MAGYARY ZOLTÁN
PUBLIC ADMINISTRATION DEVELOPMENT PROGRAMME

(MP 12.0)

FOR THE SALVATION OF THE NATION
AND IN THE SERVICE OF THE PUBLIC

MINISTRY OF PUBLIC ADMINISTRATION AND JUSTICE

31 AUGUST 2012

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Introduction

"For the benefit of the Country and in the service of the Public"

We published the first edition of the Magyary Zoltán Public Administration Development Programme (Magyary Programme 11.0) just over a year ago, on 10 June 2011. As we said that time, we did not write a rigid programme but rather a new map, a frame of reference, seeking a factual, objective answer to the questions: Where to and where from Hungarian public administration is heading? And how would it like to reach its destination? We did this so that we ourselves may see the way ahead clearly and may help everyone not to lose sight when it comes to the reform of Hungarian public administration, and also to provide with a view enabling everyone to pay attention to the facts and the actual causes and consequences in addition to their own subjective thoughts. The Magyary Programme 11.0, as it will be discussed in the 12.0 edition, has fundamentally achieved this goal.

Public administration has its own internal principles, and we believe, in particular, in the wake of our 1,000 years of statehood, that the building and shaping of the State has firmly-rooted cultural traditions in Hungary which thereby set a certain framework for the process; which permanent process cannot, and indeed, should not be separated from politics, neither from the social and economic expectations and challenges. The Magyary Programme 11.0 itself was not conceived during a calm, quiet period. At the time of the compilation of the 12.0 edition, in contrast to the expectations of many, the economic and institutional conditions in the world around us did not reach a point of consolidation from which one may set out safely but, in actual fact, stepping-off points in search of safer waters are still being sought world-wide. This is coupled with the fact that we are right at the half of the 2010-2014 governmental term when sorting is not only a necessity in the spirit of an in-depth evaluation and in preparation for the next elections but where signs of exhaustion may also emerge amongst the staff of individuals who have been on a forced march for 24 to 28 months.

In this situation, those in charge of the Hungarian public administration programme may truly demonstrate their multifaceted leadership skills. On the one hand, it is necessary to maintain and reinforce the trust of national and international general opinion - and of the political sphere which is setting aims for public administration - in the professional capabilities and commitment of Hungarian public administration, which lays particular pressure on factual and open communication that bears no resentment. On the other hand, by virtue of the Magyary Programme itself, we must show the progress pathway, with suggestive methods if necessary, by underlining that it is often necessary to find new paths amidst the crisis and skills of flexible adaptation are required on these new paths. At the same time, we must also be aware that there is no material that cannot be torn. A good leader does not only show a good example and leads the way but is able to change the pace of breathing and walking when detecting signs of fatigue, considering specific features of the individuals in his charge. A good leader does not allow the diminishing resources to be burnt out in panic reactions (as, for instance, underhand machinations debilitate an exhausted organisation), and calmly shows how and where the critical phases are to be overcome.

Now, in August 2012, according to our best intentions, the Magyary Programme is not merely the delivery of a promise that we made a year ago, but serves as a useful tool for the successful completion of the three tasks described above and gives us strength to continue as we can see where we have made progress and what difficult, yet noble tasks lie ahead. About the timing of August 2012, we must note that it was important to wait for the completion of the first major reorganization of the structure of the government which took place in June-July 2012.

Also in this edition, we wished to remain within certain boundaries in length in the interest of the wider popularisation of our measures. At the same time, following from the nature of the matter, these measures are more profound and greater in their extent (in addition to setting the tasks in hand, there is increased emphasis on providing a report on the implementation of the programme). With regard to this, we felt the need to highlight the most important events in the development of public administration and, in the case of certain programme items, we made more elaborate information available by virtue of references in the text. Finally, we attempted to ensure MP 12.0 to be an enjoyable and dynamic reading both on its own and in an organic integration with MP 11.0, without repeating and quoting its former version.

Budapest, 31 August 2012

Dr. Tibor Navracsics

I. The Concept of the Magyary Programme 12.0

1.1 Terms of Claims of the Magyary Programme

It is necessary to lay down at the beginning of MP 12.0 the confirmed and expected peculiarities of the Magyary Programme on the basis of which, when renewed year after year, it may serve as a well-liked, popular administrative patent that may be used in every field of the development of public administration and, if the accomplished results of its measures allow, also abroad.

1. Programme: the MP is not a rigid plan but one that keeps track of and follows up the measures taken within a fixed conceptual framework, that exists within set boundaries, but with dynamic flexibility based on annual regularity, compares the plan with the facts and sets new tasks;
2. Comprehensive: MP grasps the entirety of the development of public administration; in other words, there is no scope for any phenomenon or intervention that cannot be construed as part of the system under MP;
3. Understandable: the communication, extent, representation and language of MP is such that it is a realistic expectation that the staff members participating in the processes should be precisely acquainted with all its details;
4. Addressing: MP is human and not sterile, builds on the emotional and supporting manifestations of staff members as the most important resources, and provides, inter alia, symbols and slogans: "For the benefit of the Country and in the service of the Public";
5. Of value content: MP does not merely rely on administration-organisation technical solutions but also on values and traditions, such as the career of the name-giver Zoltán Magyary, that may enhance the general rules and define good public administration itself as a value-creating process which forms part of a bigger whole, the accomplishment of the Good State and a successful nation;
6. Its identified main goal is "efficient national public administration": MP fully elaborates on all three of its main elements with contents that may be construed in the course of the day-to-day activities of development and the implementation of tasks;
7. It has four areas of intervention: organisation – task – procedure – staff, which makes the multiplicity of processes taking place at the same time and their impact on one another perspicuous;
8. Inclusive: by virtue of the so-called comprehensive tasks, MP is able to handle the situation that emphatic expectations may emerge from time to time for political or communication-related reasons which, when not fully integrated into the system of tasks, would be capable of distorting the internal order of public administration in a way that would also reduce efficiency;
9. It has a task-centred approach: an action plan with schedule and identified responsibilities forms part of MP.

From among the above claims, the main goal described under item 6, the need for an efficient national public administration provoked most debates as part of the evaluations related to MP 11.0.

Three main arguments emerged:

1. Is it possible to make "effectiveness" a part of the concept of "efficiency" (the six criteria formulated in MP 11.0 are: effective – economical – efficient – safe – verifiable – adaptive), or is it a separate, independent, overriding expectation? In our opinion, "effectiveness" should continue to form part of the concept of efficiency because, in a case to the contrary, we would lose the meaning of the ultimate end to which public administration operates, and efficiency would revert to a mere self-reflection, a concept that is incapable of renewal;
2. To what extent can the public administration of a country be "national" within the boundaries set by the EU, NATO and other "international" alliances? We believe that the actual existence of national interests and the necessity of maintaining them justify and necessitate the very existence of these international organisations inasmuch as they are able to strike a healthy balance between the common interests and individual interests of the members and to verify that, compared with national interests, the cooperation of the given international community, its common answer to a given question, is better already in the medium term, and more favourable for the given nation than the response it would be able to come up with on its own, by virtue of its own state alone;
3. The question emerged in the context of the concept of "public administration" as to what extent the distinction between the object and subject of administration can be consistently enforced in the various types of administration. Namely, on the one hand, do all administrative and organisational activities related to public tasks form part of public administration even if they are not pursued by state public administration agencies? On the other hand, does everything that the State does in the form of the implementation of its duties necessarily form part of state administration, and within that broad category, do such sub-categories as judicial administration or government administration, that we today refer to with some inaccuracy as central public administration, exist at all? According to the approach of MP, if you like, extensively, public administration is the performance of administrative duties, whether the object of the task is the performance of a public task (as the source

of the duty originates from the State), or the subject of the duty is an public entity (any state operation cannot fall beyond public administration). We must examine the depth of public administration expectations with particular scrutiny (and must, wherever necessary, describe them on the basis of specific rules) when an public entity does not fulfil a public task (e.g. method of entrepreneurial business activity, operation of companies in public ownership or public institutions) or when an entity that is not located outside the state organisation performs a public task (e.g. academic accreditation of institutions of higher education and the Hungarian Academy of Sciences). However, irrespective of this, the operation of the State is free from inclusion and thus able to respond flexibly on its part, in these cases, too, the default framework of interpretation is public administration.

The implementation of the Magyary Programme has confirmed that 9 terms of claims are, on the one hand, an important criterion that everyone should be made aware of and, on the other hand, that the measures and approaches described in MP 11.0 were correct. In short, the interpretative framework of the Magyary Programme was well-conceived.

At the same time, it is possible to detect the critical elements that need to be developed or altered, as MP 12.0 serves as the ultimate opportunity for this for the first time.

There is a clearly demonstrable cyclical causal relationship between the efficiency of Hungarian public administration (1), Hungary's competitiveness (2), Hungary's actual international performance and credit rating (3), Hungary's fiscal situation (4) and, in the wake of these, the scope for the improvement of Hungarian public administration (5). It is therefore of particular significance that, based on the agreement entered into with the OECD [Government Decree No. 62/2012 (IV.2) on the promulgation of the Grant Agreement for the Project OECD-Hungary Partnership in Public Administration Reform Programme between the Government of Hungary and the Organisation for Economic Cooperation and Development (OECD)], the process of the reorganisation of the Hungarian State, Hungarian public administration, that is, the Magyary Programme, is under continuous international scrutiny which boosts its authenticity and promotes its popularisation abroad, in addition to the fact that the Magyary Programme may continuously improve on the basis of the recommendations received. Finally, we must also see that, in this respect, there is no compulsion to conform in every department. There may even remain issues in dispute in the four specified areas of investigation: strategic management (1), simplification of processes (2), operation of government windows (3) and prevention of corruption phenomena and analysis of the performance of the government (4).

Appendix No. 1 contains the first critical interim report of the experts of the OECD on the Magyary Programme which will be followed by in-depth analyses and workshop debates during the course of the second term of 2012 and the first term of 2013. Therefore MP 13.0 will provide a detailed, combined evaluation. In MP 12.0, the answers given to the questions raised by the experts of the OECD were integrated into the Chapter II.1 entitled Critical Evaluation of MP 11.0.

1.2 Concept of the Good State and the Good State index

The Magyary Programme is not a thesis work on state theory but a public administration development technology. However, on account of the very fact that public administration serves a very specific purpose, it is necessary to have a certain theoretical framework related to the State in the interest of the precise targeting of the required interventions.

In line with MP 11.0, we also continue to retain the Good State concept of the Magyary Programme because, compared with recent local and foreign attempts to provide a definition, it is able to mark the main direction for the state management model, also with regard to the fact that it will not fall captive to metaphors that may be misconstrued later (e.g. night watch).

Let us have here the concept of the Good State as a definition:
"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 good, in the best possible way."

The concept of common good means that

1. the State creates a lawful and equitable balance between a number of interests and needs, allowing the enforcement of claims in this way and provides protection;
2. the State proceeds with due responsibility in the interest of the protection and preservation of the nation's natural and cultural heritage;
3. the only self-interest of the State is that it should, under any circumstances and effectively, be able to enforce the above two elements of the common good; in other words, the State should create an effective rule of law, therefore should provide the functioning of its institutions, and should provide the honouring and accountability of individual and collective rights."

The best possible way: this may result in different emphases in the different areas of the operation of the State as while the main criteria in public administration are efficiency and the national interest, in the case of the administration of justice, fairness and strength of the law to be enforced are the primary considerations, with the natural proviso that these expectations mutually emerge in the other area as well.

We should stress at a time like this, at the time of the global economic crisis and during a period of scarce resources, that a general and absolute common good can hardly be attained at the level of the State through the sole satisfaction of communal interests, however they may be emphatic. At the same time, most of the major failures in the historical development of the Hungarian State stemmed from the fact that the State followed, allowed scope or led the way for the great fluctuations that determine the purpose and framework of its operation in the wrong direction or at the wrong pace. This historical experience, the democratic expectation of electors and more recently the conscious self-development of the State all require that the State should be fully open to exploration and its operation should be measurable and available for evaluation.

It is an evolutionary result that, for the majority of people, the unknown is something to be feared of and not necessarily good by any means. The Good State is available for closer inspection and exploration, and is therefore a kind of first step towards an easy-to-understand description and representation of what is good.

The so-called cardinal laws on all subject-matters identified in Hungary's Fundamental Law were passed by June 2012. Based on this, we now have the organisational structure of the Hungarian State in 2012 at our disposal that includes, in addition to the three classical power branches, the system of checks and balances that is so often cited. In the context of a brief history of the State: the division of power created a peaceful balance between the power centres in the 18th and 19th centuries (not including the historical balance created by the church or the various religious denominations); in the second phase, the system of checks and balances represents a self-imposed restriction on the sovereignty of the people, primarily in order to prevent any historical derailment driven by mass emotional outbursts in the 20th century. In this context and consequently, in the course of the development of the system of constitutional law in Hungary, one of the main questions was where the power limits or checks on balances should be drawn, because this is the only way to achieve operational fine-tuning. As some kind of a third phase, one of the new challenges of the 21st century lies in that the State is present everywhere where its responsibility may emerge, even if in the background only; in other words, it is now the duty of the public administration to provide support and quality control for the operation of those who fulfil state duties outside the State with a fair amount of sensitivity as one of the main specificities of these organisations is their independence of the State.

In conclusion, we must now see and represent the modern State by not only by demonstrating the state agencies and state administration agencies themselves but also by depicting the radiation or the pleasant, cool shade that it casts upon the organisations that operate independently or autonomously, regarding the duties guaranteed by the State. The state organisation chart in Appendix No. 2 represents the organisational chart of the State and other entities fulfilling state duties and links the individual organisations to the various segments of the system of state duties. In this chart, we are able to represent the changes that the new Fundamental Law that entered into force on 1 January 2012 has induced in state administration.

It would fall beyond the limits of the extent of MP 12.0 if we were to take the changes in the organisation of the State in recent periods into account itemised, from the new church regulation, through the organisational reform of courts, to the establishment of new public bodies. We should be aware that a number of significant organisational changes cannot even be mentioned here, such as, for instance, the dramatic transformation of the Hungarian Academy of Sciences or the further reinforcement of the powers of the Hungarian Olympic Committee as a public body through the delegation of a significant proportion of the Government's sports administrative powers.

In the increasingly divided constitutional state organisation, the monitoring and the evaluation of the operation and development of organisations vested with legislative powers (independent regulatory agencies: National Media and Infocommunications Authority, Hungarian Financial Supervisory Authority) or other kinds of autonomy (Central Statistical Office, Hungarian Competition Authority, Equal Treatment Authority), alongside the responsible government, is particularly important as, in the course of the fulfilment of their duties, they effectively become part of the executive power. It is desirable to adjust the administration evaluation and self-development system, and the approach of these organisations and the Government so that the operation of this power branch should not be encumbered with unnecessary internal tensions and in order to maintain equal standards as expected by customers.

Work is in progress as assigned in MP 11.0, towards creating a so-called good state index based on the logic of the Magyary Programme which does not merely measure government administration but the performance of the entire system of state administration.

I. THE CONCEPT OF THE MAGYARY PROGRAMME 12.0

The global economic crisis has made it clear that the international practice of the quality measuring of the economies of the individual states is in need of revision, for at least two reasons. Former measurement results clearly covered up and failed to indicate what threats and problems existed within the system. On the other hand, these do not supply sufficient information for a carefully-considered social, economic and state development concept. As of the mid-2000's, it has become increasingly accepted that the usual concept of GDP-based welfare is insufficient and the new approach distinguishes the progress-based complex concept of well-being. Almost all major international institutes have made attempts to create some kind of "Good State Index" and a "better life index" that serves as the basis thereof (OECD: "Better Life/How's Life?"). A number of spectacular political orders for the development of the concept of the Good State and a related measuring and comparative tool have attracted a great deal of attention. Based on the results obtained, today we are far from having a tool at our disposal that truly grasps the operation of the Good State or the functioning of society in an easy-to-understand fashion and with sufficient delicacy. In actual fact, we are hearing more and more opinions in resignation which indicates that, in spite of globalisation, it is not possible to make such a simplified comparison, and many argue in this context that, based on the importance of religion for a given society, there are different priorities which may, in a given case, measure most state duties by new yardsticks. We cannot exclude that, based on the analogy of sport, we first need pan-continental championships before performing a world-wide comparison.

There is likewise no decision on the weight that should be assigned to each of the three data sources, namely: analysis of multiplicity attitude, general expert evaluation and statistical measurements.

In the course of the development of the Magyary Programme, we are now at the stage when we are developing a kind of matrix, rather than a single figure or indicator, by equally relying on the three data sources. We must emphasise that this is briefly introduced herein below as a debate material. It is our desire that the division into 4 intervention areas that form a determining part of MP and the six-fold division of the concept of efficiency should be equally represented in the complex measurement of the Good State index because it is an expectation that the index values should provide at least partially a direction for the necessary interventions.

Base matrix of the Good State Index
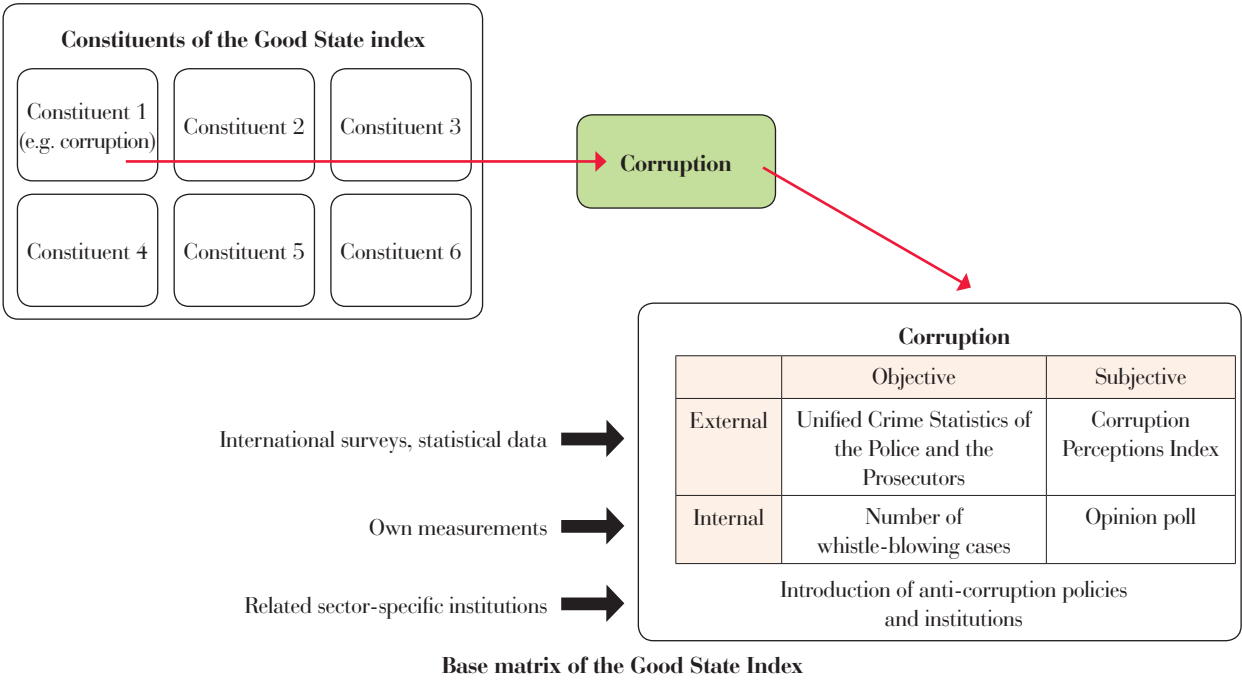
II. Status of Public Administration in Hungary, 2012

2.1 Critical evaluation of MP 11.0

We continue to regard the Magyary Programme as part of the Good State Development Programme, on the basis of which government administration, judicial administration and municipality administration have a mutual impact on one another in a number of areas. However, we may only be able to explore the actual causes that determine the eventual results and make recommendations for interventions after the unraveling of these.

