

Challenges of Impact Assessment on the Development of Public Administration in Hungary: The Case of Good Governance Indicators

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Abstract

Impact assessment of public policies in nowadays rapidly changing environment is facing challenges of different governance approaches, emerging demand for transparency and deliver more efficiency in public finances, which highly applies for public reform programs. Several reforms were introduced in the Hungarian public administration since 2010 reshaping both the local and centre government levels. A well-functioning administration with embedded institutions enables the formulation of a competitive environment which propitiously effects the country's economic growth. Some of the reforms are partly financed by the European Union's cohesion funds in which result-oriented tendencies can be observed. The majority of the developments belongs to the scope of e-government which results are dedicated to be measured comparatively at the level of the European Union by the Digital Economy and Society Index. Although there are numerous, but significant impacts which are not involved in this ranging system. Hungary introduced a unique pilot evidence-based impact assessment framework connected to the projects of the Hungarian Public Administration and Civil Service Development Operation Program (PACSDOP). The results and impacts are measured and continuously monitored both in project and national levels by a separate institution. The paper aims to reveal the challenges in development impact assessments with a Hungarian case study, the Good Governance Indicator System established by National University of Public Service, which monitors and evaluates Hungarian e-government reforms and developments in order to enhance exchanging innovative methods and practices of public policy impact assessment.

Points for Practitioners

The presented evidence-based tool of the innovative impact assessment framework is a currently running pilot, practitioners could be interested in the methodology and first results of use in order to assess and discuss further adaptability.

Keywords: impact assessment, evaluation, evidence-based policy making, Good State and Governance Research, output, outcome

1. Introduction

The Hungarian government introduced several reforms in the Hungarian public administration that can be defined as “deliberate changes to the structures and processes of public sector organizations with the objective of getting them (in some sense) to run better.”(Pollitt and Bouckaert 2011). The territorial administration was totally restructured, the complete reform of local government was introduced and as a main body of providing well-trained and capable human resources for the human resource management of public administration, the National University of Public Service was established. The main elements of the public administration reform programmes (Közigazgatási és Igazságügyi Minisztérium 2011; Ministry of Public Administration and Justice 2012; Miniszterelnökség 2015) are currently being implemented by developmental projects financed by the Public Administration and Civil Service Development Operative Programme (PACSDOP). More than 935 million euros are planned to be spent on the development of the Hungarian public administration, which plays an important role in the process of improving the competitiveness of the Hungarian state with its indirect effects to the performance of the business sector.

In context of the Good Governance Approach, a new framework was built up to measure, monitor and evaluate not only the outputs and results of the implemented projects, but rather its impacts. Good governance supports

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the improvement of living conditions and it has positive correlation with economic growth. According to the definition of the European Union, the high quality of institutions is characterized by the “absence of corruption”, a workable approach to competition and procurement policy, an effective legal environment, and an independent and efficient judicial system. [...] strong institutional and administrative capacity, reducing the administrative burden and improving the quality of legislation (European Commission 2017). Pursuant to the Magyary Programme 12.0, introduced in 2012, “a state may be regarded as good if it serves the needs of individuals, communities and businesses in the interest and within the boundaries of the common good⁴, in the best possible way.”(Ministry of Public Administration and Justice 2012).

Result-orientation is receiving an emphasized attention in the execution of European Union’s cohesion policy (McCann 2015). It improves effectiveness of the developmental programs and provides a better spending of the resources. Result-orientation means that the interventions contributes to the results of the operative programmes (Hajdu et al. 2017). The strategy process, with the main elements of problem analysis, prioritisation, objective setting, indicator setting, action planning, costing mentoring, reporting and evaluation (OECD 2018) must be based on evidences. As Head express, the evidence base “is the knowledge generated by applied research, whether undertaken inside or outside of government agencies. This includes the general evidence about broad trends and explanations of social and organisational phenomena, as well as specific evidence generated through performance indicators and program evaluation”(Head 2008).

