and guidelines for all stages of the legislative process, including for holding consultations.<sup>144</sup> The primary purpose of the consultation portal (<https://hoeringsportalen.dk>) is to provide a common electronic space for the public for the transparency of the legislative process, where draft laws, draft subordinated normative acts, and other documents will be placed, as well as consultation results for all interested parties to view. Ministries have an obligation to use the consultation portal to publish this information in all but exceptional cases.<sup>145</sup> The ministry uploads information on the portal about the results of the consultations held both electronically and in other forms. In addition, the ministries are obligated to regularly update the information on the consultation portal, and each ministry has a specially-appointed person responsible for this purpose.<sup>146</sup>

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<sup>140</sup> Ibid, p. 32.

<sup>141</sup> OECD, the official [website](#) of the Public Sector Innovation Observatory.

<sup>142</sup> OECD, Better Regulation in Europe: [Denmark](#), 2009, p. 13.

<sup>143</sup> OECD, Regulatory Policy [Outlook](#) 2018, p. 180.

<sup>144</sup> Information is available at the following [link](#).

<sup>145</sup> Information is available at the following [link](#).

<sup>146</sup> Ibid.

Denmark is characterized by a high degree of transparency and accountability. Freedom of information is developed to a high degree in the country.<sup>147</sup> Access to public information is governed by the Access to Public Administration Documents Act,<sup>148</sup> which entered into force on January 1, 2014, and replaced the 1985 Access to Information Act. Public institutions are required to respond to the requests for public information as soon as possible and in case the deadline for providing the information exceeds seven days, to inform the addressee about the reasons for the delay and the expected date of receiving the information.<sup>149</sup> In case of refusal to provide information, a complaint may be submitted to the Parliamentary Ombudsman, who is authorized to issue an opinion in the form of a recommendation.<sup>150</sup> Notably, according to the 2020 data from Eurostat, 91% of Danes used the Internet to interact with public institutions, and 89% used it for obtaining public information from public institutions' websites.<sup>151</sup>

Denmark has a rich tradition of transparency and openness.<sup>152</sup> The level of transparency in the country is also reflected in its low rate of corruption. Denmark attaches great importance to access to open data. According to the European Commission's 2020 Open Data Maturity report, Denmark ranks first, with 96% assessment.<sup>153</sup> 896 databases have currently been published on its open data portal (<https://www.opendata.dk>). The open data portal is website of the Association of Municipalities and Regions (Open Data DK). Denmark also publishes open data on the European Data Portal, on which 1951 databases from the country are currently accessible.<sup>154</sup>

## THE NETHERLANDS

Public administration reform in the Netherlands began in the 1980s.<sup>155</sup> The centers of government are the Office of the Prime Minister, the Ministry of Internal Affairs, the Ministry of Justice and Security, and the Ministry of Finance.<sup>156</sup> Among these, the Ministry of Internal Affairs is the main coordinating body in the field of public administration (including e-governance).<sup>157</sup> Within the Ministry a Directorate-General for Public Administration has been established, the main responsibilities of which are:

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<sup>147</sup> Sustainable Governance Indicators 2020, [Denmark](#) Report, pp. 31 – 32.

<sup>148</sup> European Commission, Digital Public Administration factsheet 2020: [Denmark](#), p. 18.

<sup>149</sup> Ibid.

<sup>150</sup> Ibid.

<sup>151</sup> The official [website](#) of Eurostat.

<sup>152</sup> European Commission, Public Administration Characteristics and Performance in EU28: [Denmark](#), 2018.

<sup>153</sup> Open Data Maturity [Report](#) 2020, p. 89.

<sup>154</sup> European Data [Portal](#).

<sup>155</sup> Hammerschmid G., Van de Walle S., Andrews R., Bezes P., Public Administration Reforms in Europe, the vires from the top, 2016, pp. 73 – 74.

<sup>156</sup> European Commission, Public Administration Characteristics and Performance in EU28: the [Netherlands](#), 2018, p. 768.

<sup>157</sup> The official [website](#) of the Government of the Netherlands.

- ◆ ensuring modern government employership that responds to the changes in the labour market and assumes high-quality professional workmanship;
- ◆ making concrete proposals for the government's role in the i-society and leading the internal administrative implementation and execution;
- ◆ promoting optimal and efficient use of ICT in the Central Public Administration and setting the scope for Central Public Administration's computerization;
- ◆ developing unified Central Public Administration's operations, with added value for the primary process of the departments.<sup>158</sup>

The Council for Public Administration (ROB), an independent advisory body of the government and parliament established by law, operates in the Netherlands. In order to improve the efficiency of governance, the Council, on its own initiative and at the request of a ministry or the parliament, issues advice on the structure and functioning of public administration, as well as the policy aspects of financial relations between the central administration, the municipalities, and the regions.<sup>159</sup> The Council consists of ten members who represent the scientific field, are politicians, or work in the field of public administration.<sup>160</sup> The Secretariat of the Council operates within the Ministry of Internal Affairs with the function of supporting the work of the Public Administration Council. In the Netherlands, commitments pertaining to public administration are enshrined in various strategic documents (e.g., Open Government Partnership Action Plan, eGovernment Action Plan).

In order to meet the expectations of citizens in terms of good public administration and the delivery of public services, public institutions are constantly working on improving their services, including through the harmonization of rules and procedures. In the Netherlands, all public institutions are required to comply with a number of guidelines outlined in the following documents:<sup>161</sup>

- ◆ Code for Good Public Administration - The Code lays down, for instance, how executive bodies and public servants should behave in their dealings with private citizens, businesses, and other public authorities;
- ◆ Failure to Give Timely Decisions (Penalty Payments and Application for Review) Act - establishes the rights of a citizen in case of delay in the consideration of an application or complaint by a public institution;

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<sup>158</sup> [Ibid.](#)

<sup>159</sup> The official [website](#) of the Ministry of Finance of the Netherlands.

<sup>160</sup> The official [website](#) of the Public Administration Council.

<sup>161</sup> The official [website](#) of the Government of the Netherlands.

- ◆ Quality Charter - lays down what people can expect of a public authority. Each public authority adheres to them in its own way.

Increasing the efficiency and effectiveness of public service delivery through e-governance and digitalization of public services has been a top priority in the most recent rounds of government reform. In 2010, government agencies developed a unified government vision for the delivery of public services driven by information and communication technologies, which envisages the development/delivery of citizen-centered services. To this end, the Netherlands is working on merging the ten major registries (for example, basic registration of persons, basic registration of addresses and buildings, vehicle registry, land registry) into a single registry instead.<sup>162</sup>

The Netherlands has an Information and Communication Technology Organization (ICTU), an independent government advisory body that assists the government in developing, introducing, and implementing innovative ICT programs. The organization, together with the Digital Government Service (Logius), is responsible for implementing policies for the development and management of structural elements of the information infrastructure. However, in general, the implementation of e-governance is the joint responsibility of all government agencies.<sup>163</sup> The state has an independent information and communication technology assessment advisory board, which consists of no more than five ICT experts and is responsible for assessing risks related to ICT projects, ensuring the effectiveness of information systems management, etc. (ministries are required to register all projects with an ICT component of more than five million Euro with the board).<sup>164</sup> Additionally, Digital Government Policy Consultation (OBDO), an intergovernmental consultative body on digital government has been functioning in the country since 2018, providing advice on common policies to the Secretary of State with the political responsibility for the field of digital governance.<sup>165</sup>

The development of ICT – an undertaking that Netherlands is taking very seriously - is important for the development of digital public administration infrastructure, which will in turn have a positive impact on the effectiveness of public services. For years, the focus of e-governance in the Netherlands has been precisely on digitizing services. The government portal (<https://www.overheid.nl>), which combines information related to state institutions, has been operating in the country since 1999. The portal offers information about public services to citizens and business organizations (there is also an additional website for business representatives (<https://ondernemersplein.kvk.nl/>) that focuses on the needs of entrepreneurs). The website contains consolidated national, local,

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<sup>162</sup> [ibid](#)

<sup>163</sup> European Commission, Digital Public Administration Factsheet 2020, the [Netherlands](#), p. 21.

<sup>164</sup> The official [website](#) of the Government of the Netherlands.

<sup>165</sup> European Commission, Digital Public Administration Factsheet 2020, the [Netherlands](#), p. 20.

and regional legislation, official publications, and an electronic consultation mechanism. By 2019, the portal had 37 million visitors, which indicates the smooth functioning of the website. Another website operating at the national level (<https://mijn.overheid.nl/>) allows citizens to get information about their personal data stored in various registries. They can access the data after registering on the portal with a digital identification card. In addition, the website allows person to receive a variety of information from the state electronically using a personal digital mailbox. While the platform can be used only when registering with an electronic digital card, a measure aimed at guaranteeing its security, the website nevertheless allows users to give another person access to their digital mailbox by authorizing them to do so. By 2019, 82.2 million messages had been sent using this service. A similar service exists for business organizations ([Digipoort](#)) and provides fast and efficient exchange of structured digital information between public institutions and businesses. Notably, according to the 2020 data from Eurostat, 86% of the public in the Netherlands used the Internet for the purposes of interacting with government agencies, while 81% used the Internet to obtain information from public institutions.<sup>166</sup> As for official forms, the Internet usage rate was 59% for the purposes of downloading official forms from the websites of government agencies, and 73% for submitting forms electronically to public institutions.<sup>167</sup>

The development of e-governance in the Netherlands has had a positive impact on the engagement level of citizens in the decision-making process. Following the introduction of public administration reform, the Netherlands has significantly improved the mechanism for citizen engagement in the legislative process. In the 1990s the government oriented its policy around traditional approaches to engagement, which became a subject of criticism, including from the Organization for Economic Co-operation and Development.<sup>168</sup> However, an Internet consultation mechanism (<https://www.internetconsultatie.nl>) has been operating in the country since 2009, ensuring the electronic involvement of stakeholders in the legislative process. Draft laws and draft subordinated laws prepared by the Cabinet of Ministers or the Parliament are posted on the website for public review and discussion. Upon the completion of consultations, their results are consolidated in a report and published on the above mentioned e-consultation website.

The Netherlands has made great strides in terms of government accountability over the last decade, owing mainly to the development of external and internal audit institutions, the expansion of the ombudsman system, increasing the efficiency of judicial (administrative) review, and improving whistleblowing schemes and institutions (a whistleblower's institute structured as an independent

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<sup>166</sup> The official [website](#) of Eurostat.

<sup>167</sup> Ibid.

<sup>168</sup> OECD, Regulatory Reform in the [Netherlands](#), Government Capacity to Assure High Quality Regulation, 1999.

public institution was established in the Kingdom of the Netherlands in 2016).<sup>169</sup> Access to information in the state has also improved over the last decade. Access to public information is regulated by the 1991 Public Access to Government Information Act. As for open data, an open data portal (<https://data.overheid.nl>) operates in the Netherlands, integrating various data stored by public institutions. The portal is managed by the Ministry of the Interior, while the Publishing Office (KOOP) of the Netherlands is responsible for the development of the website. Over 180 institutions publish data in more than 16,000 databases on the open data portal. It is important to note that the portal is updated daily.<sup>170</sup> Open data is also uploaded to the European Data Portal.<sup>171</sup> According to the European Commission's 2020 Open Data Maturity report, the Netherlands was in the top ten, with 85% assessment.<sup>172</sup>

## SWITZERLAND

A new round of public administration reform in Switzerland began in the 1990s.<sup>173</sup> The Federal Council, which is the highest executive body in the country, plays the principal role when it comes to the issue of governance.<sup>174</sup> The Swiss Federal Department of Finance (Ministry of Finance) is responsible for coordinating digital governance.<sup>175</sup> The Minister of Finance is the Chairman of the Steering Committee for the Implementation of the eGovernment Strategy. The eGovernment Switzerland organization operates in Switzerland. Its members are representatives of the confederation, cantons, and communes, and it aims to improve the availability of electronic services.<sup>176</sup> In Switzerland, commitments pertaining to public administration are enshrined in various strategic documents (e.g., eGovernment strategy, open data strategy).

Despite the fact that Switzerland is not a member of the European Union, the government's strategic goals for e-governance are in line with EU standards.<sup>177</sup> The Swiss Federal Council established a working group in 1997 to elaborate priorities for the emerging information society, as well as to develop a strategic plan and to redistribute ICT responsibilities at the federal level. The efforts of the working group finally culminated in the creation of the Federal Information Technology Steer-

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<sup>169</sup> European Commission, Public Administration Characteristics and Performance in EU28: the [Netherlands](#), 2018, p. 775.

<sup>170</sup> European Commission, Digital Public Administration Factsheet 2020, the [Netherlands](#), p. 27.

<sup>171</sup> European Data [Portal](#).

<sup>172</sup> Open Data Maturity [Report](#) 2020, p. 89.

<sup>173</sup> Lander A., Soguel N., Emery Y., Weerts S., Nahrath S., [Swiss](#) Public Administration, Making the State Work Successfully, 2018, pp. 43 – 63.

<sup>174</sup> The official [website](#) of the Swiss Federal Council.

<sup>175</sup> The official [website](#) of the Swiss Federal Department of Finance.

<sup>176</sup> European Commission, Digital Public Administration Factsheet 2020, [Switzerland](#).

<sup>177</sup> Lander A., Soguel N., Emery Y., Weerts S., Nahrath S., [Swiss](#) Public Administration, Making the State Work Successfully, 2018, p. 176.

ing Unit (FITSU) in 1999, which coordinates e-governance cooperation between the confederation, cantons, and communes.<sup>178</sup>

Switzerland is concerned with the digitization of all fields. As of 2021, 97% of the public in Switzerland use the Internet.<sup>179</sup> The state has developed a strategy for the digitalization of healthcare, which is part of the Digital Switzerland Strategy and the action plan for the implementation of the strategy. Additionally, e-voting services were offered to 10 cantons in Switzerland in 2019, although there is currently no authorized e-voting system in the country; amending this fact is currently on the governmental agenda.<sup>180</sup> The currently operating Swiss e-government website (<https://www.egovernment.ch>) includes information on digital issues in the country, including relevant international rankings, reports, various news updates, etc.

Switzerland has a national portal (<https://www.ch.ch>), which is arguably the central hub website for the state. The website brings together information about the federal government, cantons, and local governments and is divided according to target group. The portal provides access to services offered at all levels of government. An integrated portal for entrepreneurs on the government website (<https://www.kmu.admin.ch>) provides all manner of useful information, from starting a business to its successful operation. In addition, information on public services and administrative procedures is available to companies at <https://www.easygov.swiss/>. Various services in Switzerland are also implemented at the canton level (for example, the cantons of Grisons, Schwyz, and Zug have jointly developed an online portal for publishing election results).<sup>181</sup>

Switzerland is characterized by a high degree of accountability and transparency.<sup>182</sup> Significantly, no regulatory policy framework reforms have been implemented in Switzerland since 2015,<sup>183</sup> although stakeholder engagement is ensured in the legislative process. Citizens have the opportunity to submit opinions on all draft laws through online consultations process that lasts for a minimum of 12 weeks.<sup>184</sup> While the stakeholders are involved in the early stages of the legislative process, however, the engagement of the general public is not similarly ensured, which is why the OECD recommended a systematic approach to holding public consultations at the early stages of the process.<sup>185</sup>

As for public information, the government has adopted an open strategy for providing public information and ensures online access to information. Access to information is regulated by a federal law on the principle of administrative transparency adopted in 2004. The scope of the law is

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<sup>178</sup> Ibid.