Magyary Programme + Moór Gyula Programme + Local Government Reform = Good State Development Programme

Position of the Magyary Programme
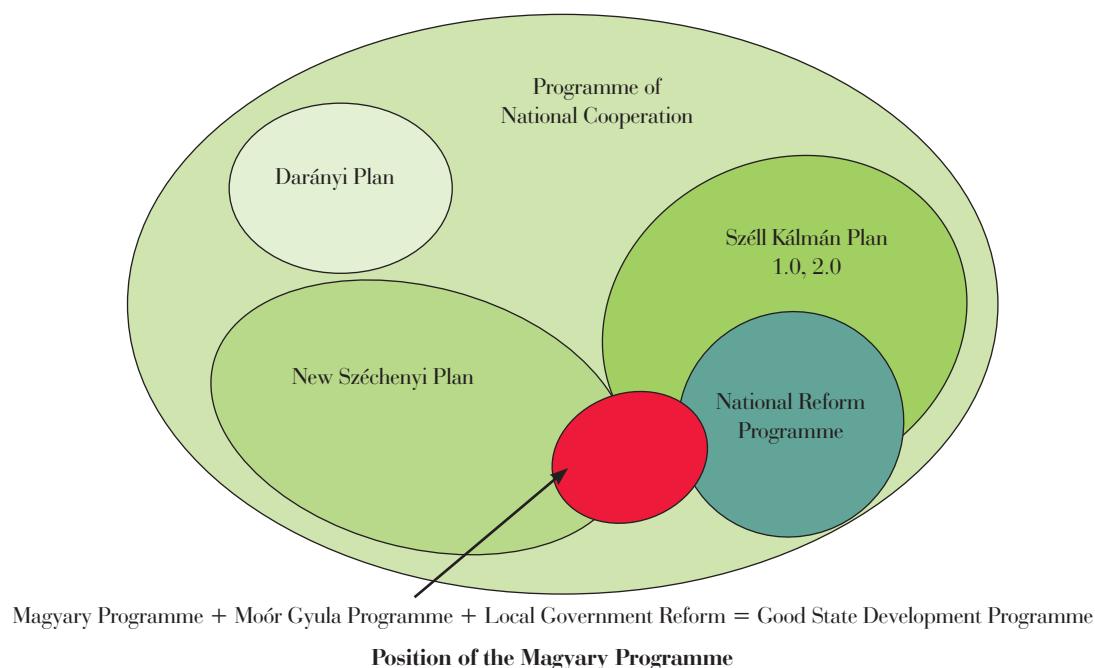
In order for the results achieved to remain sustainable, we should even explain results that indicate clear progress in every respect. Evaluation is particularly important where, in spite of major progress, on the one hand (see OECD evaluation), the programme itself is criticised in multiple areas and, on the other hand, where the results attained do not reach a satisfactory level and where positions are not improving or even deteriorating.

This is the most crucial point of creating a strategy under the Magyary Programme: to what extent is it capable of being critical and impartial for the benefit of the Country.

The weaknesses of Hungarian public administration in 2012 are gathered in the following nine items, which also represent critical remarks in relation to the implementation of MP 11.0:

1. **Procedures are not swift enough:** from among the four intervention areas, a few exceptions apart (e.g. legislation), state administration procedures have not sufficiently accelerated (this must be the main emphasis of the implementation period of MP 12.0, also with regard to the fact that, in a certain sense, the simplification of the organisation and tasks and the quality improvement of staff constitute a pre-condition of more effective, swifter procedures);
2. **Lack of feedback regarding efficiency:** the reduction of state debt, the ongoing global economic crisis, the maintenance of fiscal balance and, finally, the intensity and enlargement of the system of state duties (see e.g. water works or new system of public employment) require and exhaust a significant proportion of the resources relieved in consequence of improved efficiency in public administration and there is little left for quality developments;
3. **Slow introduction of advanced tools:** the user staff will, as expected, only have enough time for acquiring the skills necessary for the deployment of more sophisticated tools during the next organisational consolidation period;
4. **Non-observance of deadlines due to excess workload:** reorganisation efforts are taking place simultaneously with the shaping of a new strategy. Consequently, adjustments are inevitable, and with regard to the fact that the same part of the staff with a finite capacity implements both processes, deadlines frequently remain unobserved;

5. **Task- and staff-based planning is not a general feature:** due to the continuous and fundamental changes in the four intervention areas, conditions in general for task- and staff-based planning and for the implementation of a carefully considered aimsystem (e.g. one that does not curtail basic operations) will continue to remain unfulfilled also in 2013;

6. **Slow drawing of development funds:** development funds designed to improve the efficiency of organisations do not sufficiently accelerate the speed of state administration partly on account of the disputes concerning concepts and competencies, partly due to the transformation of the system of targets and partly as a result of the complexity of the inherited procedures;

7. **Reconciliation of interests is too hasty and therefore often formal:** an important external condition for the effective operation of public administration is the availability of competent staff with a supportive attitude in the application of the law; due to the high speed of the reform and the legislative process, there was a deficit in the course of the actual and interpretative social consultations, which the national consultations and the good or simple state forums were only partially able to compensate. This deficiency that may curtail future results must be aided during the phase of law application, where we cannot exclude the possibility of amendments, and we may thereby have a chance to achieve a more effective process of renewal, if necessary, at the expense of more conflicts. To this end, however, we must make up for the deficit in consultation;

8. **Slowly filling public service career:** compared to the original concept, the most significant element of the public service career, the settlement of salary issues, may only be introduced at a later date on account of the delay in the introduction of scope-based evaluation and in the wake of expectations requiring a reduction in administrative burdens. This may cause tensions in spite of the fact that the difference compared with earnings in the real economy has not increased and that a number of elements have been implemented ("swallow" houses, introduction of target bonus system);

9. **Deficient measuring and statistical system:** it is becoming increasingly evident in the course of the development and evaluation of the Magyary Programme that the statistical measuring systems of public administration are not sophisticated enough and have regressed on a number of means.

The critical issues and weaknesses above do not stem from erroneous objectives or human negligence but are, almost without exception, attributable to the limits of the performance of the country and public administration.

For instance, while the criticisms cited in the OECD report, items 2,5 and 7, are most certainly well-founded, the application of the recommended solutions can only be realistically expected in the wake of the public administration development to be implemented in 2012/13.

Similar to this, the main message of the following international comparison is also dual:

1. A public administration in a "poor state of repair" takes longer to speed up and to respond because the foundation work is time-consuming but essential; it is crucial to create the conditions for the improvement of the visible processes and procedures and let their actual application take place.

2. The evaluation of business executives is rooted in the application of novel solutions which are usually non-orthodox and differ from international standards in the crisis management practices and also from the practices of former Hungarian governments. An increasingly large number of examples prove that, in a number of measures, the new solution is not misguided but, in fact, exemplary (e.g. bank tax). However, notwithstanding the fact that the time horizon that determines the expectations of a business executive is different from that of a government, for the sake of better understanding, communication must be reinforced. Based on this analogy, proactive communication in MP 11.0 must be maintained even if the results fall short of the expectations.

IMD competitiveness ranking

Legend:
- Index value (government efficiency)
- Ranking (general competitiveness)
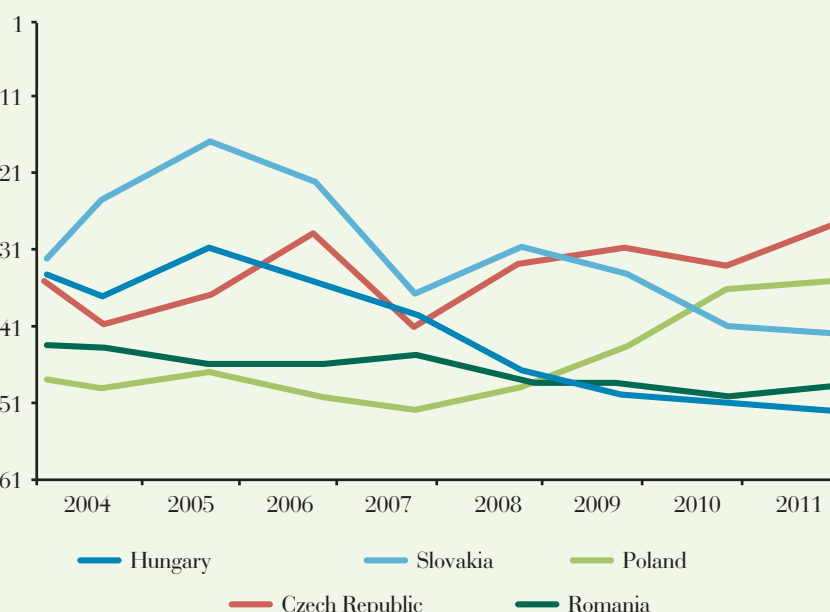- Ranking (government efficiency)

It is expedient and reasonable to look at the measurement in MP 12.0 that we also opted for in MP 11.0, notwithstanding the fact that this measurement is one of many and also contains explicitly subjective elements on a number of points. IMD is a Swiss-based competitiveness research institute and training centre which publishes the World Competitiveness Yearbook annually. This ranks countries on the basis of whether they are able to create a sustainable business, economic and political environment for businesses which enhances the competitiveness of economic actors (59 countries from Hong Kong to Venezuela are rated on the basis of quantified figures). The ranking awarded is determined by four factors: economic performance, government efficiency, business efficiency and infrastructure. As part of the criterion of government efficiency, the institute takes account of 38 items of statistical data and opinion data based on 33 questionnaire enquiries assigned to one of five components (public finance, fiscal policy, institutional framework, business legislation and societal framework). The figure below demonstrates Hungary's aggregated index values and its ranking amongst the countries of the world.

Regrettably, not even the 2011 nominal value increment was capable of reversing Hungary's gradual decline in the rankings, and this negative trend is particularly crushing in comparison with the neighbouring countries where, over a period of a decade, we have been relegated from top position to the bottom of the rankings. By 2012, the negative trend of a decade has come to a halt, and as the only country in the region, Hungary was able to improve its ranking compared to the year before.

While in the case of Hungary the business performance and infrastructure indicators are more favourable, and the poor performance of government efficiency was responsible for the lower overall opinion, by 2011, we may notice a more significant improvement on the basis of the data in the field of public administration (state efficiency). Our strengths (Hungary amongst the top ten in the rankings) included e.g. the simplicity and speed of the procedures for setting up businesses. At the same time, amongst the countries under scrutiny, effects concerning the black and grey economy, transparent governance or tax evasion feature the lowest values. The figure below demonstrates our country's position based on the subjective evaluation of business executives in the case of the indices that serve to indicate state efficiency.

Legend:
- Hungary
- Slovakia
- Poland
- Czech Republic
- Romania

The legal and regulatory framework encourages
the competitiveness of enterprises

Adaptability of government
policy to changes in
the economy is high

Bribery and corruption
do not exist

Government decisions
are effectively implemented

Bureaucracy does
not hinder business
activity

Transparency of government
policy is satisfactory

— 2010   — 2011   — 2012

Based on surveys, there is a slight decline in the part-indicators of "state efficiency" by 2012. This indicates that we have made progress in the area of bribery and corruption in state offices, however, there is a drastic decline in the way the regulatory environment and the adaptability of government policy are considered.

2.2 Compliance with the local government reform

Within the context of the construction of the framework of the Good State Development Programme, from among its three main pillars, the realm of municipalities has been transformed most profoundly and has been assigned a new constitutional position inasmuch as local government administration itself is, to a large extent, removed from the framework of state administration. As a decisive element of the comprehensive renewal of the entire constitutional system and the reform and development of the public administration system, Parliament passed Act CLXXXIX of 2011 on Hungary's Local Governments (hereinafter referred to as "LGA").

Both the necessity of more effective state operations and the financial emergency of municipalities required the new local government legislation, within the revised Fundamental Law's framework, to define the following:

1. fulfilment of public and state administration duties by local governments,
2. responsibilities of the State vis-à-vis local governments,
3. fulfilment of the institutional duties of local governments, which is discussed in detail in the various sector-specific laws (education, health care, etc.).

LGA has renewed the system of local governments through the introduction of a number of new elements, whilst retaining the basic principles of a democratic constitutional state that are also required to be enforced and upheld in local governance. It has thereby created a cost-efficient and task-oriented municipality system which provides an opportunity for democratic and effective operations.

The principle of the exercise of rights in good faith, based on their intended purpose, and the obligation of mutual cooperation have a major impact on the whole of the constitutional system. It is a new feature of theoretical importance that, whilst declaring the right of local electors to self-governance, the legislation also prescribes obligations, such as self-sustenance and contribution to the duties of the community, and consequences for the event of their non-observance. The provisions relating to the reinforcement of the self-sustaining capability of localities, the exploration and utilisation of local resources and the enforcement of the principle of self-sustenance are also novel elements.

LGA identifies the mandatory duties of local governments more accurately than the legislation previously in force. It is an important element of the new regulation that the mandatory duties and powers must be determined in a differentiated manner, with regard to the different specificities – economic potential, population figure – of local governments. Simultaneously with the delegation of powers, it is also necessary to determine the minimum professional, personal, material and economic conditions for the fulfilment of duties and the exercise of powers in the sector-specific legal rules. It is further important that the possibility and method of assuming duties are also laid down in the law. In the interest of the more effective organisation of the fulfilment of local government duties, the new legislation grants the right of association.

The rule which is designed to remedy the consequences of omissions in the fulfilment of local government duties serves to better enforce local interests. If a local government fails to meet its obligation to fulfil a duty that is based on an act of law, in the event of the next omission in mandatory public services, the competent government office may initiate that a court oblige the local government to render the given public service.

The fulfilment of Hungary's obligations towards the European Union and other international organisations is a top priority. The law therefore allows the Government to draw the implementation of projects related to such obligations within its own competence. The new Local Government Coordination Office, as a new organisational unit of the Ministry of Internal Affairs, was set up on 14 August 2012 in the interest of monitoring the commitments undertaken in connection with Hungary's EU membership and their implementation. This agency gathers together the data of all already completed projects and monitors the progress of ongoing local government developments and contemplated developments to be implemented in the future.

LGA also places the economic management and financing of local governments on new foundations. The system of task-based funding is being developed simultaneously with the planning of the 2013 budget.

The processes that have taken place in recent years have highlighted that the debt portfolio of local governments is a top priority both with a view to its management and for the purpose of maintaining the balance in state finances. Therefore, at the time of the reform of the local government system, the re-regulation of local government commitments generating debt was a crucial task.

The Act on Hungary's Economic Stability entered into force on 1 January 2012. This lays down the rules related to the financial commitments of municipalities along with the rules that serve the country's financial and fiscal stability and predictability.

The law ties the transactions of local governments generating debt to the Government's prior consent and identifies the exclusive cases of commitments serving operating and development purposes.

After the handing over of county institutions, the debt portfolio of county municipalities was consolidated by the end of last year. As part of the handing over of county institutions, there was a debt assumption in the magnitude of HUF 197.6 billion between the Government Debt Management Agency and county municipalities in December 2011.

2.3 Compliance with the Moór Gyula Programme

In contrast to the development of public administration, responsibility for the development of the judicial system is divided; between the Government, the courts and the prosecution service. The idea was raised at the beginning of 2012 that common areas should be designated not only in the course of specific functional administrative developments (e.g. document management, physical storage) but also in other fields in the interest of more effective cooperation. All three parties are committed to more closely coordinating their systems of on-the-job training, even within the framework of a Judicial Academy if feasible (Act CLXI of 2011).

The judicial development programme, that is similar to the Magyary Programme, may serve to designate the goals and means of these joint developments which, based on the initiative, bears the name of Gyula Moór, Zoltán Magyary's contemporary statesman and scientist.

It is interesting to take account of the main points of alignment between the administration of justice and central public administration (government administration), the changes that are taking place in these areas and the innovative considerations currently under scrutiny which may, subject to the decisions made, constitute the subject-matter of legislation or legislative amendment in 2012/13. In the following, we shall review the six most important border areas that are covered by public administration enquiries in the quadruple division of MP, with the proviso that any major innovation may concern multiple intervention areas.

II. STATUS OF PUBLIC ADMINISTRATION IN HUNGARY, 2012

1. Organisation

The new Civil Code brings no change for public administration, primarily on account of its explicit private law approach, in the system of the individual legal entities; in other words, there is no major change in the regulation of business associations and public and private foundations. At the same time, this does not bar the State from defining the concept of public company and determining specific rules for the operation of such companies within the permissive regulatory boundaries applicable to business associations, with special regard to the public tasks they fulfil that often bear no construction amidst the rules of EU competition law. It should further be explored what specific features (public) foundations operating with state participation should have, given that, in this case, the State is not only the founder but is also the ultimate addressee of the given duty and consequently of the responsibility involved. In other words, scope must be created for intervention. Similarly, within the boundaries of the new Civil Code, it is necessary and reasonable to reconsider the system and effective operation of public administration contracts; however, this forms part of the procedure chapter.

2. Task

The new Penal Code has introduced effective and significant new tools and methods in the fight against corruption, as a comprehensive, top priority described in MP, and in the area of responsible asset management. The new Penal Code simplifies the factual scenarios of corruption in its structure and regulates crimes committed against the fairness of public life and crimes committed against the fairness of international public life in a single chapter, which were previously discussed under two separate titles in Chapter XV of the Penal Code currently in force. Compared with the legislation in force, one of the most significant changes is that the new Penal Code does away with the former circumstance giving rise to the termination of punishability in respect of a person who is a party to bribery but reports the same to the police and introduces instead the unlimited reduction or elimination of the sentence. If bribery is committed in an organised or business fashion, it is regulated in the new Penal Code as a qualified case. The legislator thereby satisfies the practical expectation that heavier sanctions should be available for the punishment of organised crimes. In the interest of consistent regulation, the punitive sentence that may be handed down for the acceptance of a bribe in court or official proceedings will be one grade higher than that which may be imposed for an active act of bribery, that is, imprisonment from one to five years.

The concept of the Good State requires the elimination of further anomalies. Therefore, the new factual scenario of the unlawful acquisition of arable land responds to a highly dangerous phenomenon within the realm of crimes committed against public trust. The range of crimes against property and crimes against the central budget now features the offence of business or economic fraud (Section 374) which is designed to promote the fair management of state assets. There have been multiple instances in the past when the senior executives of typically stated-owned companies engaged in activities which caused the given company losses in the billions. Fraudulent practices related to payments to the central budget and funds originating from the central budget are amongst the greatest obstacles to the functioning of the Good State. Cases of tax fraud, social security fraud, the unlawful acquisition of aid and other practices of a similar nature are causing losses in the billions as well. By virtue of the Széll Kálmán Plan, the Penal Code currently in force now includes the factual scenarios of abuse of social security, social and other welfare benefits and fiscal fraud. These factual scenarios under criminal law also emphasise the significance of the protection of the central budget, in addition to the requirements of simplification, modernisation and consistency.

3. Procedure

3.1 In the context of the simplification of the state organisational registration system and the acceleration of the related procedures, it is a fundamental question whether these are more conveniently positioned within the judicial system or in the system of public administration, and precisely what role the State should assume in the following registration proceedings and judicial-related proceedings. With regard to the high number of customers and cases in these proceedings and their major impact on the country's competitiveness (speed, anti-corruption), we should continuously evaluate, free from any taboos, as to where and how these systems operate. In particular, which agency (court or public administration agency) should conduct these proceedings, on the basis of what procedural rules (to what extent the results of company proceedings can be transferred to the proceedings of foundations and associations, that is, document samples and the possibility of registration with ex tunc effect) and to what extent all related customer service duties may be integrated into the system of government windows on the basis of good examples abroad.