From the 8 purposes of why public managers support measuring purposes (Behn 2003), the purpose of evaluation, control, motivate, celebrate and improve can be observed in case of the later detailedly described monitoring and evaluation framework. Performance measurement should take into consideration the political achievability (Bjørnholt and Larsen 2014), as the evaluations also have political limitations. It does not mean that they do not have to contain reliable facts but the selection of the evaluation questions are the results of political negotiations.

A semi-state academic-based body is responsible for the monitoring of the PACSDOP projects. It provides better expertise and independence from the implementors of the program.

The main aim of the paper is to present a new evidence-based monitoring and evaluation framework developed with the cooperation of the academic and professional spheres. This model can improve the effectiveness of the project and provide up-to-date data for the managing authority. It helps the work of evaluators by serving ample amount of data.

2. Methodology

The paper and the methodology is structured as follows: firstly, the conceptualisation of the impact assessment system is revealed. Followed by a specified adaptation to the projects of the PACSDOP. By the assessment of the output effects the PACSDOP (meaning the aggregated effects of the project) and other effects (caused by external, non-intended circumstances) should be distinguished. From the point of final evaluation the PACSDOP effects are relevant.

During the development of the theoretical framework, methodology and assessment procedure several methods were applied: reviewing relevant national and international policy papers, in the field of European Union Cohesion Policy, public service policies; reviewing international standards of public policy evaluation methodologies, studying governance and public policy measurement policy best practices. Empirical methodologies were also used: numerous consultations and interviews were carried with stakeholders, especially with the Funder/Authority and Beneficiaries about their objectives, expectations capabilities and constraints. The expertise of public administration experts and methodological knowledge of researchers were also taken into consideration in the structuring of the introduced theoretical framework.

⁴ In this sense “‘the common good’ means that The State creates a lawful and equitable balance between a number of interests and needs, allowing the enforcement of claims and providing protection in this way. The State proceeds with due responsibility in the interest of the protection and preservation of the nation’s natural and cultural heritage. The only self-interest of the State is that it should, under all circumstances, be able to effectively enforce the above two elements of the common good; in other words, the State should create an effective rule of law, and therefore should ensure the functioning of its institutions, and honour and guarantee accountability for maintaining individual and collective rights.” (Ministry of Public Administration and Justice 2012)

It is important to establish two facts, firstly, that this paper does not focus on the findings, but on the outlining and description of the framework and process, secondly, that the framework is analysing a currently ongoing pilot, meaning the findings and conclusions are drawn at “midterm”.

3. Evaluation methodology and process in case of Hungary

3.1. An innovative impact assessment tool

The impact assessment (IA) of public policies in a rapidly changing environment is facing challenges of different governance approaches, emerging demand for transparency and deliver more efficiency in public finances that applies for public reform programmes. The Government of Hungary introduced a unique pilot evidence-based impact assessment framework connected to the developmental projects of the Hungarian Public Administration and Civil Service Development Operation Programme, the PACSDOP.

As mentioned above the theory of IA is not going to be discussed, however it is important to specify that impact assessments are carried out in almost any area of government interventions, initiatives, or even on any activity of a policy measurement (for example, in order to deal with market failures, or to examine inequalities in society). Developmental impact evaluations slightly differ from traditional impact assessments, especially in EU Cohesion Policy. In general, all interventions aim to develop social indicators, and development policy should be less considered a separate public policy, rather a horizontal one, that involves all of them.

This innovative impact assessment tool introduced in Hungary is an ex-post and midterm (ex dure) developmental impact evaluation instrument to evaluate an EU Cohesion funded national operational programme and its individual developmental projects. The results and impacts of the projects are measured and continuously monitored both in project and national levels. The initiative is called the Good State and Governance Indicators (GSGI) system and it originates from the Good Governance Research⁵ carried out at the National University of Public Service in Budapest. The initiative is not only a conceptual framework, but an existing practice with an IT monitoring and reporting system, and a university unit carrying out various consultancy and administrative activities.