<sup>179</sup> Information is available at the following [link](#).

<sup>180</sup> European Commission, Digital Public Administration Factsheet 2020, [Switzerland](#).

<sup>181</sup> Ibid.

<sup>182</sup> Sustainable Governance Indicators 2020, [Switzerland](#) Report.

<sup>183</sup> OECD, Regulatory Policy [Outlook](#) 2018, p. 234.

<sup>184</sup> Ibid.

<sup>185</sup> Ibid.

limited and does not extend to the Swiss National Bank and the Federal Commission on Banks. Public institutions are obligated to provide public information as soon as possible and no later than 20 days after receiving a request. This period may be extended in certain exceptions. Should the request be denied, the person has the opportunity to file a complaint with a data protection delegate.<sup>186</sup> Most cantons in Switzerland have developed legislation to collect and process public sector data. The legislation is based on the Swiss Federal Data Protection Act of 1992, which aims to protect the privacy and fundamental rights of citizens when their personal data is processed by public institutions.<sup>187</sup>

Switzerland considers ensuring access to open data a priority. The National Open Data Portal (<https://opendata.swiss>) was developed within the framework of the Open Data 2019-2023 Strategy. The portal is a joint project of the confederation, cantons, communes, and several state-mandated organizations, administered by the Federal Statistical Office. The website currently contains 7,049 databases from 86 institutions. According to the European Commission's 2020 Open Data Maturity report, Switzerland was assessed with a 57% rating.<sup>188</sup> It should be noted that Switzerland also publishes open data on the European Data Portal.<sup>189</sup>

## IRELAND

Public administration reform in Ireland was initiated in the 1990s.<sup>190</sup> The Office of the Prime Minister, the Department (Ministry) of Public Expenditure and Reform, and the Department of Finance are centers of government. Among these, the Ministry of Public Expenditure and Reform, established in 2011, which is responsible for public service reform and modernization, is the public institution responsible for coordination the field of public administration.<sup>191</sup> The responsibilities of the Ministry also include the development of e-governance policy and provision of e-governance infrastructure and service delivery.<sup>192</sup> The Ministry has a reform division, which is responsible for developing, coordinating, and evaluating government programs on civil service reform and innovation.<sup>193</sup> In Ireland, commitments pertaining to public administration are enshrined in various strategic documents (for instance, the e-government strategy).

Developing electronic government and digitizing public services to increase their efficiency and

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<sup>186</sup> Sustainable Governance Indicators 2020, [Switzerland](#) Report, p. 41.

<sup>187</sup> European Commission, Digital Public Administration Factsheet 2020, [Switzerland](#).

<sup>188</sup> Open Data Maturity [Report](#) 2020, p. 89.

<sup>189</sup> European Data [Portal](#).

<sup>190</sup> Hardiman N., MacCarthaigh M., The UnPolitics of New Public Management in Ireland, 2010.

<sup>191</sup> European Commission, Public Administration Characteristics and Performance in EU28: [Ireland](#), 2018, pp. 469 – 470.

<sup>192</sup> European Commission, Digital Public Administration Factsheet 2020, [Ireland](#), p. 27.

<sup>193</sup> The official [website](#) of the Government of Ireland.

accessibility is a priority direction for Ireland. In 2019, a "Digital Leaders" group was established in Ireland with the purpose of overseeing the digitization of public services.<sup>194</sup> A national portal (<https://www.gov.ie>) functions at the national level, bringing together information about ministries, public services, and public consultations, and allowing citizens to find all the services offered by the government in a single space. New services are constantly being added to the website. In addition to this, the citizens' information website (<https://www.citizensinformation.ie>), run by the Citizens' Information Board of the Ministry of Social Protection, provides guidance on issues such as labor rights, real estate acquisition, education, and more. The services covered by the website are divided into categories, which makes it easier for citizens to use the portal.

In Ireland, most public services (education, healthcare, etc.) are managed by the central government. The responsibilities of the local governments include, for example, issues related to construction, roads, environmental protection. In recent years, local government has also played a coordinating role in the development of the local economy as well.<sup>195</sup>

One of the unique services in Ireland is the GeoHive initiative, which is a successful example of the use of big data and makes it easy to access geospatial data through its dedicated platform (<https://geohive.ie/>). Along with data from other sources, cartographic data facilitates the analysis of settlement trends and flood risks. Different categories of data can be seen on the website (agriculture; environment, nature protection and heritage; geology; hydrography; education; health; statistics, etc.). The next step in the development of Irish open data is the creation of Pobal. This is a website (<https://www.pobal.ie/>) that contains information pertaining to childcare services as well as other services available to the public for the perusal of interested parties. The website is an asset not only for policy-makers but also for non-governmental organizations and the public in general.

A relatively new e-government service is the digital mailbox (<https://digitalpostbox.ie/>), which allows citizens to receive important correspondence from public institutions using a secure, digital electronic mailbox. This digital service is supervised by the Ministry of State Expenditure and Reform. To use the service, a citizen needs to create a one-time electronic account (MyGovID), which allows them to access other public services as well. MyGovID is an online identification tool created in 2016, which can be used by all public institutions when providing digital services to citizens. The innovation was recognized as an example of success by the OECD.<sup>196</sup> To facilitate access to public services, a material public service card is issued in Ireland since 2011,<sup>197</sup> which, along with other personal data of the citizens, contains the personal public service number of the citizen. The card can be used to access services both online and during direct communication with the service provider.

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<sup>194</sup> European Commission, Digital Public Administration Factsheet 2020, [Ireland](#), p. 9.

<sup>195</sup> European Commission, Public Administration Characteristics and Performance in EU28: [Ireland](#), 2018, p. 468.

<sup>196</sup> OECD, the official [website](#) of the Public Sector Innovation Observatory.

<sup>197</sup> The Information is available at the following [link](#).

In recent years, Ireland has improved its citizen engagement in the decision-making process.<sup>198</sup> In 2016, the Ministry of Public Expenditure and Reform developed a guide to the principles and guidelines for holding consultations, which enshrines three basic principles and practical issues of citizen involvement in the development of policies, services, and legislation by public institutions.<sup>199</sup> The consultations take various forms, one of which involves the use of ICT technologies. A consultation portal has been integrated on the government website for the purpose of facilitating online consultations.<sup>200</sup> Should they subscribe to the portal, the interested persons have the opportunity to receive information about all newly announced consultations. Opinions are submitted to the responsible agency via e-mail.

Ireland has a high level of access to public information. The issue is regulated by the new Freedom of Information Act of 2014. Ministries and public institutions publish data and information in a complete and timely manner.<sup>201</sup> An Office of the Information Commissioner operates in the country, which is an independent grievance redressal body that reviews decisions of public institutions regarding requests for public information. The Public Defender is the information commissioner of Ireland.<sup>202</sup> The website of the Office of the Information Commissioner brings together information on filing complaints, freedom of information legislation, filing lawsuits, decisions of the Information Commissioner, re-use of public information, and more. According to the 2020 data of Eurostat, 62% of the public in Ireland used the Internet to interact with government agencies. 37% used the Internet to get information from public institutions.<sup>203</sup> Compared to other countries discussed in this study, the rate of Internet use for the purposes of downloading official forms from the websites of state institutions (30%) and submitting them electronically (54%) is not so high.<sup>204</sup>

Ireland is constantly working to improve access to open data. To this purpose, the country launched an open data initiative in 2014, which was hailed as a successful innovation by the OECD.<sup>205</sup> An open data portal (<https://data.gov.ie/>) was created in 2014 as part of the initiative. In 2017, Ireland approved the 2017-2022 Open Data Strategy. The open data policy is the responsibility of the Ministry of Public Expenditure and Reform, whose reform division manages the open data portal.<sup>206</sup> The website currently contains more than 10,000 databases uploaded by 121 data providers. In 2019, Ireland ranked first in the European Commission's Open Data Maturity report.<sup>207</sup> According to 2020 data, it is in the fourth place following Denmark, Spain, and France.<sup>208</sup> After the information is published on the open data portal, the data is also uploaded to the European Data Portal.

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<sup>198</sup> OECD, Regulatory Policy [Outlook](#) 2018, p. 198.

<sup>199</sup> The guidebook is available at the following [link](#).

<sup>200</sup> The official [website](#) of the Government of Ireland.

<sup>201</sup> Sustainable Governance Indicators 2020, [Ireland](#) Report, p. 34, 58.

<sup>202</sup> The official [website](#) of the Information Commissioner Officer.

<sup>203</sup> The official [website](#) of Eurostat.

<sup>204</sup> *Ibid.*

<sup>205</sup> OECD, the official [website](#) of the Public Sector Innovation Observatory.

<sup>206</sup> European Commission, Digital Public Administration Factsheet 2020, [Ireland](#), p. 13.

<sup>207</sup> Open Data Maturity [Report](#) 2019, p. 72.

<sup>208</sup> Open Data Maturity [Report](#) 2020, p. 89.



## GEORGIAN PUBLIC ADMINISTRATION SYSTEM AND CHALLENGES

Public administration reform in Georgia was initiated in 2015 after the signing of the Association Agreement between Georgia and the European Union, according to which the country should implement substantive reforms in the fields of public administration and public service.<sup>209</sup> In order to fulfill this obligation, in 2015 the Government of Georgia approved the Georgian Public Administration Reform Roadmap 2020. The document aimed to create a comprehensive conceptual framework and mechanisms by 2020 that would lead to transparent, predictable, accountable, and effective governance, meet the needs of the public, and be in line with European standards.<sup>210</sup> In order to achieve the goals set by the public administration reform roadmap, the Government of Georgia approves a public administration reform action plan once in every two years. The action plan encompasses six directions and enshrines commitments pertaining to Policy planning and coordination; Public service and human resource management; Accountability; Public service delivery; Public finances; and local self-government. In order to facilitate the implementation of the reform, an Interagency Coordination Council for Public Administration Reform has been established by the order of the Prime Minister. The Council is responsible for coordinating and monitoring the implementation of the public administration reform.<sup>211</sup> The Council is chaired by the Head of the Administration of the Government. The Secretariat of the Council - Public Administration Division of the Policy Planning and Coordination Department of the Administration of the Government provides organizational and analytical support of the Council.

Various important activities have been implemented in the field of public service delivery in Georgia during the last decade, which have positively contributed to the development of access to services as well as public administration and e-governance (for instance, development of community centers, operation of public service halls to provide services on a one-stop-shop basis, introduction of a unified platform for the provision of services to citizens <https://www.my.gov.ge>). However, despite the progress made in the field of public services, no significant changes have been observed in the country recently in terms of practical improvements to public service delivery.

A significant challenge in the country is the absence of the unified standard for the creation and delivery of services, as a result of which, fragmented development as well as a heterogeneous nature

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<sup>209</sup> Association [Agreement](#) between Georgia, on the one hand, and the European Union and the European Atomic Energy Union, on the other, and their Member States (Georgia-EU Association Agreement), Article 4.

<sup>210</sup> Public Administration Reform [Roadmap](#) 2020, p. 6.

<sup>211</sup> The Interagency Coordinating Council for Public Administration Reform was established by the [Decree](#) N135 of the Prime Minister of Georgia of May 3, 2016 "On Approval of the Statute and Composition of the Public Administration Reform Council". The decree was [amended](#) in 2017 and the Council was transformed into an Interagency Coordinating Council for Public Administration Reform and Sustainable Development Goals (SDGs). In 2020, Decree N14 of the Prime Minister of January 23, 2020 repealed Decree N135 on the "Statute and Composition of the Council on Public Administration Reform and Sustainable Development Goals" and by [Decree](#) N17 of January 27, 2020, the Public Administration Reform Interagency Council was established as an independent deliberative body.

and inconsistency is characteristic for public services.<sup>212</sup> Consequently, the number and quality of public services differ significantly across various agencies. Additionally, in the absence of a unified standard for the implementation of services, an additional challenge is present in the fact that all agencies, based on their own needs, create new services independently, which complicates further standardization of services (for example, integration on the citizen platform - my.gov.ge).

Offering electronic services to consumers is another notable challenge. According to the UN 2020 e-Government Development Index, Georgia ranks 65<sup>th</sup> among 193 countries, with 0.72 points. According to 2018 data, Georgia was in the 60<sup>th</sup> place, with 0.69 points. The country experienced the most significant decrease (-0.11) in the component of online services, which evaluates the existence of platforms for e-services and electronic engagement in the country. When it comes to the development of electronic services, Georgia lags far behind not only the average of European countries, but also countries such as Russia, Belarus, Romania, Azerbaijan, Armenia, and others.<sup>213</sup> Despite the fact that the government also acknowledged the need to refine online services and digitize new additional public services in the 2018-2020 government plan and declared the development of an updated e-governance policy a priority,<sup>214</sup> electronic services have not undergone any significant improvement. However, the new government program also declares the development of e-governance a priority.<sup>215</sup>

The engagement level of the population in terms of the provision of public services in the country is also low. As of 2019, more than half of the respondents (51%) in the country had not had the opportunity to provide service-related remarks while using public services, and of those who had the opportunity to do so (49%), only 7% submitted service-related complaints to the appropriate agency.<sup>216</sup> 18% cited lack of information on the form/means of submitting a complaint as a reason for refraining from providing service-related remarks to the public agency. This indicates the need to raise public awareness. In addition, the awareness of the population varies depending on the service offered by different agencies in question. The level of public awareness about e-services is low. As of 2019, the majority of e-ID card holders (84%) had never used a card to perform an electronic action. Additionally, in many cases, the population does not make use of the opportunity to submit requests to public institutions in electronic form.<sup>217</sup> The low rate of use of digital services is naturally affected by the access of the Internet as well. As of January 2021, the internet usage rate in the country was 68.9%.<sup>218</sup>

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<sup>212</sup> Despite the steps taken in this direction, the policy document for the creation, delivery, quality assurance, and evaluation of public services created in 2018 has not yet been approved. See: IDFI, Interim (2019) Alternative Monitoring [Report](#) on the Implementation of Public Administration Reform (PAR) Action Plan for 2019 – 2020, direction: Public Service Delivery; IDFI, Interim (1 half of 2020) Alternative Monitoring [Report](#) on the Implementation of Public Administration Reform (PAR) Action Plan for 2019 – 2020, direction: Public Service Delivery;

<sup>213</sup> UN E-Government [Survey](#) 2020.

<sup>214</sup> The Government of Georgia, Government [Programme](#), 2018 – 2020, pp. 35-36.

<sup>215</sup> The Government of Georgia, Government [Programme](#), 2021 – 2024.

<sup>216</sup> Analysis and Consulting Team ACT, Interim [report](#) of the current state of public administration reform, 2019, pp. 107-108.

<sup>217</sup> *Ibid*, p. 133.

<sup>218</sup> Information is available at the following [link](#).