Case type	Proceeding agency	Case number
Real estate register	land office of regional government office, regional land office	2,077,927 cases
Company register	court of registration of tribunal	202,678 company / change registration cases, 28,685 company legitimacy cases
Foundation register	tribunal, court of appeal	4,707 registration cases (some quadruple of these are change registration cases)
Association register	tribunal, court of appeal	

3.2 The actual and effective enforcement of the decisions of the administration of justice is a major criterion also in the course of these proceedings, with regard to the best interests of the public (industry policy, employment), and significant changes are required in the current system of court execution and liquidation proceedings both in respect of the efficiency of proceedings (in particular, speed and effectiveness) and in the interest of the elimination of corruption. Accordingly, the role of state and public administration has become increasingly emphatic in the wake of the legislative amendments of the past two years. As regards liquidation proceedings: increased monitoring on the part of the public administration authorities, possibility of appointing the Credit Institution Liquidator non-profit limited liability company in the bankruptcy and liquidation proceedings of businesses that are crucial to the national economy, new tender system for liquidators and electronic sales.

In the context of execution proceedings and the organisational system, it is necessary to highlight that the rules of incompatibility (conflict of interests) have been made more stringent, the professional requirements set for bailiffs are being raised continuously and a system of disciplinary courts for bailiffs and pecuniary sanctions has been developed.

In the case of these systems, the results of the measures taken manifest themselves already in the short term, however, further changes may be required (further raising of standard of professional and infrastructure requirements, further reinforcement of public administration supervision) and additional system developments may be implemented in 2012/13 on the basis of evaluations.

Case type	Proceeding agency	Case number

Court execution	1. ordering of execution: court, notary public
	2. implementation of execution:
	  - tribunal bailiff
	  - independent court bailiff
	  - authorities and other parties involved: registering agencies, employers, financial institutions, police, guardian authority
	  - in certain cases: court (e.g. suspension, termination, legal succession, legal remedy)
		Ordering of execution:
		- court: 445,000/year (+ re-instituted cases: 16,000/year)
		- notary public: 232,000/year
		
		Implementation of execution:
		- tribunal bailiff: 68,000/year (+ re-instituted cases: 13,000/year)
		- independent court bailiff: 325,000/year (+ re-instituted cases: 61,000/year)

Liquidation	- court of registration of tribunal	Number of insolvency cases is between 20 and 30 thousand (bankruptcy + liquidation)

3.3 One of the most important innovations of Act II of 2012 on Breaches, Breach Proceedings and the Registration of Breaches is that, based on the law, the commission of a breach cannot be established if the act or omission amounts to a criminal offence and likewise if a law or government decree prescribes the imposition of a public administration fine in respect of the act or omission. This brought an end to the legislative practice prior to the entry into force of the law that the same act was sanctioned twice by the legal rules, simultaneously imposing a breach and a public administration sanction. It is a likewise significant profile cleansing effort that the breach legislation clearly set out to sanction acts of a criminal nature, while breaches of a public administration nature will in the future be adjudicated upon under the procedure set forth in Act CXL of 2004 on the General Rules of Official Public Administration Proceedings and Services. Criminal law is the keystone of the legal system. It is applied in cases where the rest of the constituents of the legal system are ineffective. The functioning of the Good State is

the consequence of a number of conditions afforded by the law. Criminal offences constitute the specific and most dangerous group of anomalies that emerge in this system which can be repressed by virtue of the imposition of sanctions under criminal law. Criminal law is able to contribute most to the maintenance of the guarantees of corruption-free operations seen as one of the conditions of the functioning of the Good State. The new Penal Code contains a number of changes that are designed to improve the Good State in a wider sense and, in a more limited sense, the functioning of public administration.

3.4 Public administration court

Based on the judicial reform, one of the most significant changes in the judicial system concerning public administration is that, effective as of 1 January 2013, public administration and labour courts will come into being as separate courts within the normal judicial organisation. The public administration and labour courts will create the opportunity for creating effective "sector-specific" judicial work in the area of public administration and labour lawsuits, with regard to the fact that these two case types require special case management.

The public administration and labour courts will take over the responsibilities of the labour courts that currently operate as distinct courts and the councils that hear public administration cases at tribunals. The public administration and labour courts will be organised at a local (administrative district court) level but will proceed with a tribunal's jurisdiction. They will only administer justice at first instance; any appeals submitted against their decisions will be assessed by the tribunals.

The entry into force of the Fundamental Law has resulted in a further change concerning citizens who come into contact with local governments in the course of the administration of their affairs with respect to the review of local government ordinances; if a local government ordinance is not contrary to the Fundamental Law but to another legal rule, it is not the Constitutional Court but the competent court that may decide on the review and invalidation of the ordinance. Based on Chapter IV of Act CLXI of 2011 on the Organisation and Administration of Courts, this duty will be performed by the municipality council operating at the Curia. The municipality council proceeds at the initiative of the metropolitan or county government office or the judge proceeding in the given individual case. If the court establishes that the municipality ordinance is contrary to a legal rule, other than the Constitution, it declares the municipality ordinance null and void.

4. Staff

4.1 In accordance with Act CXCIX of 2011 on Public Officers (hereinafter referred to as "POA") [in harmony with Decision No. 8/2011 (II.18.) of the Constitutional Court which moved the public service legal relationship in the direction of public administration decisions rather than towards relationships under labour law], a Public Service Arbitration Court has been set up which will, based on the logic of the system, have significant influence over the settlement of legal disputes arising from public service relationships and will, according to the underlying concept, also result in a judicial practice that follows a new approach.

4.2 It is important to appropriate adjustment judicial careers and public service careers that point in themselves in the direction of standardisation in the interest of interchangeability and with a view to standardising and raising the quality of theory and law application in the course of professional training courses. Cooperation between the National Public Service University and the Judicial Academy is therefore highly desirable.

III. Operation of MP 12.0 – Areas of Intervention

The operating mode of the Magyary Programme 12.0 continues to remain the concept that it identifies efficiency improvement measures in four areas of intervention.

We may in general determine the following order of work:

- a comprehensive structural review and certification (cadastres, records),
- assessment of deficiencies and excesses and making recommendations for the elimination of these,
- efficiency measuring and modelling new solutions.

One of the novelties of MP12.0 is that, by virtue of the uploading of the cadastre of state organisations and tasks and with the aid of the standard Staff records of government officials, the 3 dimensions, organisation/task/staff, may be precisely assigned to one another in the course of planning and evaluation. As a result, both the external and the internal procedures and processes (dimension 4) are guaranteed to be simplified and accelerated.

Organisation cadastre
- Organograms
- Who is who?
Approximately 1,200 units

Task register
- Duty follow-up
- Strategic planning
Approximately 30,000 tasks

Government Personnel Service System
Personnel reports
Approximately 90,000 government officials (+ law enforcement)

Performance management support system
Approximately 50 procedures
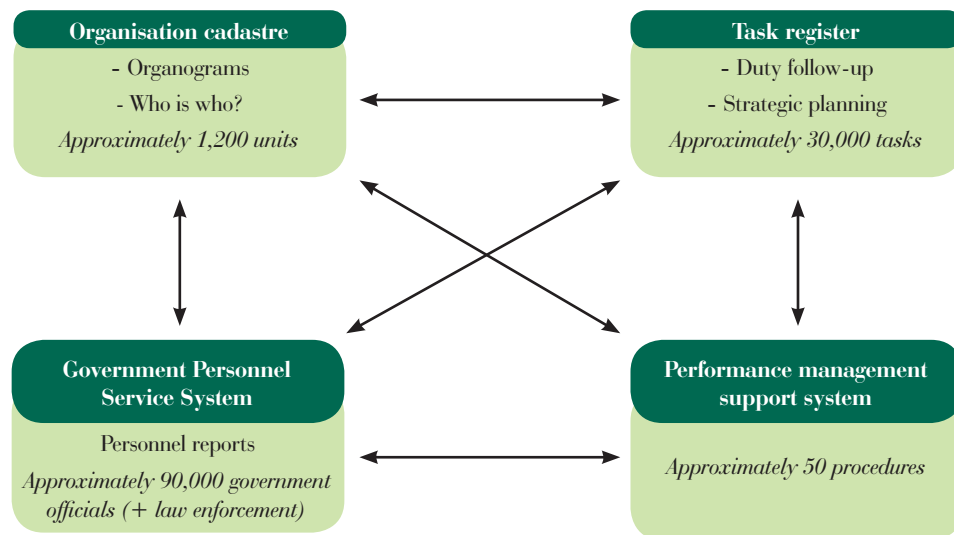
Alignment of areas of intervention

3.1 Organisation

3.1.1 The state organisation cadastre 2012

The state organisation cadastre clearly demonstrates that Hungarian central public administration will reach more or less the expected simplification minimum by 2013.

The state organisation cadastre contains the names, addresses and contact details of organisations, the names of their leaders and their allocated budgets, while by virtue of the linking together of the four areas in the background, it is also possible to obtain information on the tasks performed and to assign the government official staff to the tasks performed by the given organisation.

3.1 Organisation

The dimensions of the base model based on staff and budget may be viewed in the figure below.
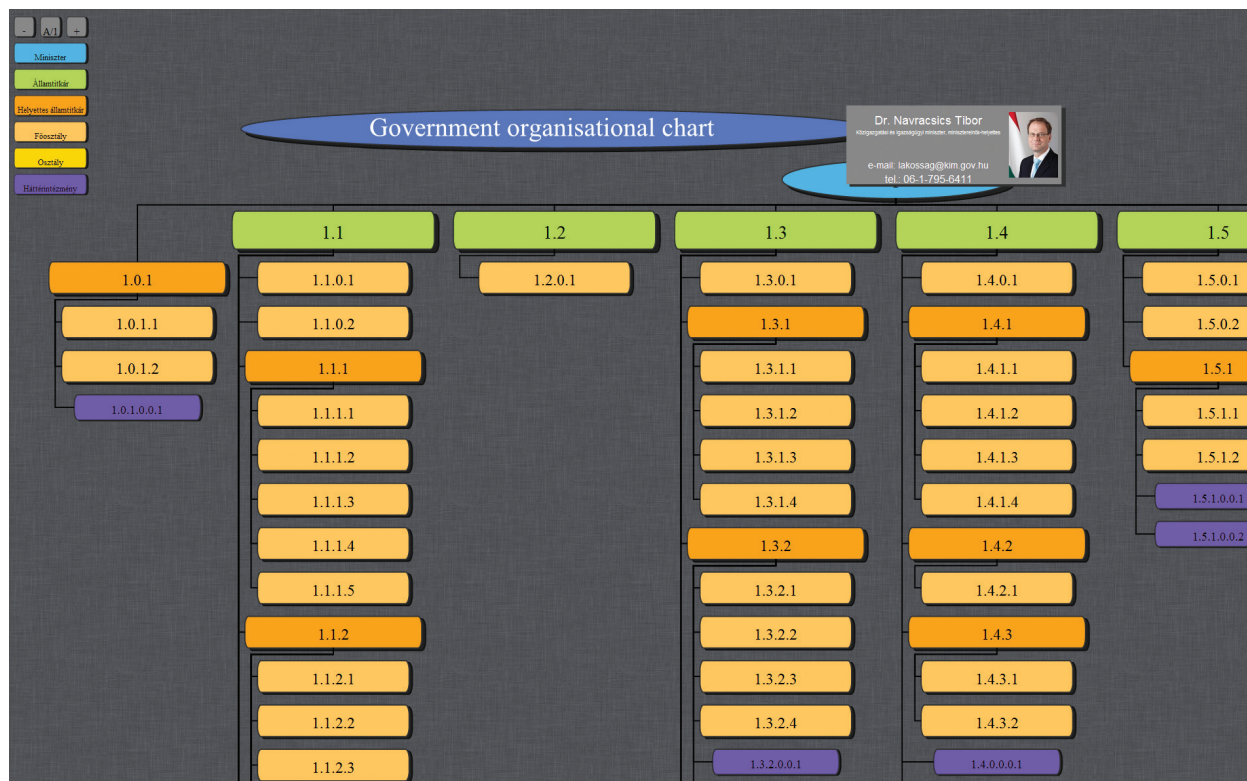
Representation of the organisation cadastre

3.1.2 Development of the government administration organisation

In the following, we shall provide a brief overview of phase 2 of the reorganisation of public administration, from the ministries all the way to their support institutions (by September 2012 – mid-term adjustment of operations of ministries and development of sector management), and of the expectations related to the contemplated phase 3 (2013 – finalisation of sector management). By the end of the process, we may have a system of ministries, sector and government offices, in exceptional cases, (public) foundations, and finally, companies in public ownership and public institutions (hospitals, schools, etc.) that is homogeneous from the respect of description and status.

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                        Prime Minister's Office

        Ministries                              Ministry of Public
                                                Administration
  Public companies                              and Justice
  Public foundations
                        Public institutes
                                        Central Office for    National State    Office of Public
  Sectoral offices                      Administrative and    Administration     Administration
                                        Electronic Services   Office (NÁK)       and Justice
                                        (KEKKHI)                                 (KIH)

                                                County (Metropolitan)
                                                Government Office

                                        District                      District
                                        Office                        Office
                                   Government window              Government window
                                   Government window     ...      Government window
                                   Government window              Government window

  PUBLIC INSTITUTIONS
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Adjustment of the general and sectoral public administration organisational structure

In the course of the transformation of the organisational system, standardisation and simplification will continue to remain the basic expectations. It requires significant resources and firm action to achieve that the internal operation of the individual public administration organisations should be compliant and regulated.

Within the framework of MP 12.0, it is worth taking stock of the most significant governmental changes of the past one year and their impact on public administration.

It is mainly the maintenance of fiscal discipline and, in this context, the legislative capacity that testify most to the efficiency of the so-called system of summit ministries called to life in May 2010 as in this system it is necessary to find the balance within a single ministry between sectors that traditionally compete with one another (education, health care, social services, culture, social integration, churches, national minorities and civil society) or are prone to have differences (development and finances, agriculture and environmental protection, state administration and justice, fundamental rights). A more fragmented, more divided governmental structure would hardly have been able to render the performance shown below against the background of the major administrative fiscal (institutional budget at nominal value – 15%) and staff cuts implemented (22% at ministry level) over the course of a period of 2 years. The figures below also demonstrate that, with regard to the consolidation phase of the system, legislation is on the decline and concentrates more on the phase of implementation.

3.1 Organisation

	2nd half of 2010	1st half of 2011	2nd half of 2011	1st half of 2012
Conference of State Secretaries for Public Administration	36 (700 items on agenda)	26 (670 items on agenda)	28 (920 items on agenda)	31 (840 items on agenda)
Government meeting	29 (500 items on agenda)	23 (20 items on agenda)	24 (690 items on agenda)	29 (624 items on agenda)
Laws (regardless of presenter)	150	82	131	88
Government decrees	191	108	271	139
Government decisions	192	226	296	220

The Government's legislative statistics in the first two years

	1 June 2002 – 31 May 2004	1 June 2006 – 31 May 2008	1 June 2010 – 31 May 2012
Laws (regardless of presenter)	237	287	422
Government decrees	653	803	675
Government decisions	323	222	886

Development of the intensity of legislation in the first two years of different governments

As was expected, after the passage of the most significant sector-specific laws (Act CCVI of 2011 on the Right to Freedom of Conscience and Religion and the Status of Churches, Religious Denominations and Religious Communities, Act CLXXIX of 2011 on the Rights of Nationalities, Act CLXXV of 2011 on the Right of Association, the Non-Profit Status and the Operation and Subsidisation of Civil Organisations) and the approval of important strategies and settlements (approval of National Social Inclusion Strategy, closure of church compensation, etc.), the so-called cross-sectors were relocated in June 2012; social inclusion, church, nationality and civil affairs were transferred from the Ministry of Public Administration and Justice to the Ministry of Human Resources. What has remained within the organisational boundaries of the Ministry of Public Administration and Justice is an area that has received a great deal of attention on account of the external developments of the recent past (primarily demographic and assimilation data, restriction of fundamental rights) and that requires the effective protection of the Hungarian State: Hungarian communities abroad.

Governmental operations have in recent periods resorted to the organisational solutions that have enabled them to proceed effectively in cases requiring extraordinary procedures (with sufficient efficiency but against minimal excess public administration expenditures), and have created government commissioner or even plenipotentiary positions dynamically and, based on the results, with due justification. These are then terminated as necessary once the given tasks can be fulfilled within the ordinary course of "business" or are turned into ministerial commissioner offices.

The National Development Government Committee was set up by virtue of the Government's appropriate response skills in one of the most crucial areas of governmental operations, in the interest of the successful utilisation of development funds and in preparation for the years 2014 to 2020.

We must make mention of two organisational solutions in public administration which require increased cooperation between ministries and where, based on experiences, continued attention will be required or government decisions may be necessary for the conflict-free alignment of competencies:

1. In the case of the programming and drawdown of development funds, the Ministry of National Development/National Development Agency will have to reckon with EU expectations, accountability and, in this context, the limits of the content roles of the sector-specific ministries;
2. In the case of state institutions of higher education, the division of operator competencies between the Ministry of Human Resources, the Ministry of National Development and the Ministry of National Economy and, due to the maintenance of institutions by the State, cooperation between local governments, the Ministry of Internal Affairs, the Ministry of Human Resources and the Ministry of National Economy in the areas of education, culture and museums and also partially in health care;

In addition to maintaining the ongoing operation of ministries, particular emphasis should be laid on simplification and standardisation also at the so-called middle-management level, on the basis of which 1 single sectoral office would fulfil the middle-management responsibilities in each sector after the closure of the consolidation of the system, at the latest.

This solution enables, on the one hand, customers to see clearly (standardised names Health Care Office vs. National Institute for Quality and Organisational Development in Health Care and Medicines) and to administer their affairs in a simpler fashion and, on the other hand, will, according to estimates, reduce the total staff and operating costs by 5 to 10% after the merger of the functional units. At the same time, it will resolve any unnecessary conflicts that may exist between these organisations on account of an organisational lack of trust and is able to prepare the given sector for the assisting activities that will be required during the 2014 to 2020 EU fiscal period.

The example below demonstrates the organisational integration that was implemented at the Ministry of Public Administration and Justice, in whose case mention should be made of the fact that, due to the establishment of the system of administrative district government offices, the National State Administration Centre and, on account of the different status positions, the Network of Forensic Science Institutes do not yet form part of the consolidation process. In the wake of the merger of the 7 offices, some 7% worth of functional status will be relieved, and more significantly, the individual procedures will not cross organisational boundaries. Consequently, procedures will accelerate and risks will decrease as management will become more standardised.

Sector	Sector management, coordination	Operator management	Distribution of funds	Applied research and analysis	Organisation coming into being through merger on 16 August 2012
Public administration		Ministry of Public Administration and Justice, Asset Management Centre	Wekerle Sándor Asset Manager	National Institute for Public Administration	Office of Public Administration and Justice
				ECOSTAT Governmental Impact Assessment Center	
Justice	Judicial Service of Ministry of Public Administration and Justice				

Agencies involved in the integration of the support institutions of the Ministry of Public Administration and Justice

It should therefore be stated on a general basis that, naturally, it is up to the free deliberation of the government or the minister to determine to what extent the benefits arising from organisational integration are taken into consideration in the event of the organisation of priority duties or whether direct and separate management is favoured, for instance, if, in the given case, the transformation of the entire system is in progress. Public administration has experienced in the past 2 years that all major reforms should be implemented in a single phase after due preparations, thereby preventing any areas or units left unchanged from drawing away valuable energy. It is in this context that we should evaluate the integration of the archive system in 2012, the organisational further development of the National Institute for Quality and Organisational Development in Health Care and Medicines and finally, in the case of public education, the increased cooperation of the five agencies that fulfil middle management functions: the Education Office, Education Kft., the Klebelsberg Institute, the Institute for Education Research and Development and the Ministry of Human Resources Fund Manager. In the other sectors, it continues to remain an additional task to facilitate on a governmental level the operating conditions of the institutions left in municipality operation (such as city archives and museums, recontracted public education institutions).

The following institutions fulfilling horizontal duties and often effectively operating under the supervision of multiple ministries may or do constitute exceptions to the above streamlined sector-based logic:

1. The Central Office for Administrative and Electronic Services (KEKKH) where, after a topical change of names (National Registration Office in the given case), it is a priority organisational task, similar to the Office of Public Administration and Justice in the case of staff administration, that KEKKH should make e-government stable and homogeneous in its every facet in the offices of regional public administration and at the government windows. After the successful financial and organisational consolidation of the organisation, too, it will be useful to maintain joint operations with the Ministry of Internal Affairs and the Ministry of National Development under the supervision of the Ministry of Public Administration and Justice.