3.2. Theoretical background and practical considerations of PACSDOP impact measurements

The Good State and Governance Project Indicators (GSGPI) system is a specific (ex dure and ex post) type of impact assessment and monitoring tool of development and cohesion policy. Its methodology is tailored to a specific EU Cohesion Fund Program, the PACSDOP.

The essence of the GSGPI system is that the project outputs (expected results), that are relevant to the project and their impact can be measured in the impact framework developed for evaluation, should be explored individually in order to analyze the effects of the project implementation results. This is followed by the so-called methodological development phase aimed at developing measurement procedures that are capable of delivering valid and reliable results. And, as far as possible, they should be linked to the overall objectives of the project Beneficiary organization, its quality assurance and quality management system.

⁵ The Good Governance Research is a flagship research focusing on developing and measuring state effectiveness and efficiency indicators related to state capacities and governance capabilities. This innovative work resulted in a unique governance performance measurement framework and the annually published (since 2015) Good State and Governance Report (*Kaiser, 2016*). The Report was not created with the aim of repeating and adhering to the normative perspective of international rankings and the competitive and comparative approach. Instead, it is built upon the approach taken by international evaluations of performance, whereby government performance is inseparable from the given country's socio-economic position, as well as its special attributes and problems. Therefore, it is able to provide a reliable benchmark for the comprehensive measurement of government performance. It intends to be a tool supporting the governmental decision-making. For this reason, its primary target audiences are the policy actors and public bodies. The aim is to broaden and deepen the research's in-depth analysis of international methodologies, enhancing the corporate and territorial dimensions, and make data and analysis available online. Further purpose is to get acquainted with user feedbacks, and gain detailed knowledge about similar international practices in order to channel and embed them into the research.

After the methodological and measuring tool development process, measurement project Beneficiaries are responsible for implementations and data provision. At the final stage of impact assessment data processing and the individual and aggregated evaluation of the results are carried out. Evaluation require national and policy survey data as well providing the impact assessment results above project level.

The further uniqueness of the system is the interconnection between GSGPIs and GSGIs. The Project Indicators, can be linked to project outputs, they also connect to the national GSGIs, reflecting a well-established (impact) path, providing the macro-level field of the expected effects.