There are also challenges to accountability in Georgia pertaining to, among others, the openness of public institutions and access to public information. Norms governing access to public information are scattered across separate legislative acts, and some issues are not regulated at all. For example, the current legislative framework does not envisage the existence of a supervisory body and a mechanism for monitoring access to information, nor does it prescribe any appropriate sanctions in the event of violating the provisions governing access to information by public institution. Often, due to the ambiguity in the legislation, the norms allow for a varying interpretations, which is why public agencies responsible for providing information immediately, instead often request the 10-day period.<sup>219</sup> Work on the adoption of an independent law on freedom of information began in 2014 with the express aim of eliminating legislative gaps, establishing uniform practices and consolidating the norms regulating access to public information in one normative act,<sup>220</sup> but despite the recommendations from international organizations,<sup>221</sup> this has not been implemented and challenges to access information still remain.<sup>222</sup>

Proactive disclosure of information is one of the major challenges in terms of access to information. According to the results of the monitoring conducted by IDFI, by 2021, 13 out of 123 public institutions did not have a website at all, while 13 agencies did not have a public information section on their website or no information was published in the public information section. The average compliance rate with the requirement for proactive disclosure of information in public institutions was 56%.<sup>223</sup> It should be noted that none of the public institutions evaluated during the monitoring had published information in the form of open data.<sup>224</sup> In the European Commission's 2020 Open Data Maturity report, Georgia was rated 17% out of a possible 100, behind Ukraine (84%), which had a higher rating than the average rating of EU countries, as well as Moldova (58%) and Azerbaijan (20%).<sup>225</sup> The regular placement and proactive disclosure of information in open data format were noted as a challenge by international organizations as well.<sup>226</sup> However, the legislative and institu-

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<sup>219</sup> IDFI, Access to Information in [Georgia](#), 2019.

<sup>220</sup> Draft law on freedom of information was written as a commitment in the Open Government Partnership Georgia Action Plans (2014 – 2015; 2016 – 2017) and Anti-Corruption Action Plans (2015 – 2016; 2017 – 2018; 2019 – 2020), as well as in the annual Action Plans for the Association Agreement and the Implementation of the Association Agenda between Georgia and the European Union (2014; 2015; 2016). The submission of the Freedom of Information Law to the Parliament has also been [announced](#) repeatedly.

<sup>221</sup> The OECD-ACN [noted](#) that the lack of an independent normative act regulating public information transparency and an independent body overseeing access to information had a negative impact on the exercise of the right of access to information in Georgia and [called](#) on the state to conduct a comprehensive revision of the legal norms governing freedom of information, the primary purpose of which should be to adopt a separate law on access to information relevant to international standards and best practices. One of the OECD-ACN's recommendations was to establish an independent public institution (a stand-alone or part of an institution responsible for the protection of personal data) that would oversee the exercise of the right of access to information. According to the recommendation, the institution should be equipped with the appropriate powers, one of the important components of which would be the right to make binding decisions.

<sup>222</sup> Georgia has also not ratified the Council of Europe Convention on Access to Official Documents, which was a [recommendation](#) of the OECD.

<sup>223</sup> IDFI, Proactive Disclosure of Public Information on Georgian Public Institution [Websites](#), 2021, pp. 10-13.

<sup>224</sup> *Ibid.*, p. 26.

<sup>225</sup> Open Data Maturity [Report](#) 2020, p. 86.

<sup>226</sup> The OECD-ACN [noted](#) that it was crucial that the mandatory nature of the disclosure of public information of high public interest in an open format be prescribed at the legislative level. The organization [pointed out](#) that despite the introduction of a proactive disclosure system, many public institutions did not comply with established standards. The OECD/SIGMA also [spoke](#) about the problems of proactive disclosure of information.

tional framework in this area is still not exhaustive enough and does not facilitate the proactive disclosure of information. Additionally, although there is a single open data portal (<https://data.gov.ge>), only a limited amount of data published by 30 public institutions is available there.

No less important challenge is the low level of public involvement in the legislative process and the lack of awareness of the general public as well as public officials about the reform (for example, as of 2019, only 38% of the public had accessed information about public administration reform)<sup>227</sup>. In 2018, the OECD-ACN indicated that there was no general rule for holding public consultations when drafting draft laws in the country,<sup>228</sup> hence certain important draft laws (for instance, the Draft Law on Remuneration in Public Institutions and Law on Legal Entities under Public Law) were prepared without conducting any public consultations. The Group of States against Corruption (GRECO) also addressed the challenges of public involvement in the legislative process in its Fourth Evaluation Round and recommended that Georgia ensure greater transparency in the legislative process and uniformity of public consultation practices.<sup>229</sup> According to the organizations' compliance report, by 2019, Georgia had not fully implemented this recommendation.<sup>230</sup> The approval of the methodology of regulatory impact assessment in 2020 was a step forward, which will have a positive impact on public involvement in the legislative process. However, it should be noted that there is no regulatory policy for holding public consultations in the country independently of the RIA. Although the government ordinance established the need for public consultations in the policy-making process, it sets only minimum mandatory requirements that fail to provide quality public consultations. At the same time, regulatory impact assessment is not mandatory for all changes.<sup>231</sup> In the absence of a general rule for holding public consultations when drafting laws and policies, the practice of holding consultations is heterogeneous and characterized by low public involvement. It should be noted that the website of the Parliament has a mechanism for leaving comments on the draft laws,<sup>232</sup> but in order to ensure its effectiveness, it is necessary to encourage the use of the website in the general public. Additionally, it is noteworthy that despite its priority nature, the recent PAR Action Plan for 2019-2020 did not address this as a separate issue and did not set as an objective to ensure greater transparency and engagement in the direction of accountability.<sup>233</sup> It should also be noted that, although the action plan mainly addressed the challenges existing at the time of its development, in order to achieve the results of the objectives in both accountability and public service delivery, in a number of cases, it prescribed activities of an insufficient or technical nature, making commitments meaningless, formal and unambitious.<sup>234</sup>

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<sup>227</sup> Analysis and Consulting Team ACT, interim [report](#) of the current state of public administration reform, 2019, p. 37.

<sup>228</sup> OECD/SIGMA, Baseline Measurement [Report](#), The Principles of Public Administration (Policy Development and Co-ordination), Georgia, 2018, p. 6, 41.

<sup>229</sup> GRECO, Fourth Evaluation Round, Corruption Prevention in respect of Members of Parliament, Judges and Prosecutors, Evaluation [Report](#), Georgia, 2016, p. 12.

<sup>230</sup> *Ibid.*, p. 3.

<sup>231</sup> [Ordinance](#) of the Government of Georgia of January 17, 2020 №35 on the approval of the methodology of regulatory impact assessment, Articles 5, 6.

<sup>232</sup> Information is available at the following [link](#).

<sup>233</sup> Public Administration Reform [Action Plan](#) 2019 – 2020.

<sup>234</sup> See: IDFI, Interim (2019) Alternative Monitoring [Report](#) on the Implementation of Public Administration Reform (PAR) Action Plan for 2019 – 2020 – Accountability, direction: Accountability; IDFI, Interim (2019) Alternative Monitoring [Report](#) on the Implementation of Public Administration Reform (PAR) Action Plan for 2019 – 2020, direction: Public Service Delivery.

## CONCLUSION AND RECOMMENDATIONS

The analysis of the best European practices of public administration on the one hand and the analysis of the public administration system of Georgia on the other hand reveal that public administration in Georgia needs to be improved in terms of accountability and public service delivery.

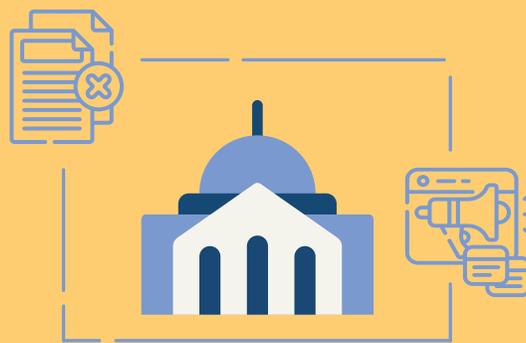
Undoubtedly, well-functioning e-governance is essential for ensuring effective public administration. E-governance can ensure the most efficient use of limited human and financial resources by promoting innovative capacity building and improving responsiveness in the public sector.

Considering the fact that e-governance and related services are an important means of utilizing resources to improve the delivery of services to citizens and businesses, it is important that Georgia pays particular attention to improving e-infrastructure and the development of e-governance in general. It is essential that the cornerstone of both public service delivery and regulatory policy be their simplification and a citizen-centered approach aimed at ensuring their effectiveness and accessibility.

Given the best practices of public administration, in tackling the challenges facing public administration in Georgia, it is important to elaborate ambitious commitments in the directions of accountability and public service delivery of the public administration reform strategic documents, and within their framework the Government of Georgia should:

1. Make efforts to develop information and communication technologies and pay special attention to improving e-governance, which is crucial in terms of increasing the effectiveness and accountability of public services.
2. Ensure the improvement and maximum digitization of public services, improve their accessibility, and encourage the use of electronic services by the public.
3. Complete the reforms initiated years ago and include ambitious commitments in a new public administration reform strategy and action plan.
4. Ensure the improvement of access to public information, including through the consolidation of the norms governing access to public information into a single normative act and the establishment of an effective oversight mechanism.
5. Ensure the introduction of the practice of publishing public information in open data format and uploading the open data to the corresponding portals.
6. To the purposes of ensuring transparency and accessibility of regulatory policies, develop a general rule for holding public consultations in the legislative process and ensure high public engagement in the decision-making process, including through the use of electronic means.

# POLICY PLANNING AND COORDINATION



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## INTRODUCTION

Good governance contributes not only to the country's economic development, but also has a direct impact on the legitimacy of policies, access to public services, and public confidence, as well as the health of the population in general and the personal well-being of the people.<sup>1</sup>

Since the beginning of the 21st century, a wave of "new public management" reforms emerged in Europe, which entailed reducing the size of governments and making administrations more efficient.<sup>2</sup> Most countries highlighted a lack of systematic evidence and assessments in the process of implementing administrative reforms; a significant part did not even have centralized monitoring and accountability mechanisms for the progression of reforms.<sup>3</sup>

Considering these shortcomings, the goal of public administration reform has been to strengthen democratic and independent public institutions, to develop the country economically, to distance itself from public service policies, as well as to establish transparency and accountability in the governance process.<sup>4</sup> The reforms were directly linked to the principles of good governance such as: accountability, reliability, predictability, participation, openness, transparency, and efficacy.<sup>5</sup> Today, adherence to these principles is a key indicator of the success of public administration.<sup>6</sup>

A key requirement of good governance is to plan the results of government policies and legislation in such a way that they are commensurate with the state's administrative and financial capabilities.<sup>7</sup> It is essential to equip the executive with all the necessary functions and skills for policy planning and development, as well as for the lawmaking process.<sup>8</sup> Good policy planning also requires evaluating risks, steps to be taken, and potential benefits of a given course of action in the long-term perspective.<sup>9</sup> Creating a system that openly analyzes needs and makes the most of evidence-based decision-making is key to the development of policies and legislation.<sup>10</sup>

The goal of the first direction of public administration reform - policy development and coordination, is:<sup>11</sup>

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<sup>1</sup> Halleröd et al., 2013; Holmberg and Rothstein, 2012; Rothstein, 2011; Uslaner, 2008; Tavits, 2008; Svallfors, 2013, in: Public administration reform in Europe, Conclusions, lessons learned and recommendations for future EU policy, 2018, p. 7. available at: <https://bit.ly/3wo84Oh>, accessed 06.07.21.

<sup>2</sup> Public administration reform in Europe, Conclusions, lessons learned and recommendations for future EU policy, p. 8.

<sup>3</sup> Ibid, p. 10.

<sup>4</sup> The Principles of Public Administration: A Framework for ENP Countries, p. 2.

<sup>5</sup> Ibid, p. 3.

<sup>6</sup> Strategy Toolkit SIGMA, available at: <https://bit.ly/3ya149l>, accessed 28.05.2021.

<sup>7</sup> The Principles of Public Administration, SIGMA, 2017, p. 22, available at: <https://bit.ly/2TJ8P7L>, accessed 06.07.21.

<sup>8</sup> Ibid, p. 29.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> The Principles of Public Administration, 2017 Edition, OECD/SIGMA, p. 17, available at: <https://bit.ly/36a8sFx>, accessed 06.07.21.

- ◆ Coherent policy planning and coordination of government activities, including for the purposes of setting priorities for achieving EU membership;
- ◆ Developing coherent, affordable, cost-effective, and financially sustainable policies;
- ◆ Establish the practice of holding consultations with internal and external stakeholders;
- ◆ Proper policy implementation, effective communication, and performance monitoring;
- ◆ Convergence with EU legislation and support for the implementation process in all sectors;
- ◆ Laying the groundwork for the country to become and later function as a full-fledged member of the European Union.

As such, the direction of policy development and coordination is the foundation of good public governance, the full implementation of which essentially contributes to the success of the overall reform.

Public administration reform is one of the necessary conditions for Georgia on the path to European integration. The state has made a number of commitments under the Association Agreement, including in this direction.<sup>12</sup> The reform initiated in 2015 was based precisely on the Association Agreement. In order to implement it, the government adopted several documents, including: Public Administration Reform Guide - 2020, Policy Planning System Reform Strategy for 2015-2017,<sup>13</sup> policy planning guide<sup>14</sup> and systems for monitoring, reporting, and evaluating government activities.<sup>15</sup> A few years later, a new methodological package was approved: the rules for developing, monitoring, and evaluating policy documents, accompanied by manuals and methodological instructions.<sup>16</sup> Under this General Strategic Framework, the Government has approved three biennial action plans since 2015, with specific objectives, activities, and outcome indicators. The reform, in accordance with the principles of public governance, includes 6 key areas: 1) policy development and coordination; 2) public service and human resource management; 3) accountability; 4) provision of state services; 5) public finance management; 6) local self-government.<sup>17</sup>

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<sup>12</sup> "The Association Agreement between Georgia, on the one hand, and the European Union, the European Atomic Energy Union, and their member states, on the other," preamble.

<sup>13</sup> Resolution №427 of the Government of Georgia of 19 August 2015 on the approval of the Strategic Documents for the Implementation of Public Administration - "Georgian Public Administration Reform Guide 2020" and the "Policy Planning System Reform Strategy 2015-2017".

<sup>14</sup> Resolution № 629 of December 30, 2016 on the approval of the policy planning document "Policy Planning Guide".

<sup>15</sup> Resolution №628 of the Government of Georgia of December 30, 2016 on the approval of the monitoring, reporting, and evaluation systems of the Government.

<sup>16</sup> Resolution №629 of December 20, 2019 approving the rules for the development, monitoring, and evaluation of policy documents.

<sup>17</sup> Resolution №274 of the Government of Georgia of June 10, 2019 "On Approval of the Action Plan for Public Administration Reform 2019-2020".

Although the Georgian government has made public administration reform one of its priorities in recent years, some shortcomings have been identified during its implementation. First, it should be noted that the implementation of the reform was not actually monitored until 2019; citizen involvement was not ensured not only in the outcomes but also in the development process of the action plan; problems of coordination between government agencies were identified. According to the OECD/SIGMA report published in 2018, the country's outcomes in terms of policy planning and coordination were not very satisfactory - it was given 105 out of a total 297 points.<sup>18</sup>

The purpose of this paper is to examine the best practice of public administration reform in the field of policy planning and study the experiences of EU Member States in this regard. The study was based in large part on an analysis conducted by the European Union that identified 5 leading countries across Europe.<sup>19</sup> These include 3 Scandinavian and 2 post-Soviet countries. In particular, **Denmark, Finland** and **Sweden** represent countries with great history of democracy, on the other hand **Latvia** and **Lithuania** stand out due to their post-soviet experience, who managed to transition onto the rails of democracy.

The analysis of the reforms of the named states demonstrates on the one hand policy planning in the historically successful states, on the other hand, the abilities of countries with soviet past to take fast steps in that respect. The document outlines the key features and trends that led to successful policy development and coordination in the named states. The study presents the experiences of these states in relation to various policy planning issues. The document also analyzes the current Georgian reality and, based on the studied practice, offers recommendations to the Government of Georgia.