2. The Ministry of National Development is able to achieve the operation and development of the communication network of public administration on the basis of standard expectations and against the background of much coveted cost efficiency via the company Nemzeti Infokommunikációs Szolgáltató Zrt. In this case, it is desirable to examine whether it is necessary to maintain the corporate form of this organisation also amidst the opportunities offered by the new government official career.
3. The Balassi Institute, which operates under the auspices of the Ministry of Public Administration and Justice and under the joint management of the Ministry of Foreign Affairs and the Ministry of Human Resources, is able to coordinate in an integrated fashion the tasks related to Hungarian communities abroad (Márton Áron College), the Hungarian national and country image in Hungary and abroad (Collegium Forum Hungaricum programmes) and national memory.

Parallel with the establishment of a sector-centred system of offices, we may achieve an optimal level of simplification in regional public administration through a structure of government offices with general competences, law enforcement and the National Tax and Customs Administration Office.

It was a top priority of the recent period to maintain the viability of the system of county government offices established with a total budget of HUF 107.645 billion (2012) and a staff of 21,122 government officials. This organisational unit has recently been enabled to perform tasks such as the takeover of the system of county institutions implemented in just 3 months. Meanwhile, by virtue of the implementation of an organisational functional integration, they have also achieved a 10% staff saving.

In terms of status, the second significant phase of the renewal of the system of background institutions is the consolidation of the system of foundations and public foundations. As part of this, out of the 60 (public) foundations investigated in this regrettably mostly neglected area from an administrative and asset management viewpoint, 28 will be or have already been terminated without a legal successor, 12 will merge with already operational business associations and in the case of the surviving 20, personal changes have been implemented and lawful operations have been restored. Based on estimates, this reshuffle has enabled the utilisation of assets worth approximately HUF 80 billion in a lawful fashion, in line with the original founder intentions. By virtue of its Decision No. 25/2012 (V.18), the Constitutional Court has done away with the arrangement, on the basis of which the State, as one of the founders and also the ultimate addressee of the given public tasks, was able to request the court independently to terminate the unsustainable form of operation as a foundation which often caused losses in the billions. In the wake of this, the State will nonetheless go ahead with the elimination of the loss of assets and the unlawful state of affairs within the boundaries set out by the Constitutional Court (submission of joint requests as a result of consultations or if consultations fail to lead to a result, based on the notice of the prosecution service). It is important to stress that the decision of the Constitutional Court only requires a new procedural approach in the case of two smaller foundations, and in one instance, the solution resorted to on account of the protraction of the court proceedings, which has since proved to be effective, will remain in force.

Phase II of the consolidation of (public) foundations will involve the consolidation of more than 170 organisations, the founder rights of which were transferred to the Government in the course of the takeover of county institutions (their registered balance sheet assets exceed HUF 10 billion). In the case of these, the founder and other necessary decisions and measures will be taken on the basis of a due diligence and evaluation technique, created and tested with the participation of the State, in the autumn of 2013 as anticipated.

As regards the system of support institutions, in deviation from the consolidation of foundations, business associations will not be transferred under the asset management of the various ministries by virtue of system-level decisions adopted in the course of a general review but on the basis of case-to-case reviews. It is evident that the close ministerial cooperation and responsibility permits the effective professional operation and consolidation of these companies, while it will also be possible to enforce the standardised asset policy and company executive expectations of MNV Zrt. As part of a separate enquiry, it is worth looking into the possible introduction of the concept of public company and the development of specific rules in the case of business associations that primarily perform public tasks or at least provide for the guaranteed performance of these duties under any circumstances.

Overview of business associations operating as public companies in ministerial asset management

Name of company	Description of sector	Name of asset manager
Duna Palota Kulturális Kiemelkedően Közhasznú Nonprofit Kft.	Creative arts	Ministry of Interior
Belügyminisztérium HEROS Javitó, Gyártó Szolgáltató és Kereskedelmi Rt.	Vehicle repairs	Ministry of Interior, National Directorate General for Disaster Management
Állampusztai Mezőgazdasági és Kereskedelmi Kft.	Production of grains, not including rice, legumes and oily seeds	Hungarian Prison Service
Annamajori Mezőgazdasági és Kereskedelmi Kft.	Production of grains, not including rice, legumes and oily seeds	
Nagyfa-Alföld Mezőgazdasági és Vegyesipari Kft.	Production of grains, not including rice, legumes and oily seeds	
Pálhalmai Agrospeciál Mezőgazdasági Termelő Értékesítő és Szolgáltató Kft.	Production of plant propagants	
"BUFA" Budapesti Faipari Termelő és Kereskedelmi Kft.	Manufacture of office furniture	
ÁBRÁND-TEXTIL Termelő és Kereskedelmi Kft.	Manufacture of textile goods (not including clothing)	
DUNA PAPÍR Termelő, Kereskedelmi és Szolgáltató Kft.	Manufacture of household and health care paper products	
DUNA-MIX Ipari Kereskedelmi Szolgáltató Korlátolt Felelősségű Társaság	Printing (not including daily newspapers)	
Ipoly Cipőgyár Termelő és Szolgáltató Kft.	Footwear production	
Kalocsai Konfekcióipari Termelő és Kereskedelmi Kft.	Manufacture of workwear	
NOSTRA Vegyesipari Kereskedelmi és Szolgáltató Kft.	Manufacture of brooms and brushes	
Sopronkőhidai Ipari és Szolgáltató Kft.	Manufacture of textile goods (not including clothing)	Ministry of Human Resources
Magyar Nemzeti Filharmonikus Zenekar, Énekkar és Kottatár Nonprofit Kft.	Performing arts	
Filharmónia Budapest és Felső-Dunántúl Koncert és Fesztiválszervező Nonprofit Kft.	Activities serving performing arts	
Filharmónia Dél-Dunántúli Koncertszervező és Rendező Nonprofit Kft.	Activities serving performing arts	
Filharmónia Kelet-Magyarország Koncertszervező és Rendező Nonprofit Kft.	Performing arts	
Honvéd Együttes Művészeti Nonprofit Kft.	Performing arts	
Gandhi Gimnázium Közhasznú Nonprofit Kft.	General secondary education	
Magyar Alkotóművészeti Közhasznú Nonprofit Kft.	Health care, education, culture, other social services, not including social security administration	
Nemzetközi Pető András Közhasznú Nonprofit Kft.	Higher education	
NKÖV Nemzeti Kulturális Örökség Védelmi Nonprofit Kft.	Museum activities	
Művészetek Palotája Kulturális Szolgáltató Közhasznú Nonprofit Kft.	Operation of arts facilities	
Nemzeti Filharmónia Ingatlanfejlesztési Kft.	Real estate projects, sale	
MACIVA Magyar Cirkusz és Varieté Nonprofit Kft.	Performing arts	
Nemzeti Színház Kiemelkedően Közhasznú Nonprofit ZRt.	Operation of arts facilities	
Nemzeti Táncszínház Nonprofit Kft.	Performing arts	
Alternatív Közgazdasági Gimnázium Közhasznú Nonprofit Kft.	General secondary education	
Fogyatékos Személyek Esélyegyenlőségéért Közhasznú Nonprofit Kft.	Social sciences, human research, development	

3.1 Organisation

Name of company	Description of sector	Name of asset manager
HM ARZENÁL Elektromechanikai ZRt.	Manufacture of gauging instruments	Ministry of Defence
HM CURRUS Gödöllői Harcjárműtechnikai ZRt.	Manufacture of vehicular chassis and trailers	
HM Térképészeti Közhasznú Nonprofit Kft.	Publishing	
HM ZRÍNYI Kommunikációs Szolgáltató Nonprofit Közhasznú Kft.	Publishing	
HONVÉDELMI MINISZTÉRIUM ARMCOM Kommunikációtechnikai ZRt.	Manufacture of communication equipment	
Honvédelmi Minisztérium Elektronikai, Logisztikai és Vagyonkezelő ZRt.	Facility operation	
HM Bessenyei György Kulturális és Üdültetési Közhasznú Nonprofit Kft.	Operation of arts facilities	
Forum Hungaricum Közhasznú Nonprofit Kft.	Other academic, scientific and technical activities	Ministry of Public Administration and Justice
Zánkai Gyermek- és Ifjúsági Centrum Oktatási és Üdültetési Nonprofit Közhasznú Kft.	Holiday and other temporary accommodation services	
HUMAN-JÖVŐ 2000 Egészségmegőrző és Oktatási Nonprofit Közhasznú Kft.	Other human health care services	
Magyar Közlöny Lap- és Könyvkiadó Kft.	Publishing of periodicals	
Bay Zoltán Alkalmazott Kutatási Közhasznú Nonprofit Kft.	Other scientific and technical research and development	
Pro Rekreatione Közhasznú Nonprofit Kft.	Health care, education, culture, other social services, not including social security administration	
Országos Fordító és Fordításhitelesítő Iroda Zrt.	Legal activities	
Apertus Távoktatás- fejlesztési Módszertani Központ Tanácsadó és Szolgáltató Nonprofit Kft.	Social sciences, human research, development	Office of Public Administration and Justice
Kincsinfo Kincstári Informatikai Nonprofit Kft.	Computer programming	Hungarian State Treasury
MVH Szolgáltató Nonprofit Kft.	Computer programming	Agricultural and Rural Development Agency
Építés Fejlődéséért Közhasznú Nonprofit Kft.	Other scientific and technical research and development	Ministry of National Economy
IFKA Iparfejlesztési Közhasznú Nonprofit Kft.	Other scientific and technical research and development	
Országos Foglalkoztatási közhasznú Nonprofit Kft.	Other supplementary business services	
Pillér Pénzügyi és Számítás technikai Kft.	Computer Programming	National Tax and Customs Administration
ELI-HU Kutatási és Fejlesztési Nonprofit Közhasznú Kft.	Other scientific and technical research and development	Ministry of National Development
"Energia Központ" Energiahatékonysági, környezetvédelmi és Energia Információs Ügynökség Nonprofit Kft.	Data processing, web hosting services	
KTI Közlekedéstudományi Intézet Nonprofit Kft.	Other scientific and technical research and development	
Széchényi Programiroda Tanácsadó és Szolgáltató Nonprofit Kft.	Social sciences, human research and development	
Educatio Társadalmi Szolgáltató Nonprofit Kft.	Data processing, web hosting services	
ESZA Társadalmi Szolgáltató Nonprofit Kft.	Other communal and social activities	
ÉMI Építésügyi Minőségellenőrző Innovációs Nonprofit Kft.	Other scientific and technical research and development	
Győr-Sopron-Ebernfurti Vasút ZRt.	Interurban passenger transportation by rail	

Name of company	Description of sector	Name of asset manager
Széchényi Tőkealap-kezelő ZRt.	Other financial mediation	National Development Agency
Neumann János Digitális Könyvtár és Multimédia központ Nonprofit Kft.	Web portal services	National Media and Infocommunications Authority
Radioaktív Hulladékokat Kezelő Közhasznú Nonprofit Kft.	Management and neutralisation of hazardous waste	Hungarian Atomic Energy Authority
Magyar Légimentő Nonprofit Kft.	Other human health care services	National Ambulance Service
Hitelintézeti Felszámoló Nonprofit Kft.	Accounting, audit and tax consulting services	Hungarian Financial Supervisory Authority
HIPAvilon Magyar Szellemi Tulajdon Ügynökség Nonprofit Kft.	Other academic, scientific and technical activities	Hungarian Intellectual Property Office
TIG Tartalékgazdálkodási Nonprofit Kft.	Warehousing and storage	Ministry of Rural Development

The last phase of the consolidation of support institutions will require the most extensive preparations and assessment as, in this case, not only is it necessary to move to the periphery of public administration but it is also necessary to review a longer period in the past. Namely, it is necessary to explore the legal successors of the satellite organisations of the communist state party and their remaining assets and to what extent it may be fair and reasonable to enforce claims based on the logic of the fulfilment of duties and the non-expiry of proprietary claims. Organisations to be investigated in particular: Communist Youth Union, Patriotic People's Front, Hungarian Pioneer Association, Hungarian-Soviet Friendship Society, National Council of Hungarian Women, Association of Hungarian Partisans and Anti-Fascists, Hungarian Defence Association, National Council of Production Cooperatives. Assets are being tracked in the case of 1,009 properties at present.

3.1.3 Organisational challenges

3.1.3.1 Closure of the administrative district system

In harmony with MP 11.0, government administration will stand on truly firm foundations once the system of administrative district offices is in place. The purpose of the Government is to create contemporary, modern-age administrative districts which contribute to the coming into being of a system that operates at lower social costs than today's public administration.

Before Trianon	509 districts
After Trianon	155 districts
As of 1942	264 districts
As of 1950	140 districts
1973-1983	97 districts
2013	175 provincial and 23 Budapest districts

Development of number of administrative districts as of the 20th century

Hungary's district system
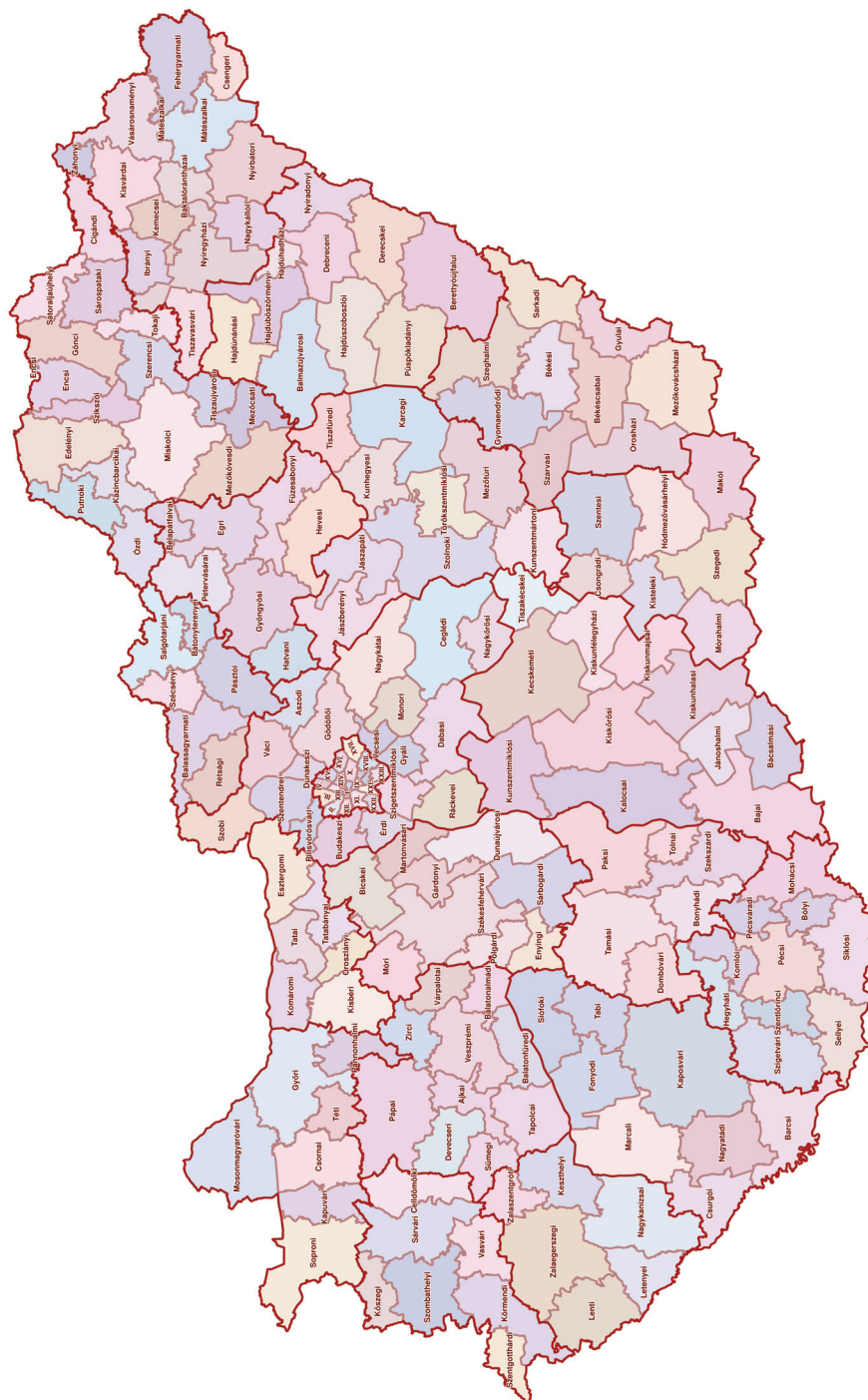
Goals intended to be enforced in the development of administrative districts:
- implementation of a priority element in the reorganisation of regional state administration,
- based on the rule of thumb, delegation of state administration responsibilities from notaries and mayors to regional state administration agencies,
- integration of administrative district-level organisations of state administration.

The most important task of administrative district offices will be the fulfilment of state administration duties that fall below the county level. Based on this, the following responsibilities will be transferred to the district offices:
- specific state administration cases falling within the competence of the notary or, in exceptional cases, the mayor or the administrator of the mayor's office,
- cases falling within the responsibilities and competence of the micro-regional branch offices, customer service points and offices of the specialised administrative agencies of county government offices.

As regards the tasks performed by the notary or, in exceptional cases, by the mayor, it should be stressed that the tasks in questions are solely state administration cases. Consequently, the assumption of these responsibilities does not represent the takeover of municipality responsibilities but merely the delegation of the state administration cases currently processed by municipality agencies to a state administration agency.

List of responsibilities and competencies to be transferred to district offices	List of competencies remaining with notaries

• document office duties
  – residence registration,
  – issuance of identification documents,
  – passport administration,
  – vehicle registration,
• certain guardianship and child protection cases,
• certain social administration cases, e.g.
  – allowances of the elderly,
  – free medical services on personal eligibility grounds,
  – homeless services,
  – nursing fee on personal eligibility grounds,
• family support cases,
• public education responsibilities,
• asylum cases,
• authorisation of individual entrepreneurial activities,
• certain communal-type cases (e.g. authorisation of cemeteries),
• certain veterinary hygiene tasks (e.g. circus menagerie, authorisation of animal shelters),
• breach duties taken over by the metropolitan and county government offices (competence delegated to the metropolitan and county government offices as of 15 April 2012),
• management of local defence committees,
• certain water works competencies,
• construction supervision and certain planning permission responsibilities.
	• proceedings for the protection of proprietary rights,
	• estate proceedings,
	• birth certificate administration,
	• tax administration and tax collection,
	• certain construction administration tasks,
	• trade authorisation,
	• ragweed pollen relief in residential areas,
	• industry administration,
	• social provisions tied to local government ordinances,
	• child protection support,
	• regulation of local animal husbandry (competence of board of representatives).

The responsibilities of administrative district offices will also include the responsibilities and competencies of the specialised local administrative agencies that currently operate under the auspices of the metropolitan and county government offices as these will be integrated into the administrative district offices (as of 1 January 2013, administrative district veterinary hygiene and food monitoring agency, administrative district land office, labour bureau of administrative district office, district human hygiene agency). In combination with the competencies taken over from the notary, the current town guardian authority offices will also be integrated into the administrative district office under the name "administrative district guardianship authority". In the interest of the reinforcement of the supervision of construction works, specialised district administrative construction agencies will also be set up.

The Government also approved the Government Decree on the organisation and competence of administrative district offices on 25 July 2012. Based on this, 175 administrative district offices will come into being in the provinces and 23 in the capital as of 1 January 2013. The Government Decree also permits the adjustment of the territorial jurisdiction of administrative districts. In line with the procedure determined in the Government Decree, a locality may be annexed to another administrative district or a new administrative district office may be set up as of the day of the general municipality elections based on the Government's decision.

The agreement that local governments and the metropolitan and county government offices will conclude on the basis of statutory authorisation constitutes an appendix to this Government Decree.