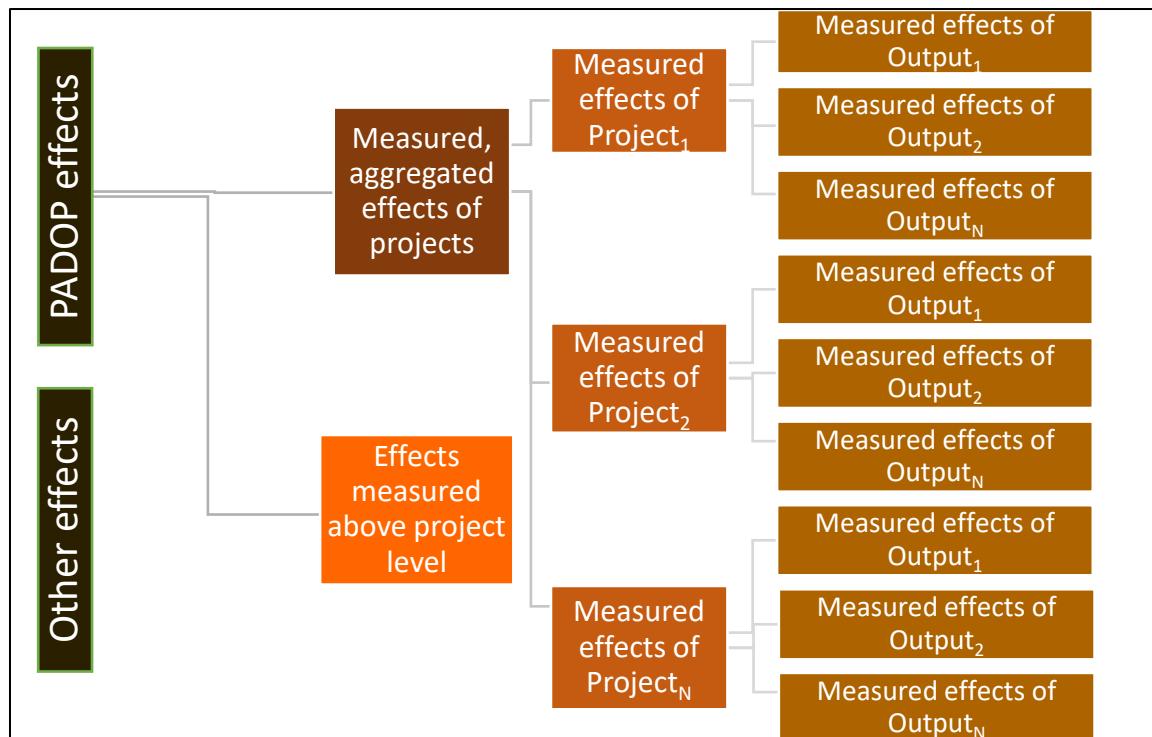


Figure 1. Space for impact assessments of public administration developments from the perspective of the PACSDOP and the GSGI-GSGPI system

Accordingly, in the exploration of the effects of the PACSDOP, the impacts of micro-level (bound to project output), meso level (project-level and impact category-level) and macro-level (GSGIs, above the project level) impact assessment must be carried out simultaneously. The combination of these approaches is unavoidable because the activities and outputs of the projects, the expected outcomes are heterogeneous, and the expected and actual effects are influenced by other external processes and effects. Results are relative and often based on perceptions (e.g. in case of measuring satisfaction), they can also be evaluated using benchmarks (e.g. relevant international indicators).

Approximately 250 GSGPI impact assessments are planned to be implemented and will cover a significant part of the PACSDOP effects. The matrix created by the analysis of the impact dimensions and target groups of the individual outputs also shows other effects that are important for the success of the project but could not be measured.