## **METHODOLOGY**

This paper utilizes the doctrinal method of research based on legislation, other primary and secondary sources. Through them, it analyzes and explains the essence and components of policy planning in the area of public administration reform.

While working on the document, the authors were also guided by the non-doctrinal methods of research. The problems in Georgia in the field of policy planning (problem research) were studied and, based on them, proposals were developed to improve policy planning and coordination (reform research).

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<sup>18</sup> Baseline Measurement Report: The Principles of Public Administration, Policy Development and Co-ordination, Georgia, May, 2018, OECD/SIGMA, available at: <https://bit.ly/3okmT1R>, accessed 06.07.21.

<sup>19</sup> Public Administration Reform in Europe: Conclusions, lessons learned and recommendations for future EU policy, European Commission, 2018, p. 13.

The functional method of comparative legal research is a leading force in the document, involving comparing a problem or issue in one society and the rules the norms governing their solution with the rules and norms of addressing the same problem or issue in another society.

The study includes the analysis of the experiences of both Georgia and foreign countries. The following sources were utilized during the creation of the document:

- ◆ Legislations of Georgia and the studied countries;
- ◆ Academic works;
- ◆ Documents published by international organizations;
- ◆ Interviews;<sup>20</sup>
- ◆ Various electronic resources.

## MAIN FINDINGS

The study identified several findings that subsequently helped identify good practices in policy planning. Namely:

- ◆ States have set up special bodies for the development of policy documents, which ensure a systematic approach to conducting a uniform and consistent process, as well as coordinating the process and monitoring the implementation of policy documents;
- ◆ In some of the countries studied in this analysis, policy documents are adopted using the principle of consensus, with the involvement of industry experts, parties, and organizations; The possibility of concluding a memorandum is also envisaged;
- ◆ The practice of consulting with citizens, non-governmental organizations, and experts in the process of drafting policy documents is established;
- ◆ Of the countries surveyed, only Finland had established a special online platform through which outsiders have access to the policy documents under consideration, can submit opinions and also receive feedback from decision-making bodies;
- ◆ The possibility of developing a specific issue-oriented action plan has emerged in several countries;
- ◆ There is a senior administrative manager in the ministries who coordinates non-political, administrative decision-making;
- ◆ Action plans contain a descriptive paragraph of purpose, which also allows for impact assessment.

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<sup>20</sup> Interviews were held with Giorgi Bobghiashvili, Head of the Policy Planning and Coordination Department of the Georgian Government Administration Department, and Nodar Kherkheulidze, Head of the Public Administration Department of the School of Business and Administrative Sciences of the University of Georgia.

## SUCCESSFUL EXAMPLES OF PUBLIC ADMINISTRATION

### **INTERNATIONAL ORGANIZATION RATINGS AND COUNTRIES WITH THE BEST INDICATORS**

Current experience has shown that the main incentives for public administration reform in Europe vary from country to country. For some, it was the desire for European integration, government change, the budget crisis, the demand of citizens; in other cases, it was driven by demographic changes, business or trade union pressures, and economic factors.<sup>21</sup> At the same time, it became clearer that the reforms carried out in 2/3 of the EU countries were continuous, rather than carrying the so-called “big-bang” character.<sup>22</sup>

Policy development is often seen as a rational process of problem identification and program evaluation that influence policy design.<sup>23</sup> It is not an exact science because the environment is constantly changing.<sup>24</sup> That is why importance is given to the new principle – “adopt and adapt”.<sup>25</sup> It entails the ability of the political and administrative system to react quickly to changing situations and to adapt legislation to new economic and social needs.<sup>26</sup> In a dynamic world, public administration faces many challenges. Therefore, it has to be ready to manage the surprises caused by difficult situations.<sup>27</sup>

Policy development and coordination include several issues, for which different standards and evaluation schemes have been established across the world. In terms of public consultations, the principle of transparency and citizen involvement is noteworthy, and the adherence to this principle indicates that the policy development and coordination system is sound.<sup>28</sup> Stakeholder engagement (which includes the public consultations component) is also required by the indicators of the Policy and Governance Regulations (2015), which are defined for OECD member countries.<sup>29</sup> The Sustainable Governance Indicator (SGI), meanwhile, focuses on the extent to which the government cooperates with non-governmental actors.<sup>30</sup> The transparency indicator, along with involvement, considers the openness of the decision-making process, as well as the ability of the public to interpret and per-

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<sup>21</sup> Public administration reform in Europe, Conclusions, lessons learned and recommendations for future EU policy, p. 11.

<sup>22</sup> Ibid.

<sup>23</sup> A comparative overview of public administration characteristics and performance in EU28, European Commission, 2018, p. 31.

<sup>24</sup> Ibid, p. 33.

<sup>25</sup> Ibid.

<sup>26</sup> Ibid.

<sup>27</sup> Ibid.

<sup>28</sup> Delia Rodrigo and Pedro Andrés Amo, Background Document on Public Consultation, OECD, available at: <https://bit.ly/3w8C3d9>, accessed 28.05.2021.

<sup>29</sup> Indicators of Regulatory Policy and Governance, OECD, available at: <https://bit.ly/33KGdvl>, accessed 28.05.2021.

<sup>30</sup> Sustainable Governance Indicators, Executive Accountability, available at: <https://bit.ly/2SREFhp>, accessed 28.05.2021.

ceive regulations simply.<sup>31</sup> The commitment of access to governance, which extends to policy documents adopted by public institutions,<sup>32</sup> is set out in the Open Government Index methodology.<sup>33</sup> In addition, the Global Open Data Index, includes the legislation category along with other forms of data.<sup>34</sup> The OECD/SIGMA methodological framework requires that not only a draft legal act but also its accompanying documents be published for the purposes of public consultations.<sup>35</sup>

Existing strategic planning capabilities are still weak in some Member States. While the appropriate criteria are met at the normative level, it is difficult to identify the impact of these reforms or the changes implemented in their wake.<sup>36</sup> The European Commission launched a project<sup>37</sup> in 2018 aimed at raising awareness of the dynamics of public administration reform in EU member states.<sup>38</sup> The countries - that were selected for this study - Denmark, Sweden, Finland, Lithuania and Latvia - were chosen precisely based on that document prepared by the European Union. As the report shows, they are among the most successful states from the standpoint of policy planning.

## **ANALYSIS OF THE PUBLIC ADMINISTRATION SYSTEMS OF THE LEADING EUROPEAN COUNTRIES**

The largest structure in the European Union is the public sector, which employs 25% of the population and generates 50% of GDP.<sup>39</sup> Its member states have public administrations of varying quality and capabilities.<sup>40</sup> Public administration reform is largely in the hands of the ruling political/administrative branch.<sup>41</sup> However, the analysis of the experience of the studied states revealed several noteworthy trends. All five states involve civil society and industry experts in the policy-making process. Finland, Latvia, and Lithuania have established special bodies for policy development. These bodies also provide oversight of the implementation of a policy document. Finland has a special online platform to simplify and facilitate community involvement.<sup>42</sup> A future-oriented vision of public administration has existed in Latvia, Lithuania, Finland, and Sweden at different times.

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<sup>31</sup> Methodological Framework for the Principles of Public Administration: ENP Countries, p. 29.

<sup>32</sup> Ibid, p. 27.

<sup>33</sup> WJP Open Government Index Methodology, World Justice Project, available at: <https://bit.ly/3w8ChB1>, accessed 28.05.2021.

<sup>34</sup> Open Knowledge Foundation, Global Open Data Index, Draft Legislation, available at: <http://index.okfn.org/dataset/>, accessed 28.05.2021.

<sup>35</sup> Methodological Framework for the Principles of Public Administration: ENP Countries, p. 43.

<sup>36</sup> Public administration reform in Europe, Conclusions, lessons learned and recommendations for future EU policy, p. 26.

<sup>37</sup> The title of the project is: Supporting Knowledge Enhancement in Public Governance and Institutional Capacity Building in the Country.

<sup>38</sup> Public Administration Reform in Europe: Conclusions, lessons learned and recommendations for future EU policy, European Commission, 2018, p. 9.

<sup>39</sup> Ibid, p. 6.

<sup>40</sup> Ibid, p. 9.

<sup>41</sup> Ibid, p. 12.

<sup>42</sup> Finnish Government Platform for Democracy: <https://www.demokratia.fi/en/home/>, accessed 15.04.21.

The study revealed one state - Sweden, which has historically been oriented on a consensus model. This entails involving as many actors as possible in the policy planning component, with the aim of gaining broad support among industry experts, parties, and organizations.<sup>43</sup> In terms of coordination, three countries - Finland, Lithuania, and Latvia – are noteworthy for their special bodies/officials that are in constant communication with other government agencies. In addition, in Lithuania and Latvia, this body also has the function of control over the implementation of the policy document.

### *Strategic Planning of Public Administration*

Four of the five countries surveyed - Latvia, Lithuania, Finland, and Sweden - had elaborated public administration development documents at different stages of state development. Finland has the Public Governance Strategy 2020-2030 document, which aims to prepare for the challenges of the next decade.<sup>44</sup> It encompasses 6 goals<sup>45</sup> and 7 policy areas.<sup>46</sup>

In the other countries, strategic documents created for previous years are available. Latvia, for example, has adopted an action plan for public administration reform (hereinafter referred to as PAR). The document emphasizes that PAR-2020 is designed to continue to meet the objectives set out in the 2014-2020 public administration policy guidelines and the human resources development concept.<sup>47</sup> PAR is also linked to the National Development Plan for 2014-2020.<sup>48</sup> The legal basis for drafting the document is the action plan developed by the government.<sup>49</sup> The latter identifies several challenges<sup>50</sup> and envisages ways to address them. In total, the plan envisages 10 goals and 33 activities to achieve them. The formulation of each goal is preceded by a small paragraph describing its meaning, followed by a breakdown into specific measures (tasks and activities). In turn, they are measured by indicators created specifically for this purpose.

In 2006, the Government of Lithuania developed a plan of steps to be taken for the development of public administration for 2007-2010.<sup>51</sup> The plan, like the one from Latvia, contains tasks that are broken down into components as much as possible. It includes 5 topics, 15 goals, and 88 activities.<sup>52</sup>

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<sup>43</sup> Public administration characteristics and performance in EU28: Sweden, European Commission, 2018, p. 1021.

<sup>44</sup> Strategy for Public Governance Renewal, available at: <https://publicgovernancestrategy.fi/>, accessed 31.05.21.

<sup>45</sup> Goals, available at: <https://publicgovernancestrategy.fi/goals/>, accessed 31.05.21.

<sup>46</sup> Policies, available at: <https://publicgovernancestrategy.fi/policies/>, accessed 31.05.21.

<sup>47</sup> Public Administration Reform Plan for 2020, Introduction, para. 1.

<sup>48</sup> Ibid, para. 2.

<sup>49</sup> Ibid, para. 1.

<sup>50</sup> Examples include the inflexibility of public administration and human resource development policies, the evaluation of reforms in terms of efficiency, effectiveness and economy, the simplification of the planning and reporting process, the reform of the remuneration system, and so on. Public Administration Reform Plan for 2020, Introduction, paras. 19-25.

<sup>51</sup> Dėl Viešojo administravimo plėtros iki 2010 metų strategijos įgyvendinimo 2007–2010 metų priemonių plano patvirtinimo, Seimas web-site, available at: <https://tinyurl.com/36pbwazy>, accessed 31.05.21.

<sup>52</sup> Ibid.

Each activity has a corresponding indicator, deadline for implementation, with the responsible agency also indicated. The Swedish government, meanwhile, drafted a comprehensive document in 2010 aimed at reforming public administration.<sup>53</sup> The plan consists of 16 chapters, 12 of which deal directly with visions for reforms.<sup>54</sup> The chapters are broken down into paragraphs.<sup>55</sup> Unlike other action plans, in Sweden it is not given in tabular form, but it is instead presented as a single text.

The Finnish government initially faced some problems with policy planning. This was related to the large number of tasks outlined in the action plans over different years.<sup>56</sup> At the same time, the issues were so detailed that it was impossible to identify a major, important line.<sup>57</sup> In response, the Finnish government launched an initiative known as OHRA. It is aimed at identifying the weak links and developing a common plan, sharing knowledge, and establishing strong mechanisms to eliminate these weaknesses, which helps departments and agencies to develop a unified approach.<sup>58</sup> The aim of the initiative is to increase the efficiency of the government in the executive branch. It addresses one of the fundamental issues - the preparation of the government program with a completely new approach.<sup>59</sup> In particular, the government strategy should consist of a government program, a general policy direction, and an action plan that contains more detailed information on the tools and measures for implementing them.<sup>60</sup> The current action plan is dated 2019 and was developed to cover a period of 4 years.<sup>61</sup> It covers 4 areas: long-term openness, open government strategy, transparency registry, and open data. The Finnish government will be focused on these issues until 2023, when a new parliament is elected. The activities of each direction of the action plan do not exceed 10. It can be said that the new action plan is a response and a reaction to the old problem. This example from Finland shows that in some cases moving in small but consistent steps is more productive than tackling big goals all at once.

The study established that 4 out of the 5 surveyed states had, at various times, developed action plans for the reforms. One of them has an action plan that is still valid, two of them are also available in English, three have similarly-structured documents, and one is focused on creating a small-scale action plan focused on a specific issue. Review of the structure and duration of the action

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<sup>53</sup> Offentlig förvaltning för demokrati, delaktighet och tillväxt, Swedish Riksdag website, available at: <https://tinyurl.com/2tp9pp42>, accessed 31.05.21.

<sup>54</sup> Regeringens proposition 2009/10:175 Offentlig förvaltning för demokrati, delaktighet och tillväxt, Swedish Riksdag website, available at: <https://tinyurl.com/mf2ssbc>, accessed 13.07.21.

<sup>55</sup> Ibid.

<sup>56</sup> From Decisions to Changes Reforming the Government's Steering Framework – Report and Recommendations of the OHRA Project, 2014, p. 6.

<sup>57</sup> Ibid, p. 7.

<sup>58</sup> Promoting Inclusive Growth A New Challenge for the Centre of Government, Session notes, 2015, p. 6.

<sup>59</sup> OHRA Project: New strategic decision-making model proposed to the Government, Website of the Prime Minister of Finland, available at: <https://tinyurl.com/33ensbac>, accessed 22.04.21.

<sup>60</sup> Ibid.

<sup>61</sup> Open Government, National Action Plan for 2019-2023, Finland.

plans revealed that actions plans of a wide scope and volume do not work as well. The experience of Finland has also shown the weakness of detailed plans. Therefore, incremental approaches are more outcome-oriented and show performance progress in the process itself.

### *Involvement of Industry Experts and Civil Society in Policy Development*

All states covered in the study ensure the involvement of specialists and the civil sector in the policy-making phase.

Policy-making for Denmark is characterized by a sophisticated institutional negotiation structure with the involvement of many stakeholders.<sup>62</sup> At the municipal level, citizen participation is ensured both in the policy development and implementation phases.<sup>63</sup> In contrast, at the central level, external experts are involved only in the development process, selected mainly from among members appointed by government commissions and advisory boards.<sup>64</sup> Trade unions and other stakeholders are routinely invited.<sup>65</sup>

Unlike Denmark, public policy involvement in Finland is ensured at the central level.<sup>66</sup> As of 2015, according to the data of two ministries,<sup>67</sup> citizen participation is ensured at the following stages: identification of policy priorities, policy development, its implementation, feedback on the operation of public services, policy impact<sup>68</sup> assessment.<sup>69</sup> The relevant policy is planned by a corresponding ministry. The civil sector is actively involved in this process in the form of groups of different individuals.<sup>70</sup> The tradition of corporatism based on business associations and trade unions is highly developed, influencing various reforms, such as, for instance, pension policy.<sup>71</sup>

The Swedish model is focused on maximum openness. All parties are involved in consultations before a decision is made.<sup>72</sup> In contrast to the other states studied in the scope of this project, Sweden has historically been characterized by the elaboration of policy documents by a commission studying the topic, which are then forwarded to the Government and private or public organizations

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<sup>62</sup> Public administration characteristics and performance in EU28: Denmark, European Commission, 2018, p. 233.