Administrative district offices will be set up as the branch offices of the metropolitan and county government offices. The offices will be comprised of the core office directly led by the head of administrative district office and the above-mentioned specialised administrative agencies. Administrative district offices will proceed in the system of state administration as general authorities of first instance, while the county government offices will proceed as authorities of second instance. Also in the case

of the administrative district offices, a dual management pattern, that is, professional and functional, will be enforced through the competent government office commissioner and the head of the specialised county administrative agency.

An extensive survey is being conducted in preparation for the establishment of district offices in July 2012 with the participation of local governments, notaries and the metropolitan and county government offices. In the interest of the carefully conceived development of the administrative district offices, the government commissioner may appoint a administrative district commissioner.

Some 46.6% of the decisions adopted by the authorities in state administration cases (there were more than 10 million decisions adopted by notaries in 2010) were made within the sphere of responsibilities that are now being transferred to the administrative district offices. This represents 40.5% of the total case load of municipalities, including all official decisions adopted by local authorities (mayor, board of representatives, committee, association).

The reason for this being, on the one hand, the need for local, area-specific knowledge (e.g. local authority protection awarded in proprietary cases, local taxation) and the need for immediate, local, on-site response (certain protection administration duties and disaster management duties, flood and inland water control). Another reason being the competencies attached to the responsibilities of local governments (keeping of certain notarial records related to local government decisions).

At the same time, we must understand that the bulk of the state administration duties of notaries and mayors is not laid down in laws but in government and ministerial decrees. The necessary government decrees have already been approved; based on Section 6 of Government Decision No. 1299/2011 (IX.1), the relevant ministerial decrees must be amended by 30 November 2012. According to preliminary calculations, this will involve the amendment of more than 100 government decrees and ministerial decrees. However, this is being taken care of and preparations for the delegation of competencies to county or administrative district level will be made by the relevant sectors.

Management of the administrative district offices of the metropolitan and county government offices
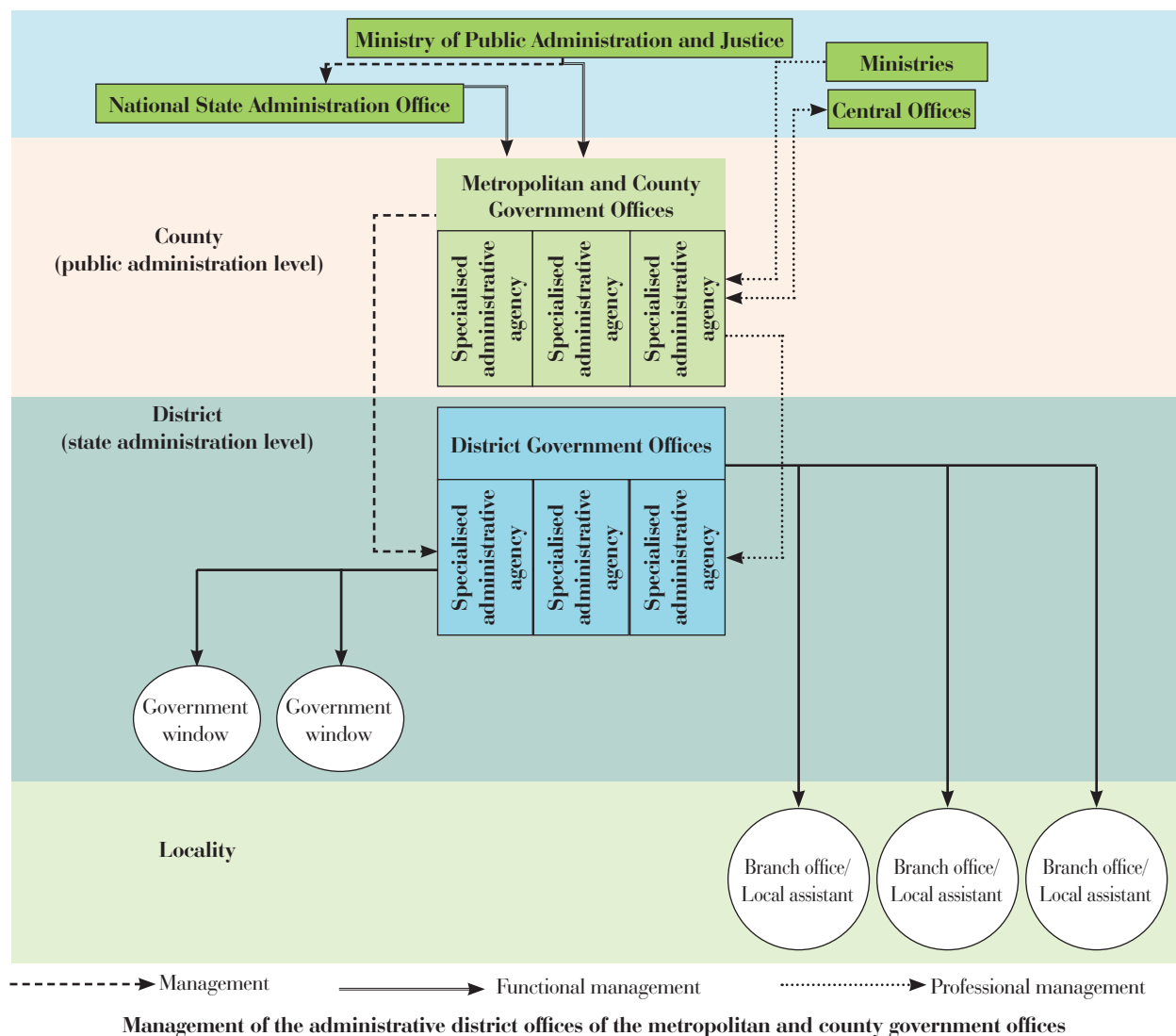
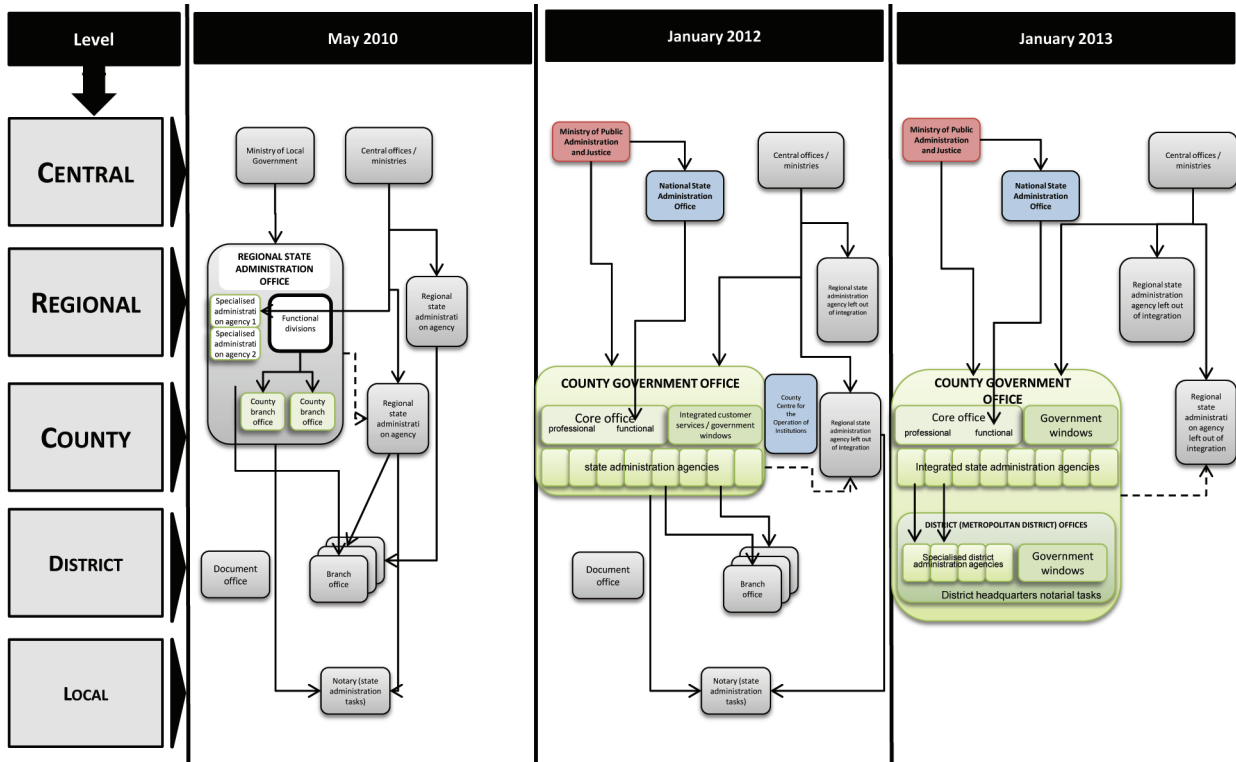### 3.1.3.2 The State as the operator of institutions

In 2011/12, both the professional renewal and development concepts of operators of large institutions and the pressing need for the fiscal consolidation of municipalities that formerly functioned as the operators of institutions led to the recognition that it is reasonable and necessary to reinforce the presence of the State in the operation of institutions in several stages and to varied degrees. In the first round, county institutions were taken over in a scheduled fashion; in the case of health care, the recipient institution was the National Institute for Quality and Organisational Development in Health Care and Medicines, while in the case of the rest of the institutions, the county institution operator centres which came into being under the supervision of the government commissioners leading the county government offices for the purpose of the most effective possible implementation of the consolidation process. Organisational decisions on the final system for the operation of institutions with a view to the closure of the process will be made at a later date.

		Total	Total
Health care function	Number of health care institutions	35	66
	(Public) Foundations fulfilling health care functions established by county municipalities/institutions	10	
	Business associations in the health care sector in county municipality/institution ownership	21	
Public education function	Public education institutions	190	240
	(Public) Foundations fulfilling public education functions established by county municipalities/institutions	40	
	Business associations in the public education sector in county municipality/institution ownership	10	
Social, child and youth protection function	Number of social, child and youth protection institutions	117	147
	(Public) Foundations fulfilling social, child and youth protection functions established by county municipalities/institutions	28	
	Business associations in the social, child and youth protection sector in county municipality/institution ownership	2	
Public culture function	Number of public cultural institutions	67	84
	(Public) Foundations fulfilling public culture functions established by county municipalities/institutions	13	
	Business associations in the public culture sector in county municipality/institution ownership	4	
Other	Number of other institutions	26	220
	(Public) Foundations fulfilling non-identifiable functions established by county municipalities/institutions	77	
	Business associations in other, non-identifiable functional sectors in county municipality/institution ownership	117	
Total			**757**

**Number of institutions taken over by the County Centres for the Operation of Institutions
at the end of 2011 in a breakdown by sectors**

The next figures below demonstrate on 3 timescales how, from among the regional public administration systems and the operators of large institutions, the system of institutions of health care, education, social services, archives and museums will merge and become standardised, and how their operations will, as a result, become simplified and more effective.

Reform of regional public administration

Health care

Social Services

Colour codes of functions:
- Management
- Financing
- Monitoring
- Operation

State competence | Local government competence

Education

Colour codes of functions:
- Management
- Monitoring
- Operation

State competence | Local government competence

*Local governments perform operating tasks. In localities with a population in excess of 3,000, these are mandatory duties, however, exemption may be requested. Localities with a population of less than 3,000 may perform these duties on a voluntary basis.
MIK - County Centres for the Operation of Institutions
KIM - Ministry of Public Administration and Justice

Culture and arts

- Professional management
- Functional maintenance

State competence | Local government competence

MIK - County Centres for the Operation of Institutions
KIM - Ministry of Public Administration and Justice

Archives

3.1.3.3 Water governance

The Government decided on the division of the water and environmental protection organisation in the summer of 2011. As a result of the decision, as of 1 January 2012, flood and inland water control, the organisation of water quality damage control and protection fall within the responsibilities of the Ministry of Internal Affairs. After the delegation of the management of the water administration agencies to the competence of the Minister of Internal Affairs, the National Directorate of Water Management (hereinafter referred to as "NDWM") was set up as the legal successor of the Central Directorate for Water Management and Environmental Protection. NDWM functions as a middle-management agency with national competence with the water management directorates set up as the legal successors of the 12 directorates for water management and environmental protection under its supervision.

The flood control duties necessitated by the floods and inland water that afflicted the country in the spring of 2010 were coordinated by the Ministry of Internal Affairs. Water management was integrated into the Ministry of Internal Affairs because the need arose for the standardised management of the practical tasks related to the flood and inland water control activities of the 12 water management directorates and the related water management administration, and it was also a reasonable measure in the interest of the successful and safe implementation of these duties to the highest standards.

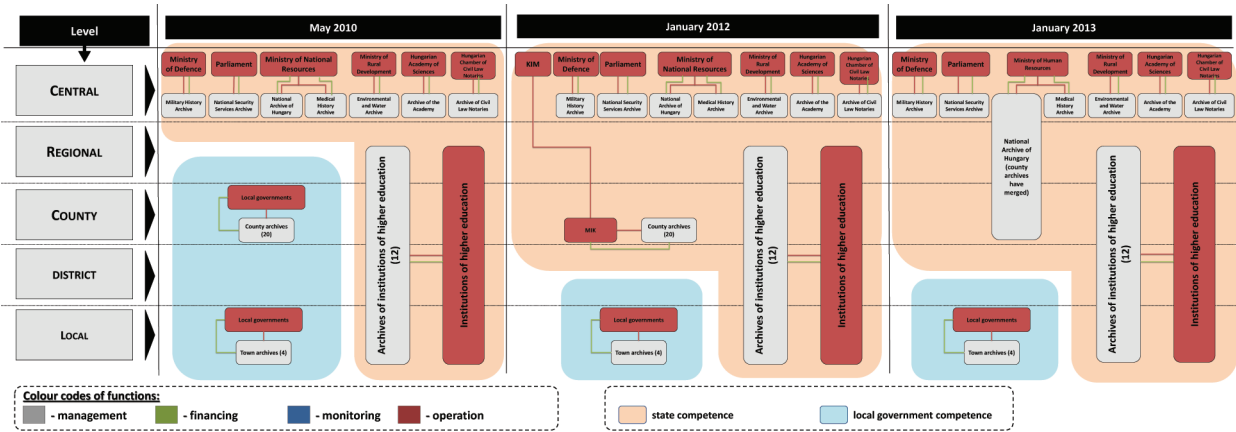It is also in consequence of this integration process that most of the work performed under the auspices of the new public employment scheme, too, was implemented in this segment.

We must pay particular attention to the future operations of Vituki Zrt., the company that previously qualified as the top professional workshop in water management, and the Baja College of Higher Education in search of take-off points for which the local and also the traditional foreign markets of water management may create a fertile scene.
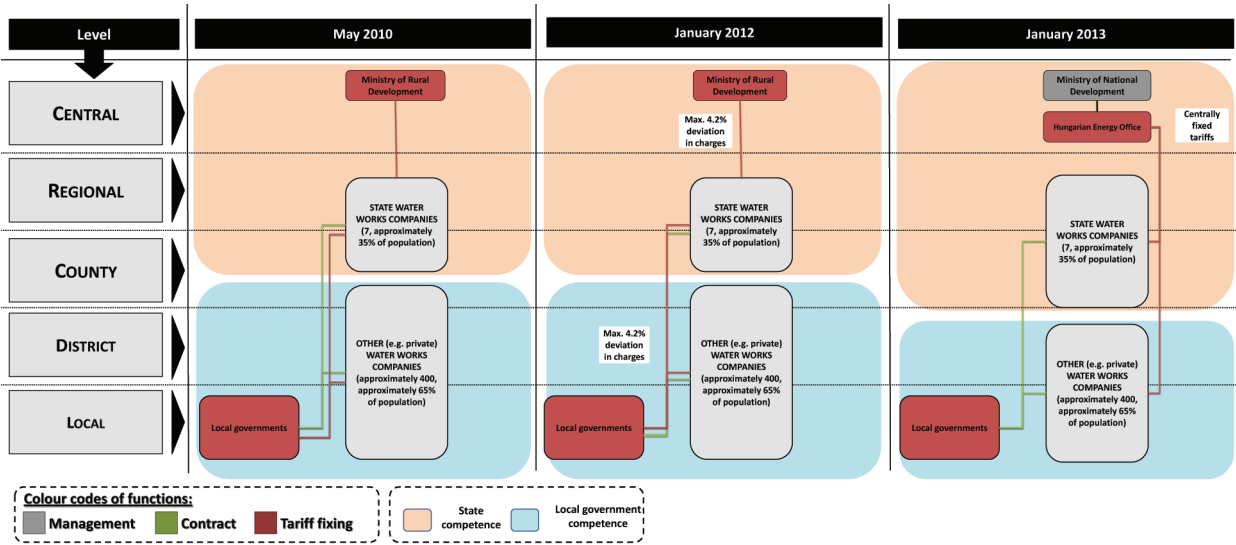
3.1.3.4 Territorial development and development policy

One of the most dynamic chapters of the transformation of the governmental organisation is when the national development policy and territorial development are being reformed in vivid interaction, with special regard to the fact that the three networks active in the same field must be adjusted; namely, the extensive staff of the territorial development agencies, the Széchenyi Programme Offices and the offices of county municipalities which are also responsible for the preparation and implementation of county development plans. Added to this is the network of Leader working groups that foster similar development activities.

The comprehensive amendment of Act XXI of 1996 on Regional Development and Regional Planning, which drastically renewed the institutional framework and operation of the sector, played a major role in the transformation of the local system of territorial development.

In consequence of the reform, as of 1 January 2012:

• Regional development councils, county regional development councils and micro-territorial development councils were abolished.
• The regional development agencies (non-profit companies) were transferred to state ownership, in respect of which the minister responsible for development exercises the owner's rights.
• In harmony with the government policy, the tasks that emerge at the regional level of territorial development are performed by county municipalities.

In addition to the players identified in the relevant legal rule, the network of Széchenyi Programme Offices and LEADER constituting axle IV of the New Hungary Rural Development Programme, too, serve development policy objectives.

3.1.3.5 EGTC and the cross-border county system

The system of European Groupings of Territorial Cooperation ("EGTC"), designed to reinforce cross-border, transnational and regional cohesion, whose European legal framework was conceived in the wake of a Hungarian-Polish initiative, is on the very periphery of the horizon of public administration both geographically and in terms of competence (development and institutional operation competencies).

European Groupings of Territorial Cooperation (EGTCs) are municipality organisations established on the basis of Regulation 1082/2006/EC[1] on a European grouping of territorial cooperation that serve to promote the European Union's cohesion policy and are vested with independent legal personality in the states concerned. They may have employees and may set up and operate institutions and non-profit companies in every member country concerned on a cross-border basis. The EU initiative was also prompted by the fact that, ever since the introduction of the communal initiative Interreg in 1990, the utilisation of cross-border funds remained low, and an organisation located in the border region, such as the EGTC, may greatly help to resolve this situation. Those who initiated this idea saw a legal and institutional means in EGTC that is able to provide for the management of cross-border projects and programmes and to guarantee the long-term maintenance of results. Already during the course of the debate of the draft regulation, the European regional cooperation objective that was to replace the Interreg Programme was extended to two further areas; transnational and inter-regional cooperation.

The vast majority of the 28 EGTCs registered by May 2012 started their operations as municipality cooperation schemes directly by the borders or as regional cooperation projects.

Hungary is in the lead in the establishment of EGTCs and the promotion of isolated border regions. By virtue of its location and innovative structures, the country performs a strategic function in the management of cross-border programmes; Hungary at present proceeds as managing authority for 5 programmes (with the participation of HU-SK, HU-RO, HU-SRB, HU-HR, ENPI Ukraine). The European Commission encourages Member States[2] to confer the task of the managing authority on an EGTC. The operating spectrum of EGTCs serving development purposes that typically operate in the border regions may in the future be extended to a programme management profile which may further reinforce Hungary's role in the region.