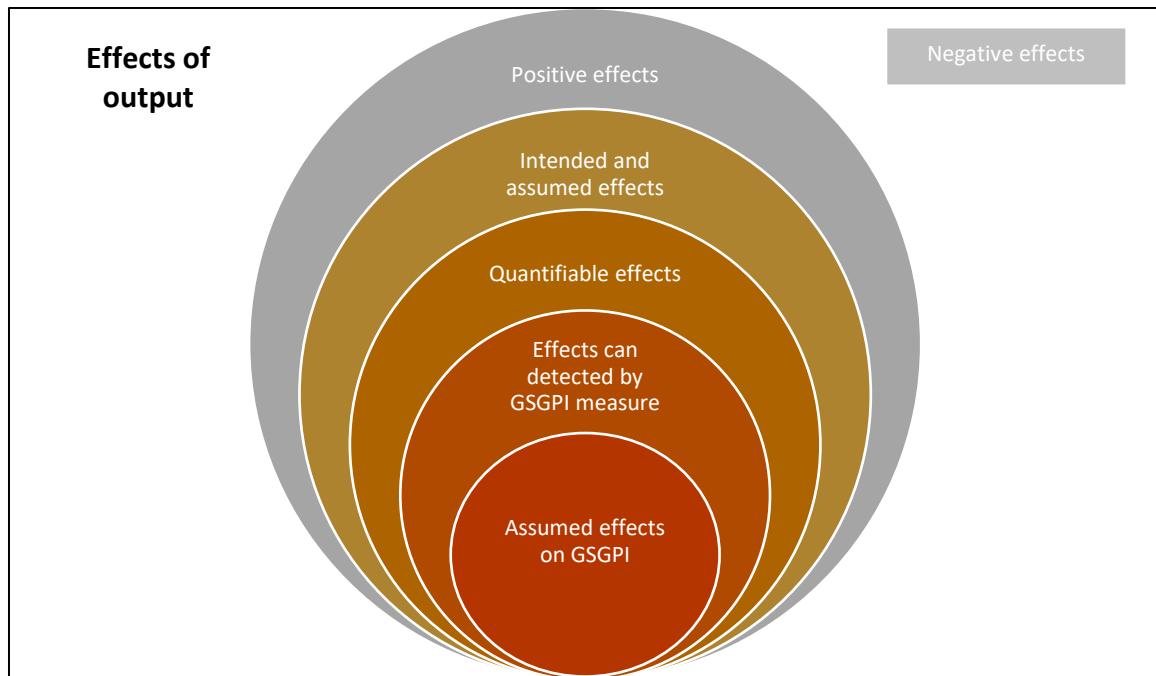


Figure 2. Measuring space for project outputs and GSGPIs

According to Figure 2, it can be seen that measuring the effects of PACSDOP is a wide-ranging task, in which several limitations of the planned impact measurements have to be taken into account.

At the most basic levels of effects, we can distinguish between negative and positive effects. Obviously, project Beneficiaries commit themselves to generating positive changes, and the negative effects are not planned to be measured, but this does not mean that such effects do not occur. For example, if a specific GSGPI measure only addresses the positive effects of one target group (e.g. population), then there is no evidence what effect the development will have on another target group (e.g. public administration). In the case of a legal procedure, the reduction of the administrative burden on the population's side may result in an increase of extra administration on the authority's side. It is also important to note that negative and positive categories are normative, in many cases based on value choices, because the effect of a particular change can simultaneously trigger positive and negative effects depending on the point of view: for example, a reduction in working time for a given employer may lead to job losses.

This is why intentional and unintended effects need to be distinguished. At the same time, intentionality at the level of the stakeholders is often not overlapping, so it is worth distinguishing the intentions at the Funder, organizational, and executive, Beneficiary levels of the projects. At the Funder level, the intended effects can be deduced from the PACSDOP priorities and the objectives set out in the calls. The effects intended at the organizational level can be learned from the Feasibility Studies, and at the executive, Beneficiary level, after the exploration of the impact dimensions, the goals to be achieved related to the outputs recorded in the matrix can be considered as intended. Of course, these intended (desired) effects are hierarchically related. With this in mind, it is important to note that the GSGPI system is able to detect the positive effects that are intended.

But the effects can be not only direct but indirect: effects that we have information about, but that are not measured. Based on the spillover phenomenon, the effects themselves produce effects, and these processes can add new effects to the pathway. In connection with the latter, the modernizing narrative of the developments can be interpreted, according to which the importance and justification of a development is not characterized by its direct impact, but by what further developments are built on it and what further developments it will make in the future. These effects are particularly important for the projects that are built on one another and for which synergy can be assumed. To measure these effects, measures at project level are required.

Another key issue for detecting effects above project level is aggregability. Due to the diversity of project goals, themes, outputs and measurement options, it is necessary to provide the parameters (unit costs) that allow the effects to be assigned to each impact category, in addition to determining volumes. Also, the combined interpretation of the impact categories of the load type (i.e. time and/or material cost). The developments under the PACSDOP cannot be aggregated for other impact categories (e.g. service quality, satisfaction). In order to

record the changes in these dimensions, macro-level (e.g. national or sectorial) empirical data collections and surveys that are the basis of GSGIs are indispensable.

3.3. Evaluation methodology and process

The essence of the initiative is to individually explore all relevant, measurable outputs and expected results that can cause impact in the assessment framework (so called impact matrix) designed for the operational programme and its objectives in order to evaluate impacts on a more general level (see table 1).

The matrix aims to present development results or outputs (contents) in an impact-based structure. The outputs and results identified are measurable, have great importance in the development and in drawing conclusions for the future evaluation and interpretation of its expected (social) impact. This outcome approach overview also shows where, how and what improvements are aimed to be delivered to public administration in which target groups and seeks to find stakeholder benefits as well. Possible measurement points and methods are also identified.