<sup>63</sup> Ibid.

<sup>64</sup> Ibid.

<sup>65</sup> Ibid.

<sup>66</sup> Public administration characteristics and performance in EU28: Finland, European Commission, 2018, p. 304.

<sup>67</sup> This is regarding the Ministries of Finance and Health.

<sup>68</sup> In addition to policy impact assessment, public involvement is ensured at all stages in both ministries, and only at the Ministry of Health at the impact assessment stage.

<sup>69</sup> Government at a Glance 2017, OECD, p. 191.

<sup>70</sup> Public administration characteristics and performance in EU28: Finland, European Commission, 2018, p. 304.

<sup>71</sup> Ibid.

<sup>72</sup> Anton, T., J., Policy-Making and Political Culture in Sweden, Scandinavian Political Studies, Bind 4 (1969), Scandinavian Political Studies website, available at: <https://tinyurl.com/h35y228c>, accessed 08.04.21.

for further consideration.<sup>73</sup> These include stakeholder groups, higher education institutions, central government agencies, and various bodies at the local level, as well as all those whose activities may become the subject of a policy document.<sup>74</sup> Their involvement is ensured at the planning stage.<sup>75</sup> The policy-making process takes place against the background of in-depth discussion.<sup>76</sup> A lot of time is devoted to it and experienced specialists are focused on problem-solving.<sup>77</sup>

For the purposes of increasing engagement, Latvia also signed a memorandum of understanding with NGOs in 2005, which is open, and other organizations are able to join. By 2016, over 400 non-governmental organizations had signed it.<sup>78</sup> In Latvia since 2009 a government decree has ensured the participation of citizens in the planning process.<sup>79</sup> In Latvia, involvement in the planning process is possible at both the central and local levels.<sup>80</sup>

In Lithuania, senior public officials are involved in policy planning in an advisory capacity.<sup>81</sup> Apart from them, those responsible for planning receive advice from the European Commission and the OECD.<sup>82</sup> Non-governmental expert organizations are also involved in this process.<sup>83</sup> It should be noted, however, that trade unions find it largely difficult to develop sound policies due to a lack of experienced researchers.<sup>84</sup> In contrast, the process is dominated by the business sector.<sup>85</sup> Involvement of civil society is possible only at the stage of drafting a policy document.<sup>86</sup>

The studied practice shows that the involvement of citizens in all five states is ensured at the central level, but is ensured at the local level only in two of them. At the planning stage, citizen participation takes place in all five of them, and at the implementation stage in one state at the municipal level, and in one - at the central level.

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<sup>73</sup> Public administration characteristics and performance in EU28: Sweden, European Commission, 2018, P. 1021.

<sup>74</sup> Ibid.

<sup>75</sup> Ibid.

<sup>76</sup> Anton, T., J., Policy-Making and Political Culture in Sweden, Scandinavian Political Studies, Bind 4 (1969), Scandinavian Political Studies website, available at: <https://tinyurl.com/h35y228c>, accessed 08.04.21.

<sup>77</sup> Ibid.

<sup>78</sup> Public administration characteristics and performance in EU28: Latvia, European Commission, 2018, p. 550.

<sup>79</sup> Republic of Latvia, Cabinet Regulation No. 970 Adopted 25 August 2009, Procedures for the Public Participation in the Development Planning Process, art. 6, available at: <https://tinyurl.com/yvet9dra>, accessed 06.07.21.

<sup>80</sup> Ibid, art. 1.

<sup>81</sup> Public administration characteristics and performance in EU28: Lithuania, European Commission, 2018, p. 675.

<sup>82</sup> Ibid.

<sup>83</sup> Ibid.

<sup>84</sup> Ibid, p. 676.

<sup>85</sup> Ibid.

<sup>86</sup> Ibid.

## *Establishment of Specialized Bodies for the Purposes of Policy Coordination*

The approach to public administration among EU member states differs. In the majority, responsibilities for public administration reform are distributed between different ministries and agencies.<sup>87</sup> One often encounters structural changes in the agencies responsible for PAR, indicating the difficult role of such coordination bodies.<sup>88</sup>

3 of the countries surveyed have established is a special body/position for policy development. Namely, Latvia and Lithuania have a centralized coordination system, while Finland has a mixed system. More specifically: In Finland there is a hybrid model of policy planning coordination. On the one hand, individual ministries plan policies independently in their area, and on the other hand, there is the Office of the Prime Minister, which coordinates inter-agency projects. In addition, this structure itself plans policies in areas that are not covered by any one ministry. Finland has had the position of Secretary of State who works on policy coordination since 2005.<sup>89</sup> This is a public servant, although they are equipped with the functions of a deputy minister.<sup>90</sup> The Secretary of State is the head of the administration of the Ministry.<sup>91</sup> In practice, he is elected from the political team of the Minister for the same term.<sup>92</sup> The main function of the Secretary of State is to assist the Minister in developing policies.<sup>93</sup> In addition, the Office of the Prime Minister coordinates the planning of the central social policy and inter-agency projects.<sup>94</sup> It is additionally responsible for developing policies that do not fall under the mandate by any other ministry.<sup>95</sup> Each ministry in the Finnish government has a department<sup>96</sup> or official<sup>97</sup> responsible for policy coordination.

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<sup>87</sup> Public administration reform in Europe, Conclusions, lessons learned and recommendations for future EU policy, p. 12.

<sup>88</sup> Ibid.

<sup>89</sup> Public administration characteristics and performance in EU28: Finland, European Commission, 2018, p. 304.

<sup>90</sup> Ibid.

<sup>91</sup> Ibid.

<sup>92</sup> Ibid.

<sup>93</sup> Ibid.

<sup>94</sup> Inter-administrative cooperation, Website of the Prime Minister of Finland, available at: <https://vnk.fi/en/inter-administrative-cooperation>, accessed 02.06.21.

<sup>95</sup> Ibid.

<sup>96</sup> The department is created in: Ministries of Finance, Foreign Affairs, Justice, Education and Culture, Agriculture. Website of the Ministry of Finance, available at: <https://vm.fi/en/departments>, accessed 29.06.21. Website of the Ministry of Foreign Affairs, available at: <https://um.fi/ministry>, accessed 29.06.21. Website of the Ministry of Justice, available at: <https://oikeusministerio.fi/en/department-for-administration-and-oversight>, accessed 29.06.21. Website of the Ministry of Education and Culture, available at: <https://minedu.fi/en/organisation>, accessed 29.06.21. Website of the Ministry of Agriculture, available at: <https://mmm.fi/en/management-and-organisation>, accessed 29.06.21.

<sup>97</sup> As mentioned, such an official is the Secretary of State. These individuals provide coordination in the following ministries: Social Affairs and Health, Defense, Transport and Communications, Economic Affairs and Employment. Website of the Ministry of Social Affairs and Health, available at: <https://stm.fi/en/senior-civil-servants>, accessed 29.06.21. Website of the Ministry of Defense, available at: <https://www.defmin.fi/en/contact#64fe2c77>, accessed 29.06.21. Website of the Ministry of Transport and Communications, available at: <https://www.lvm.fi/en/departments-units>, accessed 29.06.21. Website of the Ministry of Economic Affairs and Employment, available at: <https://tem.fi/en/senior-officials>, accessed 29.06.21.

Lithuania has a centralized system of public administration coordination. The Ministry of State Reforms and Municipalities was established in 1994 for the purpose of public administration reform.<sup>98</sup> Later, in 2000, it was abolished and its functions were transferred to the Ministry of Internal Affairs.<sup>99</sup> The Prime Minister and the President were proponents of the 1996-2000 reform, advocating radical changes in government, including in the areas of civil service and public administration laws passed in 1999.<sup>100</sup> There was no clear vision of which state experience to follow. However, the United Kingdom, Norway, and Finland were the countries whose examples were the first to be discussed in Lithuania when working on public administration law.<sup>101</sup> The reform was made possible through the support of the two abovementioned leaders and the parliamentary majority, which created a fertile ground for fundamental change.<sup>102</sup> The Ministry has established departments of regional policy and public administration policy, which are still functioning.<sup>103</sup> The Ministry develops policy on public administration in addition to providing organization, coordination, and implementation control.<sup>104</sup> More precisely, it creates bills on administrative units, their provisions, develops policies to alleviate the administrative burden on citizens, coordinates the implementation of public service policy, studies and analyzes the experiences of the EU and other countries, and as a result prepares proposals for the application of best practices, sets general standards for the quality of public services and staff.<sup>105</sup> In Lithuania, ministries have a corresponding structural unit that works in the direction of policy in said ministries.<sup>106</sup> Here, the chancellor of the ministry acts as the head of the staff.<sup>107</sup> This is a senior public servant.<sup>108</sup>

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<sup>98</sup> Public Administration Reforms in Eastern European Union Member States, Post-Accession Convergence and Divergence, University of Ljubljana, Faculty of Administration, Mykolas Romeris University, Ed. P. Kovač and M. Bileišis, 2017, P. 55.

<sup>99</sup> Ibid.

<sup>100</sup> Ibid.

<sup>101</sup> Ibid, p. 56.

<sup>102</sup> Ibid, p. 57.

<sup>103</sup> Ibid, p. 55.

<sup>104</sup> Viešasis administravimas, Website of the Ministry of Internal Affairs of Lithuania, available at: <https://vrm.lrv.lt/lt/veiklos-sritys/viesasis-administravimas>, accessed 02.06.21.

<sup>105</sup> Ibid.

<sup>106</sup> These ministries are: Environment, Energy, Economy and Innovation, Finance, National Defense, Social Security and Labor, Transport and Communications, Health, Education, Science and Sports, Foreign Affairs, Home Affairs and Agriculture. Website of the Ministry of Environment, available at: <https://am.lrv.lt/en/contacts-and-structure-1/contacts>, accessed 29.06.21. Website of the Ministry of Energy, available at: <https://enmin.lrv.lt/en/structure-and-contacts/structure-and-contacts-contacts>, accessed 29.06.21. Website of the Ministry of Economy and Innovation, available at: <https://eimin.lrv.lt/en/structure-and-contacts/ministry-contacts>, accessed 29.06.21. Website of the Ministry of Finance, available at: <https://finmin.lrv.lt/en/structure-and-contacts/contacts-of-ministry>, accessed 29.06.21. National Defense Website, available at: <https://tinyurl.com/5hyz4cfd>, accessed 29.06.21. Website of the Ministry of Social Protection and Labor, available at: <https://socmin.lrv.lt/en/cms-contacts>, accessed 29.06.21. Website of the Ministry of Transport and Communications, available at: <https://tinyurl.com/bcaew5m8>, accessed 29.06.21. Website of the Ministry of Health, available at: <https://tinyurl.com/57k4wz49>, accessed 29.06.21. Website of the Ministry of Education, Science and Sports, available at: <https://www.smm.lt/web/en/about-the-ministry/structure>, accessed 29.06.21. Website of the Ministry of Foreign Affairs, available at: <http://www.urm.lt/default/en/contacts>, accessed 29.06.21. Website of the Ministry of Internal Affairs, available at: <https://tinyurl.com/vp7vkaf>, accessed 29.06.21. Website of the Ministry of Agriculture, available at: <https://tinyurl.com/63kcness>, accessed 29.06.21.

<sup>107</sup> Republic of Lithuania Law on the Government, article 311, Website of the Lithuanian Seimas, available at: <https://tinyurl.com/2pyr65fc>, accessed 02.07.21.

<sup>108</sup> Ibid.

Latvia, like Lithuania, has a centralized coordination system. It is provided by the State Chancellery, which reports directly to the Prime Minister.<sup>109</sup> It reviews the implementation of policy documents, creates and implements policy action plans, and provides its own opinions regarding the documents.<sup>110</sup> The Chancellery, among its other functions,<sup>111</sup> coordinates the planning and implementation of national policies, and in cooperation with the Ministries, develops proposals related to national development priorities.<sup>111</sup> Latvia has also established separate structural units in the ministries that work on policy.<sup>112</sup> Here, the Secretary of State assumes the position of the head of the staff of the Ministry.<sup>113</sup>

The studied practice revealed that, with regards to coordination, 2 states have a centralized model and one operates with a mixed model. A special position has been created for this purpose in 1, and a special body - in 3. It should be noted that the arrangement of the ministries in all three states envisages the position of the head of the administration. A special position for policy-making has been established in one state, and a relevant body functions in all three.

### *Special Online Platform*

Of the countries studied within the scope of the project, only Finland has created a special online platform to ensure citizen engagement. The system is headed by the Ministry of Justice. It is called the Lausunto Service.<sup>114</sup> The website contains bills and plan documents of the Government of Finland, which are being considered for formal adoption.<sup>115</sup> An user can search up an issue of interest and get acquainted with the goals and reasons for its adoption. Additionally, each issue has an individual deadline for receiving opinions. Comments can be provided in three ways: 1) by leaving them on the website following authorization, 2) by sending an email, and 3) by using traditional mail.<sup>116</sup>

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<sup>109</sup> State Chancellery, website of the Government of Latvia available at: <https://www.mk.gov.lv/en/state-chancellery>, accessed 02.06.21.

<sup>110</sup> Ibid.

<sup>111</sup> Ibid.

<sup>112</sup> In Latvia, the following ministries have a special policy department: Economy, Interior, Culture, Transport, Health, Environment and Regional Development, Finance, Defense and Justice. Website of the Ministry of Economy, available at: <https://www.em.gov.lv/en/structure>, accessed 01.07.21. Statute of the Ministry of Internal Affairs, paragraph 4.2, available at: <https://tinyurl.com/t97jcmmc>, accessed 01.07.21. Website of the Ministry of Culture, available at: <https://www.km.gov.lv/en/structure>, accessed 01.07.21. Website of the Ministry of Transportation, available at: <https://www.sam.gov.lv/en/structure>, accessed 01.07.21. Website of the Ministry of Health, available at: <https://tinyurl.com/596sbxc9>, accessed 01.07.21. Website of the Ministry of Environment and Regional Development, available at: <https://www.varam.gov.lv/en/structure-and-management>, accessed 01.07.21. Regulation of the Ministry of Finance, Paragraph 14, available at: <https://www.fm.gov.lv/en/regulation>, accessed 01.07.21. Website of the Ministry of Defense, available at: <https://www.mod.gov.lv/en/kontakti>, accessed 01.07.21.

<sup>113</sup> State Civil Service Law, Section 6, Latvian legal acts website, available at: <https://likumi.lv/ta/en/en/id/10944>, accessed 02.07.21.

<sup>114</sup> Application service website, available at: <https://www.lausuntopalvelu.fi/FI>, accessed 02.07.21.

<sup>115</sup> The list of issues is available at the following website: <https://www.lausuntopalvelu.fi/FI/Proposal/List>, accessed 02.07.21.

<sup>116</sup> Ibid.