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1 Regulation 1082/2006/EC on a European grouping of territorial cooperation, which was also adopted by the naturalised legal rule, Act XCIX of 2007, and Decree No. 16/2010 (XII.15.) of the Ministry of Public Administration and Justice.
2 ETC draft regulation – Preamble (28).
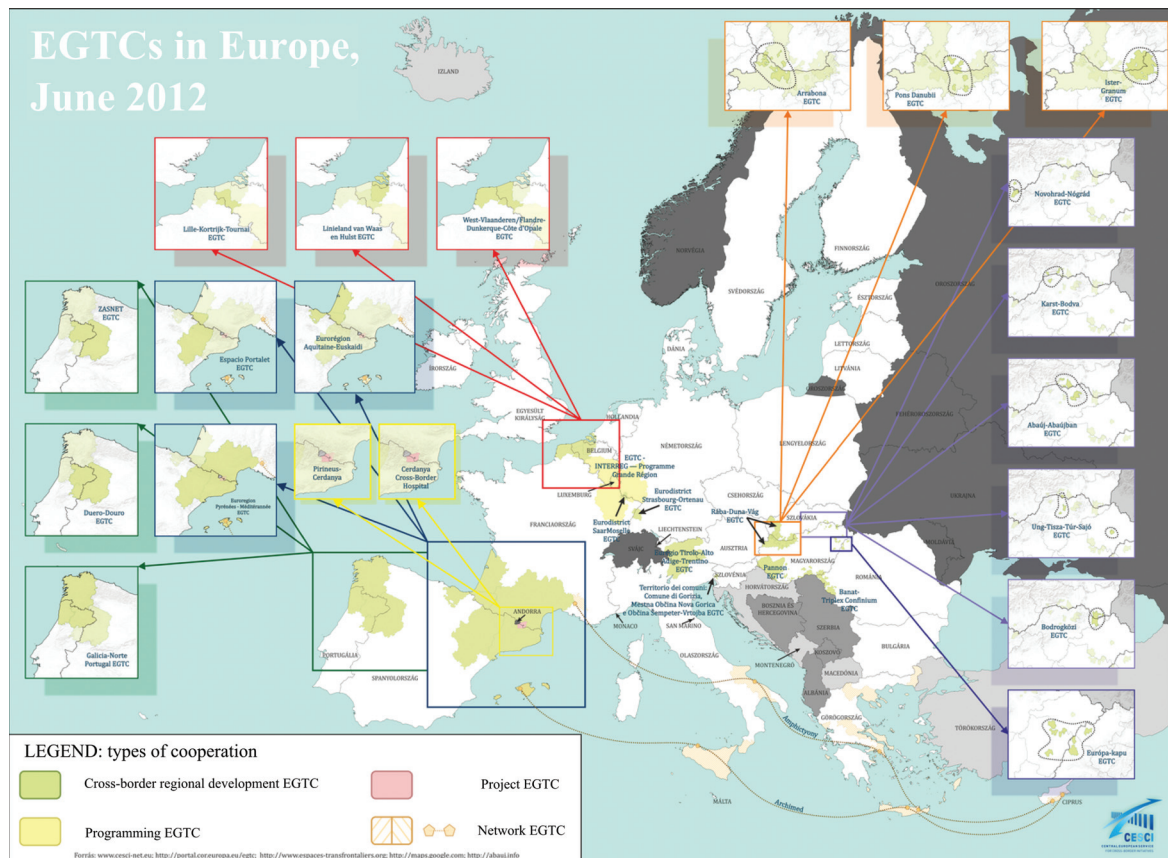
EGTCs in Europe, June 2012

There are 10 Hungarian-based EGTCs (7 by the Slovak border, 2 in the Romanian border region and 1 by the Slovenian border) and 2 based in Slovakia. Eight new EGTCs have been established since the summer of 2010, another 5 have obtained approval and also at present, the establishment of several more EGTCs is in progress. Based on their objectives, funds have been awarded for the promotion of cross-border tourism, media services, labour market training services and business development projects, while medium-term plans feature health care developments, the utilisation of renewable energy sources, business logistics, the coordination of public transport, agricultural innovations and the promotion of local products.

The first Central-European transnational EGTC, the CETC EGTC will be seated in Poland, however, its strategic headquarters will be located in Hungary. The purpose of this EGTC is to create a transport corridor that connects the Baltic region with the Adriatic region.

Similar to counties, EGTCs today play a prominent role in the development of the given region. EGTCs may establish and operate cross-border institutions. These will result in public service structures that are construed within the current boundaries of national state sovereignty but are able to transcend them by virtue of the EU legal framework. In contrast to the current legal practice, during the period between 2014 and 2020, the available programmes will only support genuinely joint, cross-border operations[3] which will favour EGTCs that implement such developments within their specific framework. The proposal of the European Parliament on the amendment of the EGTC Regulation recommends the extension of their activities; opening towards research, rural development and employment. In these areas, too, the EU will increase the available funds compared with the earlier cycle.

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3 ETC draft regulation – Preamble (20)
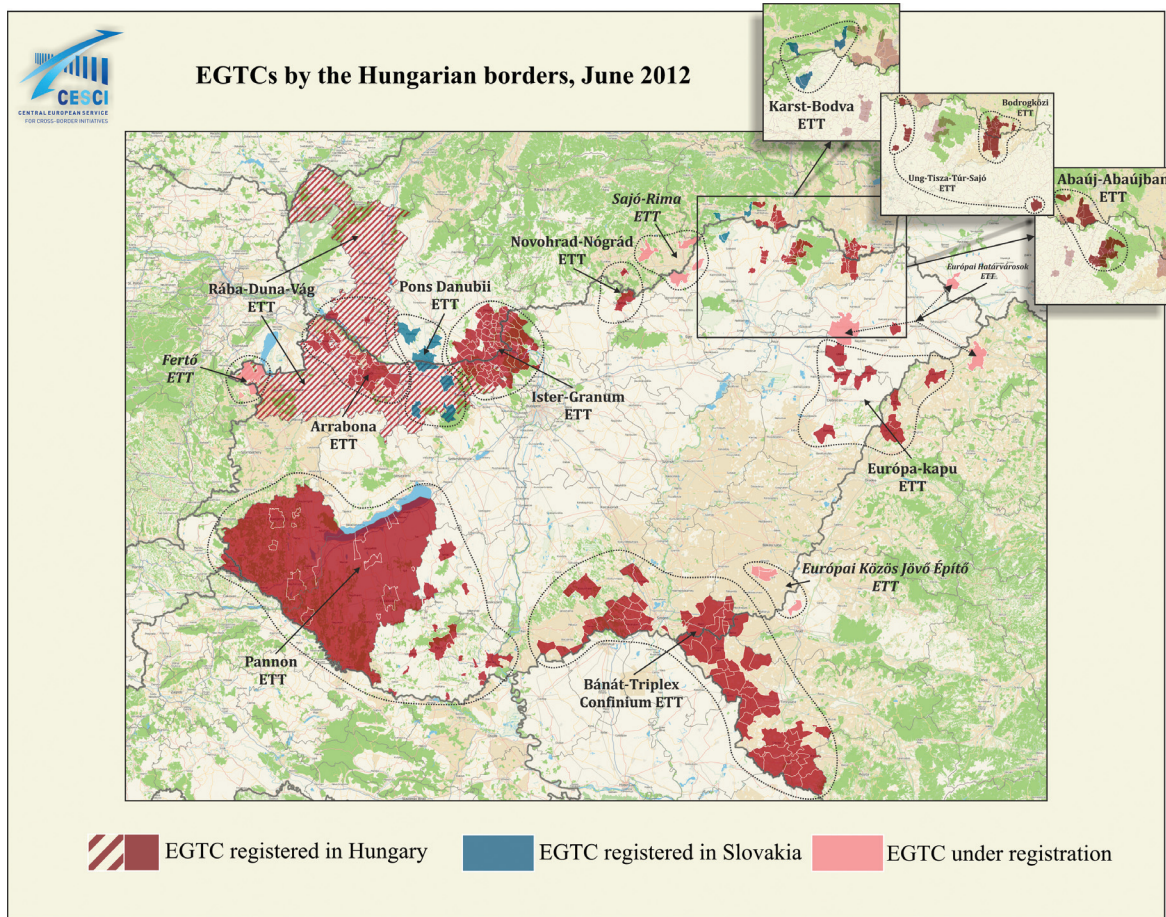
EGTCs by the Hungarian border, June 2012

Based on the EU draft regulations and the above, it may be projected that EGTCs will play a decisive role in the successful implementation of the European Territorial Cooperation Programmes that are becoming increasingly emphatic in the EU's cohesion policy. Hungary has a competitive advantage both professionally and geographically in the awarding of funds. EGTCs may manage the implementation of comprehensive cross-border projects and programmes that determine the long-term development of an entire region and may thereby create integrated tourism, logistic, health care or water management systems.
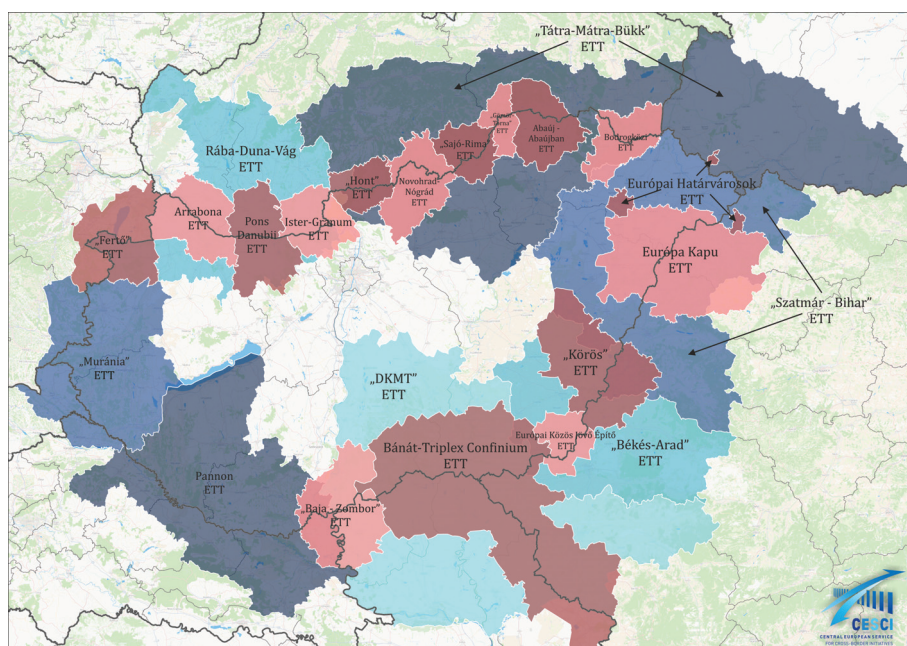
Two-tier (local and county) EGTC network that may potentially be created by the Hungarian borders

In summary of the above, we may establish that EGTCs continue to represent the most innovative and most promising model of cross-border governmental and municipality cooperation in the border regions. In this area of the country's neighbourhood policy, Hungary and Hungarian localities and communities must retain their proactive, initiating role.

3.1.3.6 Reform of the disaster management system

With the entry into force of Act CXXVIII of 2011 on Disaster Control and the Amendment of Certain Related Laws, a genuine change of paradigm occurred in the system of disaster management, including the responsibilities of the fire brigade, civil defence and industrial safety, which enhances the population's safety and security and renders control in emergencies standardised. The organisation is active in prevention, proceeds as industrial safety and fire protection authority, supervises disaster management and on-site rescue operations in the event of emergencies and coordinates any ensuing reconstruction works. The three units (fire brigade, civil defence and industrial safety) have integrated powers which are manifested at every organisational level. This reinforces the organisation's professionalism and contributes to the standardised implementation of its duties. Effective as of 1 January 2012, the professional municipality fire brigades were integrated into the organisation of disaster management. In order for the organisation to fulfil its function and to operate with the highest possible efficiency and in a task-oriented fashion, the organisation was streamlined and its central, regional and local units were transformed. The qualitative and quantitative changes that occurred in its basic activities required the revision of the entire organisational structure as well as of the individual scopes and positions and, in the wake of this, a differentiated transformation. There were staff cuts in the functional unit that requires a lower level of resources, while the ratio of professional positions was raised in the interest of swift response and immediate deployability. The operations of the professional fire brigades of municipalities were uncontrolled and often wasteful. With the new structure, the operations of the organisation remain undivided, and the county directorates take over the management rights on the basis of standard legal practices and standard principles. As a result, public procurements and tender procedures will also be concentrated in the hands of the county directorates which will significantly improve the organisation's cost efficiency. It is further a result of the streamlining of the organisation that the number of senior positions involving the exercise of the employer's rights has been reduced from 112 to 65 locally.

As of January 2012, the system of defence administration has changed significantly as well. The work of county defence committees is now being assisted by the professional officers of disaster management and, based on Section 25(4) of Act CXIII of 2011 (DA), these are headed by the government office commissioners.

As part of disaster prevention and control, in addition to the professional organisation, the due and proper protection of the population's life and property requires the availability of volunteers in the largest possible numbers or individuals who are prepared to render their services on the basis of a prior obligation. To this end, civil defence organisations, that are based on a civil defence obligation, have also been renewed. Country-wide, some 102,000 civilians are available as members of mandatory or voluntary civil defence organisations. In the 9 county civil defence organisations established to date, some 1,000 people perform civil defence duties in total as an important element of disaster prevention and control.

3.1.4 Satisfactory equipment, status of Ereky Plan

MP 11.0 highlighted that the physical and IT infrastructure of operations is not a negligible criterion of effective organisational operations. To this end, the various phases of the Ereky Plan (1. metropolitan central public administration, 2. metropolitan support institutions, 3. welfare institutions, 4. regional public administration, 5. Hungarian representations abroad) are being implemented within the framework identified in MP 11.0. The locations of institutions, too, are being optimised (termination of leaseholds) and new facilities are being created where necessary (e.g. government swallow houses, kindergartens) on the basis of MP 11.0.

In the course of the implementation of the Ereky Plan in Budapest, we have identified the role of each district and quarter in the healthy development and day-to-day life of the capital of the nation and also of a European metropolis.

Legend:
I. Government quarter:
 a. House of Parliament
 b. Ministry of Public Administration and Justice
 c. Ministry of Internal Affairs
 d. Ministry of National Development
 e. Ministry of National Economy
 f. Ministry of Human Resources
 g. Ministry of Rural Development
 h. Ministry of Defence
 i. Ministry of Foreign Affairs
II. University quarter:
 j. ELTE m. BME o. SE q. ÓE
 k. BCE n. Lágymányos campus p. Ludovika r. KRE
 l. BCE Buda campus
III. Andrássy quarter:
 s. Castle Bazaar v. House of Terror w. Városliget,
 t. Deák square, Madách square museums
 u. Opera
IV. Financial district
V. Castle district

Budapest's quarters and districts

As part of phase 4 of the Ereky Plan, the development of a methodology for the standard management of the properties used by the State (including state institutions of higher education) and local governments has been launched in the countryside, and it is being tested on a pilot basis in one location. Pécs appears to be an ideal choice as all typical "caretaker" technical and legal issues arise here.

Property requests	Properties not required for further operations / properties not fit for use	Properties not required for further operations / properties fit for use	Requests related to Pécs Tower Block
9 property requests (from 4 agencies)	2 properties (from 1 agency)	27 properties (from 2 agencies)	Requests from 4 agencies

Space required	Available state properties
15,407 square metres	21,322 square metres

Summary of the Pécs Ereky model project

The implementation of phase 5 of the Ereky Plan will present the greatest challenge. The Government discussed and approved the proposal on "The sector-specific programme of the Ministry of Foreign Affairs regarding the property management of the Republic of Hungary in relation to its representations abroad" in 2002. However, in the absence of genuine determination and due to the country's reduced fiscal possibilities, no real change or progress has been made in the past 10 years. The property portfolio of the Ministry of Foreign Affairs is comprised of the properties rented by foreign representations abroad and buildings owned by the Hungarian State which are currently being managed by the Ministry of Foreign Affairs. At present, the Ministry of Foreign Affairs manages 842 state-owned and rented properties at 113 stations around the world. The book value of the state property portfolio world-wide is around HUF 40 to 50 billion. Rentals paid for leaseholds amount to some HUF 7 to 8 billion annually.

Hungary's foreign representations abroad

Institutions	Abroad	
	state-owned	rented
Ministry of Foreign Affairs	102	740
Ministry of Defence (special status)	3	-
Magyar Turizmus Zrt.	-	14
Ministry of Human Resources	4	-
Balassi Institute	15	47
National Museum of Hungary	1	-
Magyar Nemzeti Vagyonkezelő Zrt.	2	-
Total:	**127**	**801**

Distribution of properties in use, 2011 (number)

Based on the completed survey of the totality of the properties abroad used by the Hungarian State (state-owned, rented, used on other grounds), that is, a survey that does not only relate to the properties used by the Ministry of Foreign Affairs, a decision will have to be made with respect to the standardised and effective utilisation of properties by an independent asset manager, as the case may be, who has sufficient experience and expertise in the highly heterogeneous legal and market environment for making the correct decisions, also with regard to the experiences of the incorrect decisions of the past.

3.2 Task

3.2.1 Setting up a state task cadastre 2012

A basic condition of the implementation of an efficient national public administration is that the State, public administration, should have up-to-date information on what tasks lie with it on the basis of the various legal rules and strategic documents. We therefore set out to prepare a state task cadastre already before the publication of MP 11.0. Based on the experiences obtained in the one year that has elapsed since, we have further developed and opened the structure of the task cadastre in the interest of better usability and in consequence, this enterprise has significantly outgrown the framework originally planned.

The cadastre contains the permanent tasks set forth in all legal rules, public organization-regulatory tools and strategic plans and documents for each sector and sub-sector and also states the precise source of the given task (the rule or document that

prescribes the task), the responsible organisation, the cooperating agencies, the form of cooperation, the line in the central budget that allocates funds for the task and the schedule and deadline of implementation. Due to the large number of tasks, an additional 3 levels were assigned to each sub-sector. As a result, the cadastre is sufficiently structured and transparent. Based on the job categories of MP 11.0, the cadastre also states the type of each state task or measure [by classifying tasks into management, planning (engineer), negotiating-coordination (lawyer) and executive (soldier) categories] which thereby creates a link of alignment to the government official scope-based system and the organisation cadastre (primarily in respect of the individual organisational units and their future performance measuring).

1. description of state task	**sector**
	sub-sector
	activity
	measure
2. responsible person/organisation	**person**
	organisation
3. source of task	**other**
	strategic document
	public organization-regulatory tool
	legal rule
4. type of task	**sub-type**
	type
5. cooperation	**type of cooperation**
	cooperating organisations
6. fiscal allocation	
7. temporal effect	

Structure of the task cadastre

The some 8,000 legal rules, strategies and organisational documents were systematised on the basis of the pre-defined methodology, with the assistance of 200 students from the National Public Service University. The some 90 completed sub-sector cadastres were evaluated and approved by the deputy state secretaries in charge of the given sectors and sub-sectors. The entire cadastre contains some 30,000 tasks (measures) and (also with regard to the individual information items) approximately 250,000 data items. It may be concluded already at this point in time that a cadastre has been created that is more detailed and contains more information than any previous records created for similar purposes. This will enable us in the future to plan both the budget and schemes of reorganisation faster and to decide on the effects of any deregulation more swiftly.

In the interest of the ongoing maintenance and updating of the system, the task cadastre will be linked to the editorial office of the National Archive of Legal Rules, and the National Public Service University and the ministries will make significant human resources available for the purpose.

Register	No. of items	Source	Cooperating partners	Updating
Mirror of Hungarian Public Administration by Zoltán Magyary, 1932	around 9,850	none	none	none
State Reform Committee, 2007	around 4,000	none	none	none
Magyary Programme 12.0	around 30,000	yes	yes	ongoing

Task cadastres in the past and today

3.2.2 Deregulation

3.2.2.1 Statutory deregulation

The process of deregulation across the entire spectrum of the Hungarian legal system is ongoing as set out in MP 11.0, based on the figure below. However, primarily on account of the excess workload of the staff members in charge of this process, the project is somewhat behind schedule.