		Impact dimensions				
Result and output expected to cause positive social or organizational impact:		Reducing timescales	Reducing cost	Increasing access to services and procedures, reducing access barriers	Increasing service and procedure development related enabling and competence building	Increasing satisfaction and/or consumption
Target groups	Citizens					
	Businesses					
	Public bodies – public administration					
	My organization					

Table 1. Impact matrix exploring expected outputs and results on project level

In the matrix, the impact dimensions in each columns refer to different aspects of expected developmental project impacts based on public administration and operational program strategies and policy papers (reducing timescales and cost, increasing accessibility, increasing level of service, and increasing satisfaction). In the rows four impact target groups are highlighted for future analysis (citizens, businesses, public bodies – public administration, project recipient organization).

The matrix step is followed by the methodology development that aims at designing measurement methods and process fulfilling the criteria for being appropriate, valid, reliable and possibly inextricably linked to the goals, strategy and quality management of the project recipient organisation. Based on the completed matrix after a series of consultations an agreement is made on the measurements, on the indicators to be measured and on the methodology of the way to measure them among the recipient, the sponsor and the external (methodology) consultant.

Another key specificity of the methodology is target commitment which means that all developmental project recipient shall set proportionate and realistic targets to achieve for their performance measurements. This is where the preparatory phase of the process ends.

The measurement method development is followed by the implementation phase. Recipient projects are responsible for measurement management and data presentation under the continuous supervision by the methodological experts of the monitoring body. Since implementations often face the challenges of change management, measurement monitoring require to react with a decent flexibility to deadlines and indicator methodology as well. Therefore, an online monitoring IT system has been designed to track monitoring process, record measurement results and provide reports. It also supports the management of modification requests, external and internal task management, regular data presentations and executive information demands.

The final stage of the impact assessment method is the processing of received data, individual and aggregated evaluation of the measured results and national opinion surveys are also carried out.

4. Conclusions

The objectives of the Hungarian Public Administration and Civil Service Development Operation Program are implemented by public service organizations in the form of particular projects. Their common objective is to increase the competitiveness of the country by increasing the effectiveness of the public sector, improving its consumer-friendliness by spending less time on administration activities and shortening the length of the legal procedures.

On one hand the indicators of the Good State and Governance Report tends to measure the national-level government performance, on the other hand serve as a monitoring tool for the impact assessment of the implemented PADOP projects. The distinction of three level of impacts and the differentiation of stakeholders provide the possibility to carry out a more targeted evaluation.

It is important to distinguish impact assessments from (cost)efficiency measurements. Good State Indicators do not primarily measure efficiency but impact of the project results, where outputs and inputs could be separately examined. There are limits to measuring efficiency because of the following constraints:

- Efficiency measurement is based on the direct relation between outcomes and inputs. How results and outcomes are generated from inputs and what factors contribute or hinder the outcomes requires separate analysis.
- Process constraints lead to numerous items being excluded from the outcomes/inputs quotient, like unintended outcomes and unexpected additional costs.
- Efficiency evaluation often requires comparative information and benchmark: what could have been developed with the same cost, or how much spending would have led to the same outcome.
- Despite the number of developmental projects is limited to approx. 50, the heterogeneity of their developments, their preparedness to develop and evaluate often cause difficulties to assessment process.
- Impact and benefit evaluation of developments require defining timescales and rate of returns, that could face several challenges in public sector. Like legal and institutional environment, parallel developments strengthening or weakening each other.

In conclusion, this Hungarian initiative is a gap filler tool to ex-post and midterm evaluations and impact assessments. It enables deeper exploration of intended impacts of developmental projects and programmes in the public sector. This monitoring framework also provides information whether these developments make a significant contribution to the reduction of administrative burdens, to digital transformation of governance and to the competitiveness of the economy by increasing the Hungarian and European competitiveness and growth.

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