## ***ANALYSIS OF THE PUBLIC ADMINISTRATION SYSTEM OF GEORGIA***

### ***Public Administration Reform Action Plan of the Government of Georgia***

Comparative analysis showed that 4 states (Finland, Lithuania, Latvia, Sweden) had some unified vision in terms of public administration reform. Two of them (Lithuania, Latvia) developed a proper action plan. Therefore, the plan developed by the Georgian government can only be compared to these. With regards to the topic of policy planning, it contains 4 tasks.<sup>117</sup> A total of 17 activities are defined for their implementation, which are evaluated through 30 indicators. The studied states have similarly structured documents.

Each task in the Latvian government plan is preceded by a small paragraph that explains its purpose. The goal of the PAR Action Plan in Georgia is integrated into each task formulation. As a consequence, indicators of impact are not defined separately. Separating the formulation of the goal provided an assessment of the outcome of the reform. Therefore, in this regard, **it is recommended to adopt the practice of Latvia in Georgia as well.**

### ***Involvement of Industry Experts and the Civil Society in Policy Development***

The policy planning rule in force since 2020 and the corresponding guidelines consider the public consultation stage before the adoption of a policy document mandatory,<sup>118</sup> and provide instructions for public consultations as a separate appendix.<sup>119</sup> However, the adoption process of the Action Plan for 2019-2020 failed to produce the document, which is a significant shortcoming in policy planning. The instructions would standardize the practice of public consultations, which in turn would further facilitate coordination.

The civil sector (non-governmental organizations) was also involved in the development and monitoring of the latest PAR action plan. In particular, they received both the plan and status reports in order to obtain their comments and opinions, which is a good practice.

The analysis of the studied practices revealed a rather diverse trend. States involve not only citizens in the policy-making process, but also ensure the participation of representatives of higher education institutions and the non-governmental sector, as well as all persons whose activities may be subject to the mandate of the new policy document. An interesting practice of engagement was the signing of a memorandum with non-governmental organizations, which implies a more formal and sustainable cooperation with the state administration.

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<sup>117</sup> Public Administration Reform Action Plan 2019-2020.

<sup>118</sup> Article 9 of the Rule approved by the Resolution of the Government of Georgia №629 of December 20, 2019 on the Approval of the Rules for Development, Monitoring, and Evaluation of Policy Documents.

<sup>119</sup> Guidelines for Policy Planning, Monitoring, and Evaluation, approved by Resolution №629 of the Government of Georgia on December 20, 2019.

Considering the above, it is vital that the Government of Georgia ensure the participation of as many community groups as possible in the policy-making process. Even during the pandemic, it is possible through the use of electronic communication. The practice of signing a memorandum with organized civil society groups should also be adopted, as it would complement the mechanism for sending working documents to them.

### ***Establishment of Special Bodies for the Purposes of Policy Coordination***

Organized actions of central public institutions are essential for the formation of proper and consistent policy.<sup>120</sup> The SIGMA report that assessed the direction of policy development and coordination in Georgia in 2018, pointed to the relative lack of communication and coordination between central government bodies.<sup>121</sup> This shortcoming was also confirmed in the last action plan: the creation of an electronic system of the same function was envisaged under two tasks, and different agencies were assigned responsibility for them.

Challenges with regard to policy planning remain apparent among the ministries. One of the problems pointed out in the SIGMA report (that is still relevant) was the lack of a structural unit with a policy planning function in some ministries.<sup>122</sup> In some cases, a structure responsible for implementation of such sectoral policies is present, although there is no coordinating unit, which makes it difficult for the government to communicate with them.<sup>123</sup> The position of a senior official (manager) at the administrative level has not yet been established in the ministries.<sup>124</sup>

As such, the main problem in terms of coordination is the lack of a specific department in the ministries of Georgia that would perform this function. This makes it difficult for the government administration to communicate with them, as each branch of the ministry working in the relevant direction need to be contacted separately whenever a specific issue comes up. The comparative analysis shows that the ministries in 3 states have special departments that work specifically on policy coordination. Additionally, in one of them, a position of a senior public official of the Ministry, who is also responsible for coordination, has been established together with the body. Thus, it is **recommended that all ministries in Georgia have a special structural unit that coordinates public administration reform with the government administration. The position of a manager would facilitate coordination between departments with regard to administrative decisions.**

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<sup>120</sup> Government at a Glance 2015, OECD, pp. 91-97.

<sup>121</sup> Baseline Measurement Report: The Principles of Public Administration, Policy Development and Co-ordination, Georgia, May, 2018, pp. 9-10. It should be noted that Georgia received 0 points in this sub-indicator.

<sup>122</sup> Ibid, p. 30.

<sup>123</sup> Interview with a representative of the Georgian government administration.

<sup>124</sup> No ministry statute envisages this position.

## *Control Mechanism for Monitoring and Assessment Reports*

The mechanism for controlling the implementation of policy documents in Georgia is a part of both the methodological framework and the action plan. This entails ensuring that reports on the implementation of government-approved policy documents comply with this framework. The reports are submitted by the ministries, and their quality is reviewed by the government administration. However, it became apparent that, in reality, informal consultations are being held with the government administration during this process.<sup>125</sup>

It is clear from the experience of the studied states that the bodies that coordinate the development and implementation of the policy plan also control this process. **It is recommended that the control of evaluation reports be given a formal character and that the evaluation of the government administration be issued in the form of a conclusion.**

## *Special Online Platform*

No special online platform for public consultations exists in Georgia. It is planned to create a similar electronic system, in which all policy documents will be collected in one space.

The study revealed that the Finnish website brings together public services and information for stakeholders. **It is recommended that the Government of Georgia allocate resources to create a well-maintained website. The existence of an online platform is of particular importance in the context of the fight against the pandemic.**

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<sup>125</sup> Interview with Giorgi Bobghiashvili, Head of the Policy Planning Division of the Policy Planning and Coordination Department of the Government of Georgia.

## SUMMARY AND RECOMMENDATIONS

The research project did not reveal a uniform practice on all issues in the field of policy planning and coordination based on the experience of the states examined within its scope. Nevertheless, it was possible to identify good examples, the adoption of which would substantially improve the quality of policy planning in Georgia. One of the important issues in this direction is the strengthening of public consultations. This phase includes not only informing outsiders about the development of plans, but also establishing effective mechanisms for the involvement of stakeholders. An example of such is the practice of signing a memorandum with civil society organizations. A formal action like this establishes more connections between the community and governmental structures.

Improving the quality of engagement is also served by a special online platform, where it would be possible not only to get acquainted with the strategic documents, but also to participate in the process of their development and provide and receive feedback.

On the issue of coordination, a centralized approach is a good practice, although it is important to have a unified coordinating structure in each ministry, which will in turn facilitate not only the policy-making process, but also implementation control (monitoring/evaluation). In the same topic, the position of the highest administrative manager in the ministries is important, ensuring a unified, coordinated management of the activities of the primary structural units.

Action plans also include the clarification of goals. This allows for impact assessment at the end of the plan's implementation period.

Finally, the following recommendations are proposed for policy planning and coordination:

1. A unified structural unit for strategic management and coordination should be established in all ministries of Georgia;
2. The government administration should issue conclusions on the reports of policy documents developed by the ministries and should not limit itself to informal communication;
3. Establish the practice of reviewing policy documents with the principle of high involvement. Specifically, with the participation of field experts, parties, and organizations; sign memorandums with civil society organizations within the framework of specific action plans/strategies;
4. Create a special online platform, through the use of which outsider stakeholders will have access to the policy documents under consideration, will be able to submit opinions and receive feedback from decision-making bodies;
5. Add a position of a senior administrative manager in the ministries who will coordinate non-political, administrative decision-making;
6. Include descriptive paragraphs regarding the goals in the action plans along with indicators that would enable the assessment of their impact.

# PUBLIC FINANCE MANAGEMENT



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## INTRODUCTION

Good public administration implies the proper allocation and efficient management of resources by state institutions, the development as well as timely and easy delivery of state services to the public, the establishment of open governance through citizen engagement, and the improvement of the efficiency and transparent management of public finances.

The Association Agreement between Georgia and the European Union (EU), signed in 2015, calls for a number of reforms in Georgia, including public administration reform, which is an important precondition for strengthening political and economic relations between Georgia and the EU.

The public administration reform started in 2015 in Georgia, which was based on the Public Administration Reform Strategy 2015-2020 (Public Administration Reform Roadmap 2020). The strategic document itself builds on the principles of public administration reform established by the OECD/SIGMA and represents a comprehensive vision for public administration reform. It aims to improve public administration and approximate it to the European governance standards.

The public administration reform strategy prioritizes the following six directions:

- ◆ Policy Planning and coordination;
- ◆ Civil Service and Human Resources Management;
- ◆ Accountability;
- ◆ Public Service Delivery;
- ◆ Public Finance Management;
- ◆ Local Self-governance.

**Public finance reform** has been underway in Georgia since 2004. Relevant activities and commitments to implement the reform were outlined in several strategic documents. Finally, in 2015, the public administration reform strategy brought these components under a single umbrella and added even more weight to it as to a reform of state importance.

The goal of this document is to study the good practice of public finance management components in European countries in the framework of public administration reform. As a result, it will be possible to bring the best examples within the specified direction of public administration in Georgia and apply them in practice.

## RESEARCH METHODOLOGY

### DESCRIPTION OF ANALYSIS

Several EU countries<sup>1</sup> were selected and reviewed for the purposes of the study, among them the emphasis was placed on: Poland, the Czech Republic, Sweden, Finland, Austria, Estonia, the Netherlands, Latvia. The study is based on the analysis of information obtained from public and open sources in the field of public finance management in the listed countries.

The main accent in selection of the countries was made on the best public financial management experience criteria, in addition to characteristics that would be comparable to the ongoing public finance reform in Georgia. In particular, due to the fact that the public financial management reform is not included in the public administration reform in the EU member states (it is a separate sectoral reform), the main selection criteria became the best practice in the areas which are the parts of the public financial management reform in Georgia. These areas are: **Medium-term budget planning (1), fiscal risk management (2) and budget planning transparency (3)**. In addition, the document examines issues that are characterized by shortcomings in public finance management in Georgia and, consequently, aims to study good examples in selected countries to solve these shortcomings.

### METHODS

The present study was conducted through comparative analysis. As for the criteria for selecting the best practices from the directions, the research was based on internationally recognized evaluation indexes and studies, according to which the best indicators are identified through ratings.

It should be noted that the PEFA assessment documents could not be taken into account for the medium-term planning assessment, as they refer to developing countries, which, like Georgia, are trying to implement the reform, and the study of their experience would not be relevant to this document. As for the budget planning transparency, the study was based on the part of **Open Budget Survey** that assesses citizen engagement, as Georgia still has challenges in this area and more work needs to be done to improve it. Accordingly, this document discusses best practices from selected countries to improve these key issues.

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<sup>1</sup> For study purposes the United Kingdom practice is also reviewed in the analysis.

## PUBLIC FINANCE MANAGEMENT REVIEW

The Public Finance Management (PFM) system is usually part of the annual budget cycle, which aims to ensure that public expenditure is well planned, executed, accounted for, and scrutinized.<sup>2</sup> PFM is “instrumental” or a “means to an end” in the achievement of broader development objectives: state building, macroeconomic stability, efficient resource allocation, and service delivery.<sup>3</sup> Effective PFM institutions and systems play a crucial role in the implementation of national policies for development and poverty reduction.<sup>4</sup> The role that PFM can play in environments with weak institutional capacity also needs to be highlighted.<sup>5</sup>

The main function of PFM is to ensure a well-developed system of budgeting, procurement, cash management, debt management, accounting, and auditing. In a more contemporary view it also helps economists, auditors as well as policy makers (cabinet members, members of parliament) in the formulation of fiscal policy.<sup>6</sup> Over the past decade, the PFM definition has broadened to all aspects of managing public resources, including resource mobilization and debt management, with a progressive extension to the medium and long term implications and risks for public finances of today’s policy decisions.<sup>7</sup>

In the field of public finance, its two functions are outlined: one that focuses on policy, or “**what** the government has **to do**,” and the other that focuses more on the implementation process, or “**how to do it**”.<sup>8</sup> Thus, PFM is related to both processes (how governments govern) and outcomes (short-, medium-, and long-term impacts on financial flows).

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<sup>2</sup> Jens Kromann Kristensen, et al, PEFA, Public Financial Management, and Good Governance, World Bank Group, p. 1. available at: <https://bit.ly/3i3L1F4>.

<sup>3</sup> Ibid, p. 2.

<sup>4</sup> Ibid, p. ix.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid, p. 2.

<sup>7</sup> Cangiano, Currstine, and Lazare (2013), in: Jens Kromann Kristensen, et al, PEFA, Public Financial Management, and Good Governance, World Bank Group, p. 2, available at: <https://bit.ly/3i3L1F4>.

<sup>8</sup> Allen, Hemming, Potter, 2013, in: Jens Kromann Kristensen, et al, PEFA, Public Financial Management, and Good Governance, World Bank Group, p. 2, available at: <https://bit.ly/3i3L1F4>.

## CHALLENGES IN PUBLIC FINANCE MANAGEMENT IN GEORGIA

Public finance reform in Georgia, which launched in 2004, includes the introduction of medium-term expenditure planning, improvement of the budget process, compliance of the budget classification with international standards (GFSM 2001) for all levels of budget and transition to program based budgeting. As mentioned, public finance management in Georgia is one of the components of public administration reform. In addition to the multi-sectoral strategy, the PFM is also regulated sectorally by the Public Financial Management Reform Strategy approved by the Ministry of Finance.<sup>9</sup>

Public finance reform in Georgia has made significant progress over the years:

- ◆ Fiscal discipline and fiscal rules have been established;
- ◆ Program based budgeting process and quality have been improved;
- ◆ Electronic system (ePFMS) for Budgeting, Treasury and other related areas has been developed and is operating;
- ◆ Tax policy reform is implemented;
- ◆ Public Finance Management Information System (PFMIS) is operating;
- ◆ The State Audit Office has transformed from the traditional control-inspection function to the new function of modern financial, performance and compliance audit in line with international best practice;
- ◆ Within the management reform framework revenues and expenditures of budgets of every level (Autonomous Republics and local governments) and every budgetary organization (including LEPLs and NNLEs) have been transferred to the Treasury Single Account.

It needs to be noted that Public Finance Management direction of the Public Administration Reform Action Plan for 2019-2020 did not fully reflect the problems and challenges that exist in this area in the country. Namely:

The Country Basic Data and Directions (BDD) document, which is the main tool for medium-term planning, fails to ensure the **accuracy of forecasts** given its review procedures. It is subject to so many amendments over the years, it is difficult to determine how accurately the forecasts were

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<sup>9</sup> Public Finance Management Reform Strategy 2018-2021. available at: <https://www.mof.ge/images/File/strategia/2018/PFMRS-2018-2021-2606-final.pdf>.

defined in the beginning. In addition, it should ensure the **credibility of the revenue and expenditure plan** within the medium-term planning; It should set **annual ceilings** (including expenditures) for higher government institutions, of which the overrun should not exceed 2%.<sup>10</sup> The weakness of forecasting is indicated by the amendments made to the state budget law at the end of the year, which adjust the revenue and expenditure data to the current situation.<sup>11</sup>

In addition, **the plan does not fully contain fiscal risks**. It is mainly focused on state enterprises and risks such as government debt, interest rates, projected GDP, exchange rate fluctuations, inflation are neglected.<sup>12</sup>

Besides, it should be noted that the **finances of state enterprises** that functionally provide public services are not included in the unified treasury system, which prevents the formation of a unified overall picture of the public finance management system.