Significant content deregulation on a statutory level (subject-matter of regulation, whether legal regulation is at all required) may begin during the autumn 2012 session and during the spring of 2013, while government decrees and ministerial decrees may be reviewed, in accordance with the principles issued earlier, in 2013. As a point of reference for the purposes of deregulation, the task cadastre will make any inconsistencies, irregularities and parallel regulations easier to recognise. In spite of this, technical deregulation built into the legislative process will be required annually which will hopefully require less and less intervention year after year.

	Phase 1: Deregulation of parliamentary decisions	Phase 2: Review of government decisions and Council of Ministers decisions	Phase 3: Review of laws and law-decrees	Phase 4: First phase of content deregulation	Phase 5: Second phase of content deregulation	Phase 6: Deregulation of government decrees and ministerial decrees
No.	1,035	1,971	455	Review of 1,674 laws	Review of 1,674 laws	Approximately 4,000
Schedule	Submission: July 2011 Approval: September 2011	Submission: September 2011 Approval: October 2011	Submission and approval: 1st half of 2012	Submission and approval: 1st half of 2013	Submission and approval: 2nd half of 2013	Submission and approval: 2nd half of 2013

☐ Completed

Schedule of deregulation

As part of the deregulation process, in the interest of the easier and more effective application of the law, for the purpose of the cleansing and detoxification of the legal system, as of October 2012, the Ministry of Public Administration and Justice, in cooperation with the Balassi Institute, is planning to employ 12 "guardians of the language" at the government office who will preside over the fluency and linguistic correctness of legal rules and will enter into service in pairs for 1 month every six months so that they will not be exhausted by the great enterprise.

It may be regarded as a kind of output measurement that the number of laws in force is clearly on the decrease, in spite of a number of new regulatory subject-matters, new tasks and, last but not least, the regulatory needs that arise from Hungary's EU membership.

| Date		Number of laws	Change compared with previous period
1 June 2010		1,674	
1 June 2011		1,775	+ 6 %
1 June 2012		1,822	+ 2.6 %
1 August 2012	(ongoing entry into force of provisions of deregulation law)	1,449	- 25.7 %
17 August 2012		1,341	- 7.5 %

Development of number of laws in force in 2010-2012

3.2.2.2 Strategic deregulation, consolidation

We are in the preparatory phase of the 2014-2020 EU fiscal period, and it is therefore crucial to create planning capacity and to avoid the fragmentation of the resources that are capable of creating strategies that are consistent in their logic and are realistic.

Government Decree No. 38/2012 (III.12.) on governmental strategic management conceived as part of the implementation of MP prescribes that the strategies and programmes in force at the time of the entry into force of the decree must be reviewed by 31 December 2012. Based on the review, we may conclude that the distribution by ministries corresponds to their responsibilities. At the same time, we may also see that only a small proportion of the strategies have to date been followed up by action plans for their implementation (in other words, the ratio of existing action plans is low).

Number of strategic documents by ministries
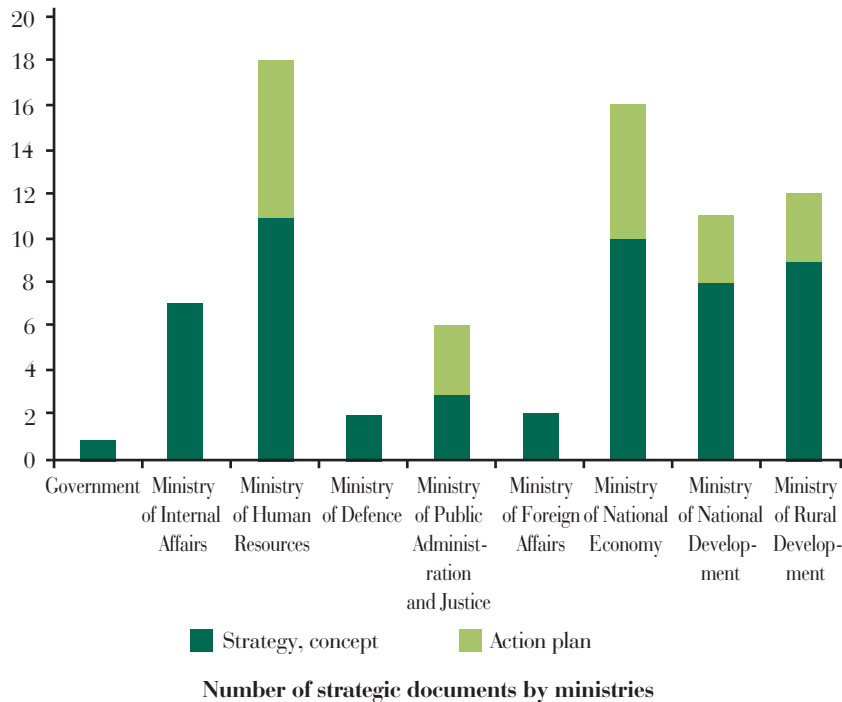
Similar to the system of legal rules, governmental strategic body (the body that is comprised of modern state strategies and plans systematised and gathered together as a collection similar to corpus iuris) is firming up; there is a compelling form and genre and a standard approval procedure is in the making. The general expectations regarding strategic plans and documents have been identified in harmony with the fundamental principles of MP:

1. harmonisation with related government measures,
2. temporal synchronisation,
3. alignment with pan-governmental objectives,
4. enforcement of national interests and the goals of Hungary's policy for Hungarian communities in Hungary and abroad,
5. enforcement of regional and regional integration criteria,
6. simple and transparent form and operation,
7. drawing on the knowledge and experience accumulated by non-state players,
8. feasibility, appropriate financial background;
9. sustainable results from a social, economic and environmental viewpoint,
10. systematic, modular arrangement of sector-specific areas and compliance with fixed document hierarchy,
11. identification of indicators that are capable of measuring the attainment of targets,
12. introduction of EU and international correlations.

Types of strategic management documents

Strategic planning documents

Foundation documents
- 1. Country projection (mandatory)
- 2. Green book

Conceptual planning documents
- 3. Long-term concept
- 4. White book

Strategic planning documents
- 5. International medium-term strategy (mandatory)
- 6. Sector-specific strategy
- 7. Institutional strategy

Operative planning documents
- 8. Ministerial programme (mandatory)
- 9. Sector-specific programme
- 10. Action plan
- 11. Institutional action plan (mandatory)

Feedback documents

Follow-up reports

Evaluation reports
- Preliminary evaluation
- Interim evaluation
- Subsequent evaluation

Types of strategic management documents

3.2.3 Comprehensive tasks

As set forth in MP 11.0, in the following, we shall refer to some priority expectations set at the beginning of 2010 in respect of public administration as comprehensive tasks, shall discuss these in detail, shall introduce the changes in the conditions of implementation on the basis of some examples and the measures taken in response and shall define and elaborate upon some new concepts in the case of e-government.

3.2.3.1 Extension of e-government

As mentioned in MP 11.0, we continue to regard e-government, together with the rest of the comprehensive tasks, as a toolsystem of the operation and development of public administration and as a method that may be developed for the improvement of efficiency in the implementation of tasks, rather than as an independent intervention area. A good example for this approach is that, in the course of the reform of the Public Administration Act, former laws treating e-government as an independent area, which thereby jeopardised standard law application practices, were integrated into the legislation (Act LX of 2009 on Electronic Public Services, Act LII of 2009 on the Electronic Delivery of Official Documents and the Electronic Acknowledgement of Receipt). At the same time, as part of the dogmatic approach of the Public Administration Act, IT procedural expectations were also embraced and integrated; the principle of declaration, in contrast to the former file-based approach, was introduced.

E-public administration is a segment of the development of public administration that emerges in almost every area of public administration; one of the greatest efforts is to ensure that the individual developments should not jeopardise the integrity of the system but should make it an even more integral unit.

The recommendations and remarks posted on the Good State Forum with respect to e-government primarily focused on the following three civic demands:
1. electronic administration, and certified where necessary,
2. availability of electronic data and information request facility,
3. public administration should create communication between its own data bases in a one-stop-shop system, with due authorisation and against the availability of satisfactory verification mechanisms.

Regrettably, there is no generally accepted definition for e-government; in some instances, network links are emphasised (for instance, the EU's definition of e-government), while in other cases the more effective communication afforded by information technology is in the focus (five typical links according to the governing definition of the term: state → client; state → business;

state → employee; state → state; client → state). The first approach (networks) does not significantly cover the tasks actually implemented by e-government, while the latter additionally unnecessarily fragments the normal process of client → state → state → client.

These different definitions have made the isolation of the area of e-government difficult and, in spite of its ever wider use, also its necessary internal division which is essential in the interest of the effective utilisation of funds and development. "EKOP" (the e-government operational programme of the New Széchenyi Plan), which is designed to maintain the competitiveness of Hungarian public administration also in this field within the framework of more than 80 projects and measures, allocates some HUF 118 billion for programmes.

Borders of public administration IT and e-government
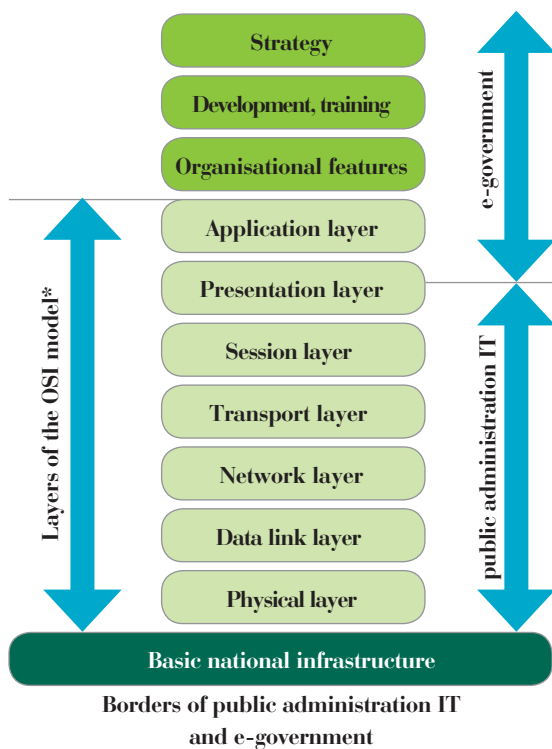
For the purposes of MP, it is reasonable and necessary to precisely distinguish between public administration IT, which primarily represents the availability of infrastructure (see satisfactory equipment as part of the Ereky Plan) and the necessary financial conditions in public administration, and e-government, which develops applications and the related human skills, notwithstanding the fact that continuous and close, two-way feedback communication is required between the two. It is in the light of this that we may then arrange the application and the related organisational/procedural/staff-related solutions into the eight areas below in which a single-directional approach on the part of the Government is particularly important.

Expectations in the following intervention areas of e-government are similar to those in the 4 general intervention areas of the Magyary Programme; namely, all e-government features and developments should be fit for construction in these 8 layers residue free.

MP's e-government concept itself stems from this inductive approach which therefore has sufficient flexibility:

"E-public administration is an attempt in the development of public administration as a comprehensive task to deploy the best solutions offered by IT in the interest of the most effective possible fulfilment of tasks."

This concept is capable of fully embracing easier access, so often cited in connection with e-government, savings opportunities and "environmental awareness" on account of the profundity of the concept of efficiency defined by MP.

Intervention areas of e-government
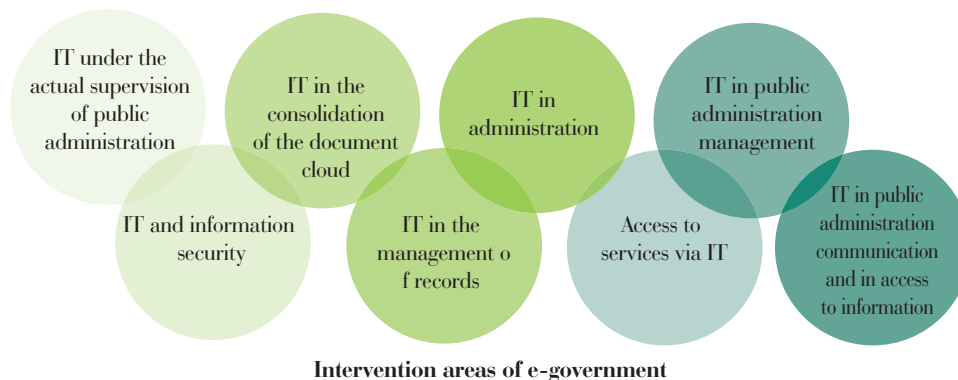
In the following, we shall briefly take stock of the developments implemented or currently in progress in the individual e-government intervention areas.

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* OSI model: Open Systems Interconnection is the description of a model organised into 7 layers which classifies the functions provided by the different protocols into modular layers. Each layer may only rely on the functions provided by the layers below and may only provide the functions it implements itself for the layer above.

3.2 Task

1. IT under the actual supervision of public administration

- Consistent implementation of the data asset act.
- Insourcing of outsourced activities, consistent management and availability of internal resources, reduction of external dependence.
- Establishment of competence centres with data and systems.
- Ongoing improvement of skills of government official staff (scholarships, career model).
- A state-owned, public IT company (e.g. transfer from CERT Foundation to a government agency).

2. IT and information security

- It is important to separate the two, however, information security and IT security are two concepts with a significant overlap.
- Creation of secure electronic link (National Security Service).
- Vulnerability test – exploration of deficiencies and reinforcement of capabilities of National Security Authority.
- IBIR (IT Security Control System) – regulated processes, clarification of competencies.
- Elements of KKIR (Centralised Government IT System) and National Network Development projects:
  – Homogenised network
  – National Telecommunications Backbone Network
  – Standard domain and address directory.
- Regulation of processes.

3. IT in the consolidation of the document cloud

- At the level of electronic document management administrators and executives
  – standard document management in several ministries and support institutions, Standard Government Electronic Document Management System (Ministry of Public Administration and Justice).
- Electronic signature
  – electronic correspondence, document management, case administration, approvals
  – delivery
  – contracts
  – government certification provider (GOV CA).
- Electronic archive.

4. IT in the management of records

- Data base consolidation.
- Data exchange between institutions and offices.
- Development of registration systems, electronic data exchange, Central Statistical Office, Hungarian Intellectual Property Office, construction authority, Chief Prosecution Service, etc.).

5. IT in administration

- Renewal of telephone customer services (Central Office for Administrative and Electronic Services).
- Development of customer relations (tax authority).
- NJT, free National Directory of Legal Rules.
- Development of interoperable IT infrastructure of IÜSZI integrated customer services (Central Office for Administrative and Electronic Services).
- Statistical data collection, efficiency measuring.

6. Access to services via IT

- Comprehensive customer identification (Central Office for Administrative and Electronic Services), development of assignment services enabling interchangeability between identifiers and authorisation registration services.
- NEK (National Standard Card System), service of state and other card issuers offering a high degree of security and electronisation in a compatible card technological and merchant environment that is provided in a logistic system by using centrally managed and authenticated data.
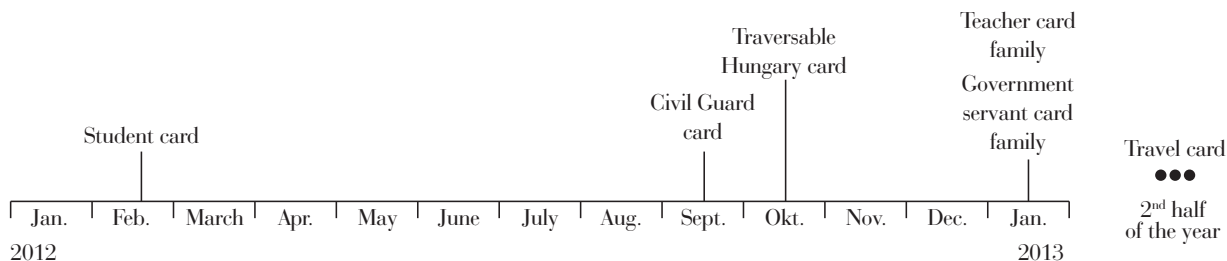
Schedule of cards to be issued under the auspices of NEK
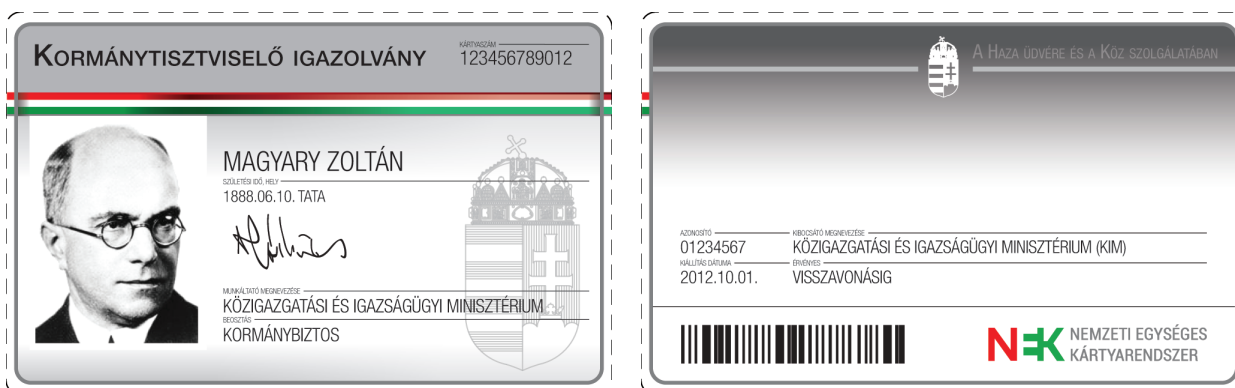
Design of the NEK Government Servant card

7. IT in public administration management

- KGR (Budget Management System), a standard, integrated, online system for the totality of the Treasury's registration and disbursement processes.
- KSzSzR (Government Staffl Service Provider System), the standardised staff database of 68 thousand government officials, a system designed to support document and staff administration processes.
- Electronic government office, paper-free executive meetings with the use of mobile devices: an authentic, cost-efficient and comprehensive government decision facilitating system.
- Establishment of municipality ASP centre, support for local government tasks and internal operations.

8. IT in public administration communication and in access to information

- kormany.hu – website with a standard image, micro-sites.
- Good State Forum.
- Traversable Hungary – digital leisure time map.
- Forum Hungaricum public terminals.
- Ludovika Campus project website.
- Displaying of organogram and cadastres.

The availability of IT hardware also forms part of the Ereky Plan; today, a sophisticated government official does not only have a room, a desk, a chair, a pen and paper but also has access to a computer, a network, an e-mail address, etc. Even in spite of the scarce fiscal resources, IT hardware requirements are being assessed dynamically and developments are being implemented in the most critical areas with regard to the principle that the necessary IT infrastructure must be assigned to the given task, not the other way round.

The following table and pie-chart do not only demonstrate the necessity of server consolidation and concentration but also the relatively high age of hardware.

0 to 1 year	2 to 3 years	4 to 7 years	8 to 10 years	11 to 20 years
48	173	663	243	33

Source: 2011 IT consolidation survey
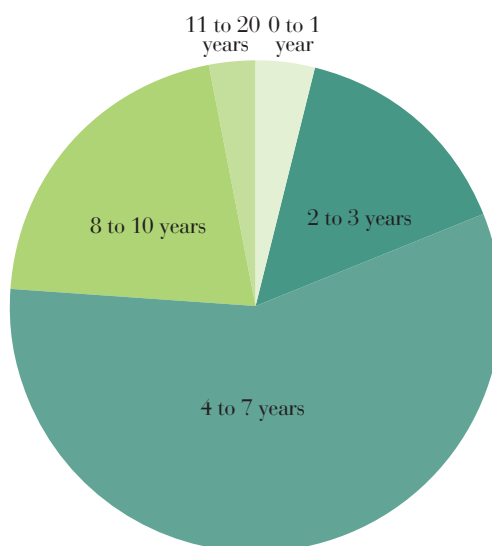
Distribution of servers by age

3.2.3.2 Reduction of administrative burdens

We shall deal with this topic in detail in Chapter 3.3 Procedure as administrative burdens can also be described as the product of multiplication; in other words, what does the State do and how? The simplification part of the Magyary Programme provides an answer to "what", while the question of "how" is primarily tackled by effective organisational management and an effective staff policy. At the same time, we maintain and follow the arguments of MP 11.0, on the basis of which the State should make every effort in the interest of its fair and predictable functioning not only on mere moral or equitable grounds but because the removal of breaches and unkept promises from the system is the responsibility and duty of the State. We have already taken stock of the most significant measures implemented or contemplated in this department in connection with the adjustment of this programme with the Moór Gyula Programme (liquidation and execution proceedings, Chapter 2.3).