Although budget documentation is available in open sources, the introduction of access mechanisms only cannot ensure the transparency of the budget process and citizen engagement. The number of people who actually participate in budget planning is small. The body responsible for improving citizen participation should also focus on the principles of the Global Initiative for Fiscal Transparency Initiative (GIFT).<sup>13</sup>

The Action Plan for Public Finance Management lacks an important component to achieve accountability, such as oversight of budget execution by independent bodies, which is one of the recommendations in the Open Budget Survey.<sup>14</sup>

The plan does not include a public procurement segment either. Procurement part under the Public Administration reform is underlined in OECD/SIGMA reports and principles.<sup>15</sup> The same applies to the internal and external oversight (audit) mechanisms of public finance expenditures.<sup>16</sup> The inclusion of

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<sup>10</sup> OECD/SIGMA, Methodological Framework for the Principles of Public Administration: ENP Countries, May, 2018, pp. 173-174, available at: <https://bit.ly/3bsXHRM>.

<sup>11</sup> For example, see Draft Law of Georgia on Amendments to the Law of Georgia on the State Budget of Georgia for 2018 and Explanatory Note, available at: <https://bit.ly/3v8DpEU>; See also Draft Law of Georgia on Amendments to the Law of Georgia on the State Budget of Georgia for 2019 and Explanatory Note, available at: <https://bit.ly/3v8DpEU>.

<sup>12</sup> Alternative Monitoring Report of the Public Administration Reform Action Plan Implementation, available at: <https://idfi.ge/en/the-fiscal-reports-of-the-alternative-monitoring-of-the-2019-2020-par-action-plan-implementation>.

<sup>13</sup> Principles of Public Participation in Fiscal Policies, Global Initiative for Fiscal Transparency, available at: <https://bit.ly/3oBOoUS>, last update: 21.05.2021.

<sup>14</sup> „Open Budget Survey 2019“, Georgia.

<sup>15</sup> Public financial management, public procurement and external audit, OECD/SIGMA, available at: <https://bit.ly/3d3Tkhc>, last update: 21.05.2021; see also: Methodological Framework of the Principles of Public Administration, Mai, 2019, OECD/SIGMA, pp. 218-249. available at: <https://bit.ly/326nzhb>, last update: 21.05.2021; see also OECD/SIGMA, Methodological Framework for the Principles of Public Administration: ENP Countries, May, 2018.

<sup>16</sup> Methodological Framework of the Principles of Public Administration, May, 2019, OECD/SIGMA, pp. 203-218, 253-260.

these issues in the plan ensures the transparency of the relevant procedures (Including refinement of procedures for selection of participants in the Public-Private Partnership (PPP) projects, setting timeframes), citizen engagement and credibility.<sup>17</sup>

It is also necessary to review the quality of debt management in the framework of public administration reform.<sup>18</sup> The inclusion of a 60% debt-to-GDP ratio<sup>19</sup> control mechanism in the action plan and its monitoring will allow the responsible authority to reduce the tendency of the debt to approach the maximum debt threshold.

## PUBLIC FINANCE MANAGEMENT ASSESSMENT TOOLS

Public finance management reform is usually carried out to improve the functioning of the budget process. Its definition can be outlined as „purposeful changes to budget institutions aimed at improving their quality and outcomes“.<sup>20</sup>

There are several "diagnostic" tools for estimating government expenditures, finance management, and procurement.

Review of **evaluation reports and ratings of various international institutes** is presented below.

- ◆ The World Bank Public Expenditure Review (PER) and International Monetary Fund (IMF) Fiscal Transparency Evaluations (FTE) are extensive and comprehensive tools. In addition, various evaluation mechanisms are established by intergovernmental and non-governmental organizations, including Open Budget Survey by the International Budget Partnership (IBP) and the Organization for Economic Co-operation and Development's (OECD) Budget Practices and Procedures Database.<sup>21</sup> The principles of citizen engagement in fiscal policy are also important.<sup>22</sup> Some diagnostics focus on specific PFM elements or institutions, including the World Bank's Debt Management Performance Assessment (DeMPA) for debt management, the IMF's Tax Administration Diagnostic Assessment Tool (TADAT) for tax administration, and the IMF's Public Investment Management Assessment (PIMA) for public investment. In addition, the tools to make decisions on fiduciary risks include the World Bank's Country Policy and Institutional Assessment (CPIA) indicators.<sup>23</sup>

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<sup>17</sup> Ibid, p. 207.

<sup>18</sup> Ibid, p. 186.

<sup>19</sup> Organic Law of Georgia on Economic Freedom, Article 2.1.b.

<sup>20</sup> Matt Andrews et al, This is PFM, Working Papers, Center for International Development at Harvard University, p. 8, available at: <https://bit.ly/3vzU11V>.

<sup>21</sup> Jens Kromann Kristensen, et al, PEFA, Public Financial Management, and Good Governance, World Bank Group, p. 13. available at: <https://bit.ly/3i3L1F4>.

<sup>22</sup> Global Initiative and Fiscal Transparency (GIFT), GIFT's Principles, available at: <https://bit.ly/3fzdUr4>.

<sup>23</sup> Jens Kromann Kristensen, et al, PEFA, Public Financial Management, and Good Governance, World Bank Group, p. 13, available at: <https://bit.ly/3i3L1F4>.

- ◆ Despite the number of tools and instruments available, PFM performance is increasingly measured by Public Expenditure and Financial Accountability (PEFA). PEFA has several advantages over other frameworks. First, it is the most comprehensive measure of PFM to date, covering the entire budget cycle as well as other key PFM areas. Besides, it is standardized so that it can be repeated and changes can be tracked over time. It also includes a narrative report that discusses qualitative evidence to complement the quantitative scores. In addition, the PEFA Secretariat provides quality assurance to ensure that the standards are met consistently across countries and time. As a result, PEFA has the most coverage globally.<sup>24</sup> PEFA evaluation should be a key tool for evaluating and monitoring the performance of the PFM system to avoid duplication and unnecessary transaction costs. Its periodicity is from three to five years. Since PFM reform is an ongoing process, more frequent estimates may not be valid.<sup>25</sup>

## CITIZEN ENGAGEMENT IN BUDGET PROCESS

Open Budget Survey is one of the public finance system assessment tools.<sup>26</sup> The Open Budget Survey is part of the International Budget Partnership's (IBP) Open Budget Initiative, a global research and advocacy program to promote public access to budget information and the adoption of inclusive and accountable budget systems. All people in a country should have access to relevant information on how public resources are raised and spent, opportunities to contribute to policy decisions that affect their livelihoods and futures, and assurance of robust budget oversight by independent well-informed legislatures and audit institutions.<sup>27</sup>

There are three directions of the Open Budget Survey:

**Transparency:** is comprehensive budget information from the central government available to the public in a useful time frame?

Budget transparency score (also known as the Open Budget Index): assesses the public availability of the eight key budget documents, that taken together provide a complete view of how public resources have been raised, planned, and spent during the budget year. To be considered "publicly available", documents shall be published online, in a time-frame consistent with good practices, and shall include information that is comprehensive and useful. A score indicates to what extent a country is publishing enough material to support informed public debate on the budget.<sup>28</sup>

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<sup>24</sup> Ibid, p. 14.

<sup>25</sup> DeMPA, Debt Management Performance Assessment; MAPS, Methodology for Assessing Procurement Systems OECD-DAC. In: Good Practices in Applying the PFM Performance Measurement Framework Guidance for Assessment Planners and Managers available at: <https://www.pefa.org/resources/good-practices-applying-pefa-framework>.

<sup>26</sup> Jens Kromann Kristensen, et al, PEFA, Public Financial Management, and Good Governance, World Bank Group, p. 13, available at: <https://bit.ly/3i3L1F4>.

<sup>27</sup> Open Budget Survey, available at: <https://www.internationalbudget.org/open-budget-survey/about>.

<sup>28</sup> Open Budget Survey.

**Participation:** are there formal and meaningful opportunities for the public - including the most disadvantaged - to engage in the national budget processes?

In this part the survey assesses the degree to which the executive authority, the legislature, and the supreme audit institution each provides opportunities for the public to engage during different cycles of the budget process.<sup>29</sup>

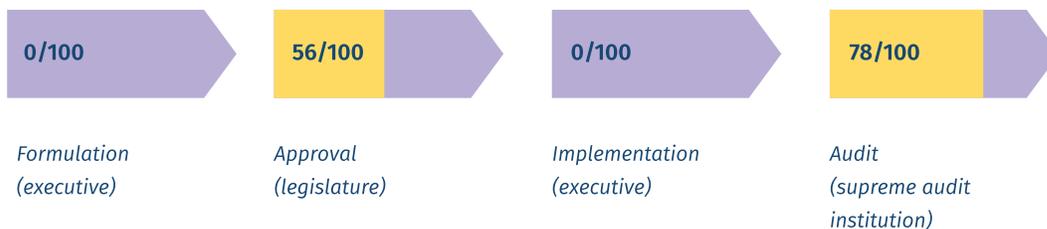
It is generally believed that transparency alone is insufficient to improve governance. Inclusive public participation is crucial to achieving positive results related to greater budget transparency.

As mentioned above, the "Open Budget Survey" also determines the extent to which the government offers the public the opportunity to be engaged in various stages of the budget process. The survey examines the practices of the central government's executive authority, the legislature, and the supreme audit institution (SAI) using 18 equally weighted indicators, aligned with the Global Initiative for Fiscal Transparency's [Principles of Public Participation in Fiscal Policies](#), and scores each country on a scale from 0 to 100.

According to the official data of the Open Budget Survey 2019, Georgia has score of 28 (out of 100) in terms of public participation in budget processes. The lowest score is for the public engagement in budget formulation and planning process. In other words, the Ministry of Finance of Georgia, despite various working groups, is not able to provide a full-fledged mechanism for public engagement in the state budget planning.

Mechanisms for participation in the discussion of the formulated budget submitted to the legislative body are relatively effective (56). Georgia also has a high score in the engagement in the draft state budget or the progress/implementation process assessment by the State Audit Office (78). As for the involvement in the implementation of the state budget plan, the challenges are great and the score is correspondingly low - 0 points.

### *Extent of opportunities for public participation in the budget process*



*few: 0 - 40; limited 41 - 60; adequate 61 - 100*

<sup>29</sup> Open Budget Survey.

In the context of this indicator, it is important to discuss the practice of EU member states. For example, according to the Open Budget Index 2019, Poland has 24 out of 100 scores in the component of the public participation in the budget process. Overall, the world average score is 14, while the OECD average is 23.

In this regard, based on 2019 data and ratings, the UK is an example for Georgia. Despite the different and peculiar budget arrangement, the country has a high score of 61 out of 100 in the participation component. The reasons for such a high score can be studied in detail by the Ministry of Finance and introduced in Georgian.

Sweden's score in the 2019 Open Budget Index is 19 out of 100, which is a good estimate of the global and the OECD average. It should be noted that Sweden has better performance in other components of the open budget index than in the participation component.

Thus, transparency alone is insufficient for improving governance. Inclusive public participation is crucial for realizing the positive outcomes associated with greater budget transparency.<sup>30</sup>

**Oversight:** are oversight institutions - the legislature, the national audit office, independent fiscal institution(s) - in place and enabled to function properly?<sup>31</sup>

The survey also examines the role that legislatures and supreme audit institutions play in the budget process and the extent to which they are able to provide robust oversight of the budget. Supplementary information on the existence and practice of independent fiscal institutions is also collected by the survey, however, results obtained in this way are not scored.<sup>32</sup>

## **MEDIUM TERM BUDGET PLANNING (MTBF)**

Medium-term budget framework (MTBF)—institutional arrangements in the budget process governing the requirement to present certain medium-term financial information at specific times, procedures for making multiyear forecasts and plans for revenue and expenditure, and obligations to set numerical expenditure limits beyond the annual budget horizon.<sup>33</sup> An MTBF is a set of institutional arrangements for prioritizing, presenting, and managing revenue and expenditure from a

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<sup>30</sup> Open Budget Survey, available at: <https://www.internationalbudget.org/open-budget-survey/country-results/2019/new-zealand>.

<sup>31</sup> Open Budget Survey, available at: <https://www.internationalbudget.org/open-budget-survey/about>.

<sup>32</sup> Ibid.

<sup>33</sup> Marco Cangiano, Teresa Curristine, and Michel Lazare (EDITORS), Public Financial Management and Its Emerging Architecture, p. 138, available at: <https://bit.ly/3wMCz13>.

multiyear perspective. Such a framework enables governments to demonstrate the impact of current and proposed policies over the course of several years, signal or set future budget priorities, and ultimately achieve better control of public expenditure.<sup>34</sup>

The principal motivation for adopting an MTBF in most advanced economy countries has been the desire to strengthen multiyear fiscal discipline.<sup>35</sup> Budgeting in most countries focuses on preparing an annual plan for revenue and expenditure, but an understanding of fiscal developments beyond this relatively short time horizon is important for the ability to make the right choices. Budget decisions generally have consequences for several years to come, and events expected to occur in two or three years' time may call for action today. This realization has prompted many countries to introduce medium-term budget frameworks.<sup>36</sup> The growing consensus on the desirability of adding the multi annual dimension to budgetary planning inspired Estonia and France to introduce brand new MTBFs into their practice/legal order.<sup>37</sup>

MTBFs differ quite significantly from one country to another in terms of their various features. These are: 1) political commitment, 2) planning horizon, 3) coverage, 4) level of detail, 5) formulation of targets, 6) exclusion of certain items, 7) carryover arrangements, and 8) binding nature.<sup>38</sup>

Typically, it is the government that adopts a medium-term fiscal plan. In some cases it then sends it to the legislative body for debate. In most EU member states, the government adopts a medium-term fiscal plan and sends it to Parliament for consideration, however, it does not require parliamentary approval.<sup>39</sup> Nevertheless, there is a group of countries (Austria, the Czech Republic, France, Greece, Latvia, Lithuania, Luxembourg, Romania, Slovenia, Sweden and the United Kingdom) where such parliamentary adoption is necessary.<sup>40</sup>

The EU fiscal governance framework has set a minimum as regards the time span of an MTBF. Specifically, the Budgetary Frameworks Directive obliges the Member States to have in place MTBFs providing for the adoption of a fiscal planning horizon of at least three years. Having reviewed this particular aspect across the EU, it appears that a vast majority of the country-specific MTBFs cover a period of three years, i.e. from t+1 to t+3 (t is a year to be planned). Furthermore, in quite a number of Member States the budgetary authorities are obliged to present plans for the coming

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<sup>34</sup> Ibid, p. 137.

<sup>35</sup> Ibid, p. 139.

<sup>36</sup> Ibid, p. 137.

<sup>37</sup> Monika Sherwood, Medium-Term Budgetary Frameworks in the EU Member States, European Commission, DISCUSSION PAPER 021 | DECEMBER 2015, p. 21, available at: <https://bit.ly/3tOMLEd>.

<sup>38</sup> Ibid.

<sup>39</sup> Ibid, p. 13.

<sup>40</sup> Ibid, p. 22.

four years (Austria, Denmark, Estonia, Finland, Germany, Greece, Italy, Luxembourg, the Netherlands and Portugal).<sup>41</sup> The MTBF applied in Finland is set for a fixed period of four years.

Most of the medium-term planning documents are produced on a rolling basis whereby a new out-lying year is added every year. However, in some cases (Finland, the Netherlands and the United Kingdom) the planning documents cover a fixed period of time beyond the budget year, and they are not being extended on a rolling basis. This timespan usually coincides with the term of an elected government, which typically entails stronger ownership and greater willingness on the part of the policymakers to respect the fiscal plans for which they took political responsibility.<sup>42</sup>

Finland, the Netherlands and Sweden introduced the medium-term perspective into the process of budgetary planning in mid-1990s. In Finland and Sweden this happened in response to a severe economic and financial crisis, which in turn made the introduction of the MTBFs easier as benefits of enhanced fiscal discipline appeared even more evident given the circumstances and there was a high political willingness to adopt them. In the Netherlands, the main motivation for extending the budgetary planning horizon beyond one year was the realization that expenditure was growing at unsustainable pace and that tax cuts could only be possible if the expenditure growth was reined in.<sup>43</sup>

## **BINDING CEILINGS**

The Budget is a plan for the state economy and financial administration. Budget planning in EU member states begins in spring following the completion of the General Government Fiscal Plan, on which it is based. The proposal is negotiated in the Government's budget debate in August. The Parliament approves the Budget for the next budget year before the previous budget year ends.<sup>44</sup>

**The expenditure estimates or ceilings are used to indicate the maximum amount of funding available to each spending entity or for specific objectives in the coming budget.**<sup>45</sup>

At the beginning of the parliamentary term, the Government decides on a framework, i.e. a ceiling for budget expenditure, and rules for the framework procedure. The spending limits for the par-

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<sup>41</sup> Ibid, p. 23.

<sup>42</sup> Ibid.

<sup>43</sup> Ibid, p. 21.

<sup>44</sup> Spending limits in central government finances and the budget, Ministry of Finance, <https://vm.fi/en/spending-limits-in-central-government-finances-and-the-budget>.

<sup>45</sup> Matt Andrews et al, This is PFM, Working Papers, Center for International Development at Harvard University, p. 2-3, available at: <https://bit.ly/3vzUI1V>.

liamentary term determine the policy for expenses over the whole four-years term. These limits are outlined in the first General Government Fiscal Plan. Each year in March-April, the Government revises the allocation of budget resources within the framework set out in the General Fiscal Plan and updates the framework to meet changes in cost level, prices and the structure of expenses in the scope of the spending limits.<sup>46</sup>

Sweden and Finland put emphasis on setting global expenditure ceilings for the central government. In the Netherlands, next to an expenditure ceiling for the central government, there is a separate one for the social security system and another one for the healthcare system.<sup>47</sup>

Finland and Sweden apply another solution to deal with unforeseen cyclical developments as they provide for an additional safety guarantee in the form of a budgeting margin. As uncertainty increases with the length of the time horizon, smaller margins are set for the year(s) closer to the current budget years and bigger margins are allowed in the outer years. For example, in Sweden the budgetary margin amounts to 1% of the forecast expenditure for the year  $t$ , 1.5% for  $t+1$ , 2% for  $t+2$  and 3% for  $t+3$  respectively. Such a budgetary margin endows the framework with a certain degree of flexibility. However, it seems important to stress that the size of the margin should remain relatively modest as otherwise the stringency of the framework could be compromised.<sup>48</sup>

The expenditure ceilings for the central government in Finland are defined in real terms and then adjusted for inflation and generally no other revisions to them are foreseen. Similarly, in the Dutch framework, which relies on central government expenditure ceilings, no adjustments are generally foreseen. In Sweden the ceilings are adjusted annually for inflation. There is always a possibility of renegotiating the coalition agreement and raising the ceilings but a funding source would have to be identified in advance. The ceilings can be tightened in case the general government deficit exceeds the signaling margin, i.e. when the deficit is more than 1 percentage point higher relative to the path for the general government deficit adopted at the beginning of the term of Office.<sup>49</sup>

According to the Austrian and Latvian frameworks, the expenditure ceilings adopted are binding but the legislation includes lists of expenditure categories, which should be adjusted in line with new underlying forecasts on an annual basis. These are among others: social security benefits, expenditure financed from fee-based services and other own revenue, expenditure related to court rulings,

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<sup>46</sup> Spending limits in central government finances and the budget, Ministry of Finance, <https://vm.fi/en/spending-limits-in-central-government-finances-and-the-budget>.

<sup>47</sup> Monika Sherwood, Medium-Term Budgetary Frameworks in the EU Member States, European Commission, DISCUSSION PAPER 021 | DECEMBER 2015, p. 24, available at: <https://bit.ly/3tOMLEd>.

<sup>48</sup> Ibid, p. 27.

<sup>49</sup> Ibid, p. 30.

expenditure related to co-financing projects supported by EU funds etc. This type of arrangement seems to endow the framework with a certain degree of flexibility and transparency without necessarily endangering its credibility. However, it is crucial to keep such lists to the absolute minimum and ensure that only items that clearly do not lend themselves to multi annual planning are excluded from the ceiling. Otherwise, there might be a risk of creative accounting involved as well as distortion in the composition of spending possibly to the detriment of expenditure more conducive to economic growth.<sup>50</sup>

### **TRANSFER OF PREVIOUS YEAR'S APPROPRIATIONS TO FOLLOWING BUDGET YEARS**

There are convincing arguments put forward to authorize government units to make use of unspent appropriations in the next budget year or the following years. This solution addresses the phenomenon commonly known as "December fever", when towards the end of the budget year ministries endeavor to spend all of their remaining appropriations for fear of losing them in the following year, which in turn distorts the picture of veritable needs and makes potential expenditure cuts more difficult in the future.

Indeed, some EU Member States allow the carry-over of unspent appropriations in the following budget year(s) but as in other aspects of the MTBFs, there is quite a multitude of arrangements across countries. For example, in Estonia the State Budget Act allows government units transferring part of unused resources from one annual budget to the next year's budget but it sets the limit for such carryovers at 3% of the total expenditure with the exception of investment projects and co-financing of projects partly funded by the EU, for which all unused amounts can be transferred to the following year.<sup>51</sup>

In contrast, Austria applies a less restraining arrangement whereby line ministries have the freedom to build unlimited reserves from any unspent appropriations at the end of the year, thereby encouraging a more efficient use of resources. According to the Austrian MTBF, the ceilings set for the chapters of the central government expenditure are then notionally increased by the size of the reserves accumulated previously under the respective chapter. In other words, the ceiling is deemed to have been respected even if it has been surpassed, on the condition that the amount of the "slippage" is not bigger than the accumulated reserves associated with the given chapter.

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<sup>50</sup> Ibid.

<sup>51</sup> Ibid, p. 28.

Since the accumulation of these reserves is theoretically unlimited over time, they also constitute a risk due to their significant size in relation to the ceilings.<sup>52</sup>

Across the advanced economy countries, three broad approaches to medium-term budget planning can be identified. **Six EU member countries have no MTBF.** No multiyear expenditure and revenue estimates are presented alongside and on the same basis as the annual budget. These countries may produce aggregate fiscal or budgetary projections; however, these documents are not integral to the budget documentation and do not constitute an ex ante framework for budget preparation. **MTBF is used in practice by 11 countries.** The multiyear expenditure and revenue estimates presented with the annual budget are intended to reflect the future costs of current policies and decisions but are not intended to bind future policies and decisions. These medium-term revenue and expenditure estimates are reset every year, without any reconciliation with the estimates presented in the previous year.<sup>53</sup> **Seven EU member countries have a binding MTBF.** The multiyear expenditure and revenue estimates presented with the annual budget are intended to both reflect the future costs of current policies and bind future policy changes. However, as discussed below, the nature, categorization, level of detail, coverage, and frequency of policy revisions of the medium-term commitment vary substantially across countries. The fixed aggregate ceiling approach currently used by Austria, Finland, the Netherlands, and Sweden fixes a binding limit on all or most central government expenditure for two or more years, and is not revised during that period. Given the primacy attached to ensuring that this aggregate ceiling is respected, these models do not set binding multiyear limits on expenditure categories within the overall ceiling but leave this to the discretion of the annual budgeting process. This type of model is characterized by a higher degree of comprehensiveness and control at the aggregate level, but maintaining flexibility to revise and reallocate at the more detailed level.<sup>54</sup>

Similar mechanism of frame budgeting is applied in Finland - setting budget ceilings for the term of the Government by the Government itself, for each ministerial sector separately, which means restrictions and better predictability for annual budgeting. 4/5 of the appropriations are bounded by the frame for the term of the Government, but they are adjustable annually. The budget ceilings are based on General Government Fiscal Plan that embraces the whole of public finances, also municipalities, pension system and social security funds. It is a new coordination instrument in central government finances, in use since 2014.<sup>55</sup>

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<sup>52</sup> Ibid.

<sup>53</sup> EDITORS Marco Cangiano, Teresa Curristine, and Michel Lazare, Public Financial Management and Its Emerging Architecture, p. 143, available at: <https://bit.ly/3wMCz13>.

<sup>54</sup> Marco Cangiano, Teresa Curristine, and Michel Lazare (EDITORS), Public Financial Management and Its Emerging Architecture, p. 144, available at: <https://bit.ly/3wMCz13>.

<sup>55</sup> Public administration characteristics and performance in EU28, Finland, pp. 299-300, available at: <https://bit.ly/2S05y2q>.

In Finland, the government at the beginning of a four-years term in its government program determines a binding ceiling of budget expenditures for the entire term.<sup>56</sup> Finland and Sweden have even more restrictive regimes that require all multiyear expenditure commitments to be approved by parliament as part of the budget.<sup>57</sup>

Indicative MTBFs remain the most common model, but a growing number of advanced economies are adopting more binding approaches.<sup>58</sup> Other binding MTBF models were adopted within the last two decades: in the Netherlands in 1994, in Sweden in 1997, in Finland in 2003, in France in 2008, and in Austria in 2009.<sup>59</sup>

In addition to the countries listed above, the public finance management system and arrangement in Poland and the Czech Republic may be more interesting to compare to the Georgian context, as the path taken by these countries to public finance management reform is more or less similar to the reform ongoing in Georgia.

Poland recognizes the importance of using results-oriented management strategies to improve public administration efficiency. This can even be achieved through result-oriented budgeting. Currently, formation of result-oriented budget is regulated by the traditional process of budgeting in Poland. This ensures the transparency and efficiency of the budget process. The goals of fiscal policy in the country are to maintain the sustainability of public finances and to support inclusive growth. This requires gradual progress in achieving the medium-term budget target.<sup>60</sup> The country has a state expenditure rule that covers almost the entire part of the Polish government. The rule came into force in 2013 and was first used in the 2015 budget formation process. The purpose of the budget spending rule is to promote the stability of public finances and to maintain the government balance at the level of medium-term budgetary goals in the medium term. Unlike the old rule of debt management, the new expenditure rule imposes annual restrictions on public finances. In Poland, the annual binding ceiling for the state budget process is set at the level of budget sections, but the MTBF reform envisages that the binding ceiling be set at around 20 new expenditure areas as well.

The Czech Republic has made significant progress in budget management since the end of the 2008 global financial crisis. The government has made significant institutional changes to improve fiscal positions in the budget framework. Significant changes and reforms meant the following:

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<sup>56</sup> See Finland, Ministry of Finance (2011) for a discussion of the Finnish budget system, p. 155.

<sup>57</sup> Marco Cangiano, Teresa Currstine, and Michel Lazare (EDITORS), *Public Financial Management and Its Emerging Architecture* p. 160, available at: <https://bit.ly/3wMCz13>.

<sup>58</sup> *Ibid.*, p. 145.

<sup>59</sup> *Ibid.*

<sup>60</sup> Republic of Poland *Developing a Medium-Term Budget Framework*, p. 19, available at: <https://www.imf.org/en/Publications/CR/Issues/2017/06/27/Republic-of-Poland-Technical-Assistance-Report-Developing-a-Medium-Term-Budget-Framework-45005>.

- ◆ **Top-down budgeting** - At the initial stage, result-oriented budgeting was voluntarily introduced by the central government;
- ◆ **Budget adoption procedures** - The process of approving the state budget is fully in line with EU standards and rules set by law;
- ◆ Within the public finance management reform framework revenues and expenditures of budgets of every level (Autonomous Republics and local governments) and every budgetary organization (including LEPLs and NNLEs) were transferred to the **treasury single account** system.

The Czech government ensures the engagement of all stakeholders at the budget planning stage and promotes inclusive budget process through various methods, including through special commissions and council mechanisms. For example, the National Fiscal Council assesses the fiscal impact of government planned or implemented measures and prepares a report on the long-term sustainability of public finances.

Thus, it is important for Georgia to take into account the good practice of public finance management in EU countries, especially in terms of transparency and openness of state budget planning.

## SUMMARY

Transparent and result-oriented public finance management is a crucial component for the effective public administration.

Despite the significant steps taken in Georgia within the public finance management reform, and progress made in recent years proved by various ratings and indexes, the need for major changes is still on the agenda. It is necessary to implement the plans focused on improving existing practices in the field of public finance management and approximate them to international standards.

The present study once again proved that the Country Basic Data and Directions (BDD) document, which is the main tool for medium-term planning, fails to ensure the effectiveness of several important components given its review procedures. For example, **accuracy of forecasts** - which is subject to so many amendments over the years, it is difficult to determine how accurately the forecasts were defined in the beginning. In addition, **the plan does not fully contain fiscal risks**. It is mainly focused on state enterprises and risks such as government debt, interest rates, projected GDP, exchange rate fluctuations, inflation are neglected.

It is also important that the **finances of state enterprises** that functionally provide public services are not included in the unified treasury system, which prevents the formation of a unified overall picture of the public finance management system.

Although budget documentation is available in open source, the introduction of access mechanisms only cannot ensure the transparency of the budget process and citizen engagement. The number of people who actually participate in budget planning is small. Unfavorable indicator of public participation in the budget implementation process is also a significant challenge.

The examples of several EU member states discussed in the study can be used as examples of good practice for Georgia and taken into account in the budget planning process in three directions, specifically:

- ◆ Medium-term budget planning
- ◆ Fiscal risk management
- ◆ Budget planning transparency

Thus, the ability to reflect existing needs and anticipate the future should become a constant feature of the public sector in Georgia. To achieve this, the public administration shall be built on solid foundation such as ethics, efficiency, effectiveness, open and accountable governance.<sup>61</sup>

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<sup>61</sup> Public administration characteristics and performance in EU28, Introduction, p. 4, available at: <https://op.europa.eu/en/publication-detail/-/publication/15cd2969-9605-11e8-8bc1-01aa75ed71a1/language-en>.

## RECOMMENDATIONS

In order to improve the effectiveness of public finance management reform, a key component of the ongoing public administration reform in Georgia, the following recommendations need to be taken into consideration:

1. Public participation in budgeting and inclusiveness of the process should be ensured from the budget formulation stage.
2. Information on fiscal risks should be added to the draft state budget. For example, information on transfers to state enterprises, their quasi-fiscal activities, and fiscal year tax expenditures.
3. The body responsible for improving citizen participation should also focus on the principles of the Global Initiative for Fiscal Transparency Initiative (GIFT).
4. Pilot mechanisms should be introduced to ensure public participation in the formulation of the state budget and monitoring of budget execution.
5. The most vulnerable and under-represented groups of the society should be actively engaged in the budget process directly or through civil society organizations representing their interests.
6. The Six-Months Budget Execution Report should provide up-to-date data on expected revenues by the end of the current year and compare them with the original forecasts.
7. Public participation should be better ensured in the development of a citizen's budget guide.
8. The BDD document should become more accurate in terms of forecasts and the need for amendments to the budget law should be minimized based on a proper planning process.

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