3.2.3.3 Equal opportunities and equal treatment

The Magyary Programme 11.0 establishes that in the course of the enforcement of equal opportunities, in addition to the fulfilment of this partly moral expectation of the whole of society, public administration may obtain new human resources who may greatly improve the efficiency of the organisation and may, beyond dispute, also improve the quality of staff.

The Government is committed to the actual enforcement of the related basic principles of equal opportunities and equal treatment concerning the whole of public administration. In support of this commitment, we wish to cite two examples in MP 12.0; an institutional and a procedural one. Parliament passed Act CLXXIV of 2011 at the session of 5 December 2011 which vested the Equal Treatment Authority, previously organised as a central office, with an autonomous status. As a result, the organisation came under the direct control of Parliament and became independent of the institutions of administration that may also constitute the subject-matter of its investigations. The table below contains a statement of the cases of the Authority related to public administration.

	Total	Local and minority governments and their agencies	Organisations with authority powers	Armed forces and law enforcement agencies	Other centrally financed agencies		
					courts	ministries, central public administration agencies	other (institutions of education, public administration agencies)
2010							
breaches	9	6	-	-	-	2	1
compositions	6	4	-	-	-	-	2
refusal	56	35	3	9	2	3	4
2010 total	71	45	3	9	2	5	7
2011							
breaches	16	13	-	-	1	1	1
compositions	15	15	-	-	-	-	-
refusal	41	28	5	4	-	2	2
2011 total	72	56	5	4	1	3	3
01 January – 19 June 2010							
breaches	4	3	-	-	-	1	-
compositions	2	1	-	1	-	-	-
refusal	7	6	-	-	-	1	-
2012 total	13	10	-	1	-	2	-

Decision statistics of the Equal Treatment Authority

The integration of the legislation relating to this sector (Act CXXV of 2003 on Equal Treatment and the Promotion of Equal Opportunities) into the Public Administration Act should be considered as this legislative approach would probably better serve the goal that this topic should not only be tackled by a limited group of experts but should determine the day-to-day attitude and practices of the entire staff of public administration.

A local government may only obtain aid from the sub-systems of the central budget, EU funds or funds awarded by way of tender, based on individual deliberation, from other programmes financed on the basis of international conventions if it has a valid and effective local equal opportunities programme that conforms to the provisions of the equal opportunities legislation. As part of the local equal opportunities programme, local governments are required to prepare an analysis of the educational, housing, employment, health care and social situation of disadvantaged social groups, with special regard to women, those living in extreme poverty, Roma, handicapped people, children and the elderly, and must identify measures that are necessary for the complex management of the problems uncovered on the basis of this evaluation in an action plan. It is important that we successfully implemented a change of emphasis in 2011 inasmuch as, compared with former concepts, we took these plans and their implementation closer to the actual core operation of public administration and these principles are not enforced primarily on the foundations of external resources but through the training of the staff working in public administration.

3.2.3.4 Accountability – anti-corruption programme

The Government approved its preventive anti-corruption programme on 28 March 2012 and published it on 6 April [Government Decision No. 1104/2012 (IV.6.) on the Government's anti-corruption measures and the approval of the Anti-Corruption Programme of Public Administration]. With the approval of the Anti-Corruption Programme, the Government set a new direction in the fight against corruption in that the emphasis is being shifted to prevention. Main elements of the programme to be implemented over a period of 2 years are as follows:

a) Prevention may be successful if it also emerges at the level of organisational operation. To this end, we shall gradually introduce multiple means of integrity management in the operation of state administration agencies. For instance, corruption risks will be regularly analysed and a responsible official will be appointed for the fulfilment of tasks related to the management of corruption.

b) Compliance with ethical principles will be more emphatic in the operation of public administration agencies. A pre-condition is the laying down of common ethical rules relating to public servants in a Code of Ethics which the individual profession branches in different areas may elaborate upon in more detail in codes of their own.

c) We shall create a system for reporting the violation of ethical norms or cases suspected of involving corruption which will also provide genuine protection for those filing reports.

d) In the autumn of 2012, we shall introduce impact studies that are designed to measure the possible corruption effects of any major draft legal rule or proposal to be discussed by the Government.

e) We shall prepare a new regulation regarding the reception of individuals appointed for the representation of interests to replace the former lobby regulation that was unfit for implementation.

f) We shall tighten cooperation between the state agencies concerned in the prevention of corruption partly through bilateral agreements and partly through joint actions.

g) As corruption in public administration cannot be separated from society's general approach to corruption, we shall launch differentiated social information campaigns for different target groups in cooperation with various social and economic partners. Additionally, we shall integrate the value of the fight against corruption and its manifestations into the National Curriculum.

3.2.3.5 Proactive communication

3.2.3.5.1 Consultations

Active communication in the System of National Cooperation manifests itself in regular and wide-ranging consultations with the widest groups of citizens, businesses and stakeholders.

Title	Subject-matter	Date	Number of respondents
National consultation on the Constitution	Processing of questionnaires sent in relation to new Constitution	March and April 2011	924,376
National consultation related to social issues	Processing of questionnaires sent in relation to social issues	May and June 2011	1,143,308
National consultation related to economic issues	Processing of questionnaires sent in relation to economic issues	July and August 2012	693,927 (as at 24 August)

National consultations

In addition to the three National Consultations, there were also two ministry-level consultation programmes discussing the operation of public administration.

The "Simple State Consultation" was organised by the Ministry of National Economy where, following a series of consultations at 34 events, foundations were laid for the Simple State Programme with the assistance of 1,500 entrepreneurs and 28 business organisations.

The Good State Forum was launched under the auspices of the Ministry of Public Administration and Justice as a unique initiative in Hungary on 31 January 2012 where citizens were free to share their recommendations via the Internet in 30 categories. The Forum called to life on the basis of a British model attracted a great deal of civic attention. This is confirmed by the fact that over 3,000 recommendations were made, and almost one third of the proposals were posted in the first week of the operation of the website. Most of the recommendations were made in the taxation and finances, health care, education and social issues, family and youth policy and pension categories. The initiative is novel also in that, after the civic recommendations were gathered together, the ministries evaluated each proposal and their feasibility from a professional viewpoint. We may come to several general conclusions on the basis of the result of the evaluation. On the one hand, we may conclude that a large proportion of civic recommendations raised issues or ideas which are already regulated in the legal rules passed in the past two years or which propose the introduction of legal institutions already contemplated as part of this year's legislation or the enhancement of their role and efficiency. This conclusion of the Good State Forum is proof of the fact that legislation is fundamentally on the right track and decisions are being made that serve to develop a state and public administration that provides help and

support for citizens. On the other hand, the proposals posted on the Good State Forum indicate that citizens are often not yet familiar with the constitutional framework created by the new Fundamental Law, are unaware of the constitutional functions of the individual state agencies and express critical remarks in consequence. Therefore, in addition to the recommendations themselves, an ancillary experience of the Good State Forum is that we must in the future lay even greater emphasis on making efforts to help the population acquaint themselves with and understand Hungary's international statutory environment and new constitutional system.

Statistics of the Good State Forum:

Number of comments received by 00.00 1 April:

- total number of comments: 3,820, of which:

  – non-published comments: 717

  = total number of published comments: 3,103.

- Number of registered users: 797 persons.

3.2.3.5.2 Individual solutions

In the following, we shall deal with three individual interventions that primarily concern communication where the Government adopted a novel and proactive approach in defiance of negative comments or approaches concerning the country or the nation or the threat of these.

Forum Hungaricum Programme **FORUM HUNGARICUM**

A Collegium Hungaricum network was created in Europe's major cities in 1927 at the initiative of Kunó Klebelsberg, Minister of Religion and Education, at the expense of significant effort in order to prove through the presence of Hungarian academic talent that the Hungarian nation is a nation of culture and its creative genius is worthy of respect and love. At the time, it was possible to effectively shape the public opinion of a city or country by reaching a few hundred leading intellectuals and public figures. The Forum Hungaricum Programme was launched 85 years later by relying on the network of Collegium Hungaricum and Cultural Institutes and certain prime venues in Hungary. The purpose of the Programme is to broadcast on a different frequency, based on the logic of the 21st century, that the Hungarian nation is a unique nation in its language, traditions, culture and perhaps, even in its mentality, that is factually more difficult to understand from outside, and therefore those who are only able to think in terms of a single solution and within a single conceptual framework may view what they see in a critical light (for instance, the solutions Hungary opts for under constitutional law) and may in turn speak in a tone that may be harmful to the image and reputation of the country. This approach may, however, be changed in its very foundations if we once again successfully present our talent and creativity, our uniqueness that is one of the main yardsticks of our contemporary world. To this end, we present Hungarian achievements and creative individuals in eight "disciplines" (food, drink, music, dance, clothing, objects, customs and health) within a framework that is funded and organised by the State. In the Forum Hungaricum Programme, works must meet four criteria: rooted in Hungarian traditions, novel solution, young author or creator and marketable, that is, has business potential as well. The first fully appreciable example of the Forum Hungaricum Programme was the "Re-Button It! Hungarian is fashionable!" clothing design competition and its presentation to the international public.

Monitoring of anti-Semitism

Ever since the change of regime, in particular, when right-wing governments are in office, criticisms have been regularly levelled against Hungary on account of the allegation that anti-Semitism is on the rise and the state interventions deployed are unsatisfactory in the fight against this phenomenon. It would take the length of an entire study to argue to what extent and why these criticisms are incorrect; factually significant government communication and diplomatic resources are tied up in this argument that is, regrettably, mostly defensive on our part. It is therefore important to move one step closer and to see who measures and evaluates what and how before anyone would attempt to explain the result obtained one way or another. It is our experience that the object of measurement (phenomena, civic attitudes and the related state and government reactions) is incomplete and inaccurate, while the method is inappropriate and incorrect in a number of ways. It is imperative, in particular

in the communication situation that has evolved in recent years, to have authentic measurements in this department, that is, independent and academically sophisticated measurements, on the basis of which it is possible to engage in a genuine and responsible debate that may even involve a comparison with other countries and in the wake of which, based on the efforts and results of the Hungarian Government, we would be able to launch an offensive, rather than defend ourselves from a corner, and to improve any errors that may still exist. Hungary's own anti-Semitism monitoring system announced in the summer of 2012 will provide the framework for this.

Traversable Hungary Programme

Those who explore nature with a passion often sense the State with its rules as a fallible, irritating obstacle and expect no help from it. At the same time, it is obvious that its geographical, (public) security and real estate features render Hungary a particularly attractive destination for certain outdoor sports, and there is immense potential in the free exploration of nature in the form of enjoyable walks in large, obstacle- and restriction-free areas. The "Traversable Hungary" Programme stems from this and the recognition that the developments that are necessary for the exploitation of this opportunity may be implemented in the same structure, and therefore most effectively, in the case of 5 "modes of transport". These five "modes of transport" are: walking, cycling, riding, sailing and canoeing. Based on this, the Government provides support in the exploration of Hungary, to the enjoyment of hundreds of thousands of Hungarians, with organisation (role played by the state transport and tourism companies), legislation (forest law, National Curriculum) and targeted resources and infrastructure developments. It is an added bonus that tourism and the sectors concerned (sailing and riding communities), too, may find significant resources in this programme and new approach.

3.3 Procedure

From among the four intervention areas of the Magyary Programme, the poorest results are achieved in the fields of cost-efficiency and effectiveness. One of the reasons being that the measures taken in the interest of simplification and acceleration are now being implemented in practice; on the other hand, there is also a causal, and therefore chronological and procedural, relationship between the various intervention areas. In other words, a streamlined task may be implemented in the fastest procedure with the minimum required organisation and with a committed staff. Therefore, the results achieved in the rest of the intervention areas also constitute a pre-condition of the perfection of the procedures of Hungarian public administration.

At the same time, we must also appreciate that major progress has been made in another facet of efficiency, in controllability, by virtue of both the data asset act and the statutory changes describing the relevant supervisory and monitoring powers and competencies for achieving statutory compliance. In other words, procedures can now be substantially better developed and grasped, are under control in a good sense, which naturally does not mean the debilitation of the individual procedural guarantees.

The point where conventional public administration and the culture of corporate organisational governance meets may also be described in the difference in emphasis between the linear procedural operation (in a closed and permanent hierarchy, one direct boss) and the matrix procedure (hierarchical relationships in the course of the fulfilment of the given task, multiple direct superiors). The successful introduction of the matrix mode of operation was not feasible in Hungarian public administration in recent periods, inter alia, because it was forced in a number of areas where this is not the best solution and, on the other hand, because the need for the continued stability of public administration hierarchy was not tackled. In the course of the procedural developments introduced as part of MP, we learnt from these mistakes and we now carefully consider in the course of the implementation of the given task as to what the best possible means and procedure is with a view to the given organisational and staff features and based on criteria of efficiency, and in the light of this careful deliberation, we then select and evaluate the optimal linear or matrix solutions (also including expressly industry solutions).

It is customary to distinguish between external and internal processes in the course of the definition and development of the procedures and processes of organisations. This makes sense as this is how we may unravel the organisational/task/staff features. At the same time, it is a major risk that the process may come to a halt on the internal-external border which may frustrate measurability and the entire integrated development. This is particularly true of processes where the case transcends the internal-external border more than once. Therefore, we shall in the following take stock of interventions in MP 12.0 which also serve the closest possible integration of external and internal procedures.

3.3.1 Development of linear (straight) and matrix (curved) procedures

We may distinguish two types of operation in respect of the operation of administrative agencies:

– on the one hand, the fulfilment of professional duties delegated to the given organisation's competence by law (e.g. fulfilment of the duties of the authorities, asset management, basic operation, codification, coordination);
– on the other hand, the institutional, functional operation of the given agency (e.g. staff procedures, economic and financial processes, in particular, commitments, internal audit, document management, etc.).

The preparatory process that precedes commitments amply illustrates the difficulties of the internal operation of public administration agencies. It may be established fundamentally that the planning of the individual tasks requires that commitments should, as a rule of thumb, be tied up within the shortest possible time in the subject year in the interest of the appropriate scheduling of their utilisation. Naturally, exceptions to this rule are the normative aids primarily that are committed in a 1/4 or 1/12 schedule.

The table below contains a statement that is relevant to this issue. Regrettably, it testifies to a slowing down based on a comparison of the annual values.

		Paid / current allocation, % previous government cycle	Paid / current allocation, % 2011	Paid / current allocation, % 2012
I.	Parliament	28.6	31.9	28.1
II.	Office of the President of the Republic	31.7	42.6	44.8
III.	Constitutional Court	30.4	32.0	29.8
IV.	Office of the Commissioner for Fundamental Rights	30.7	23.8	41.3
V.	State Audit Office	30.5	28.4	32.0
VI.	Courts	36.2	33.5	32.2
VIII.	Hungarian Prosecution Service	30.3	28.2	28.7
X.	Ministry of Public Administration and Justice	25.6	33.1	37.6
XI.	Prime Minister's Office	-	9.1	17.7
XII.	Ministry of Rural Development	38.6	44.3	34.4
XIII.	Ministry of Defence	38.6	37.2	37.2
XIV.	Ministry of Internal Affairs	37.9	37.1	33.9
XV.	Ministry of National Economy	17.5	54.3	34.6
XVI.	National Tax and Customs Administration	39.8	32.3	29.9
XVII.	Ministry of National Development	20.3	24.3	19.9
XVIII.	Ministry of Foreign Affairs	29.2	37.1	38.4
XIX.	EU Developments	28.8	26.1	15.0
XX.	Ministry of Human Resources	36.0	33.1	27.0
XXX.	Hungarian Competition Authority	40.1	37.7	22.1
XXXI.	Central Statistical Office	25.3	14.4	34.1
XXXIII.	Hungarian Academy of Sciences	32.8	31.8	28.1
XXXIV.	Hungarian Academy of Arts	-	-	4.5
	Total	**34.0**	**32.2**	**25.7**

3.3 Procedure

An essential, but on its own insufficient, condition of the effective operation of an organisation is that its internal operating processes and procedures should be simple, transparent and well-organised. Therefore, eight highly frequent processes at the Ministry of Public Administration and Justice, that cover every typical element of its operation (and cover a substantial proportion of the Ministry's files), were reviewed on a pilot basis with regard to the best-known methodologies of process organisation. Namely,

1. Entry of staff,
2. Conclusion of contracts below the limit of HUF 8 million net,
3. Conclusion of contracts as a result of public procurement proceedings,
4. Internal signing and issuance of certified documents on request,
5. Analysis of two invitations to tender from chapter-managed allocations, from the allocation all the way to publication,
6. Acceptance of certificates of completion, payment,
7. Issuance of certified documents at first and second instance (in government offices),
8. Process of project management.

The methodologies tested as part of the pilot project were not fundamentally conceived with a view to the specificities of public administration. However, with appropriate development (simplification, conversion in line with Hungary's specificities and adjustment to the statutory terms and dogmatic approach are particularly important), they can be converted and successfully used in this organisational environment as well. By using these methods, we may achieve well-defined, standardised and measurable processes in public administration.

From among the tested procedures and methodologies, based on experiences, it is mainly the LEAN and the BPR methods that are best able to serve the needs of public administration. With the aid of these, thanks to the already available data, the current processes may be assessed and the problem areas may be identified, and these methodologies even offer specific solutions to the problems.

With the aid of the LEAN methodology, we may filter out the stages of a process that are not valuable (e.g. stoppage time, unnecessary measures), and the process converted as a result will be comprised in its entirety of valuable activities. At the same time, with the assistance of the BPR method, we may identify processes that do not yet exist or may develop processes that are in their very initial phase in order to make them manageable and swift.

The following weaknesses requiring intervention were observed in the course of this pilot test which may also be represented as general problems:

1. the difference between the procedures laid down in the rules and actually implemented which manifests itself primarily in unnecessary over-complications, excess expectations and controls and the non-observance of internal deadlines,
2. a weakness of mentality to grasp the entire process, the essence of the matter, expedience and, as the case may be, the protected legal interests.

Based on the above, we may, without any particular administrative precursor, settle down to the re-writing of regulations in line with the expectations of the superior legal rules and the reality of life and may start converting the system of accountability and performance measuring, may start training the participating staff and start keeping customers better-informed and may also commence the development of the necessary interconnection e-government applications.

In the interest of the practical implementation of the above experiences within the shortest possible time, these new elements were integrated into the State Reform Operational Programme and e-Public Administration Operational Programme and are expected to be enforced in the organisations and procedures of Hungarian public administration at maximum speed.

One of the generally applicable methods for the renewal of procedures is process organisation; however, this on its own does not solve every problem. Processes cannot be built and developed without institutional goals, data and indicators. It follows from this that, in addition to process organisation, we should also resort to the application of several means and methods that are able to support its objectives from multiple sides; in particular, in cases where the individual nature of the task creates a new procedure or the complexity of the case requires the swift adoption of the matrix approach, instead of the linear procedure.

In the course of the implementation of the Magyary Programme, we have also resorted to the conventional division of organisation-development methods; we are currently measuring and evaluating the individual solutions. There is no reason to conceal that this division is a rival to the Magyary Programme's division of comprehensive goal + four intervention areas + compre-

hensive tasks, that is, to the Magyary Programme. This is a little bit like the meeting of the Greek and Roman or the ancient Hungarian and Christian faiths. MP is based on the premise, not surprisingly, that it is more advanced, more sophisticated, more resistant to professional criticisms and the challenges of life, and the future therefore lies with MP. For this reason, our approach is that, by using the successful historical and mythological method of incorporation, we shall continuously add new items, adjusted to the logic of MP, one by one, that may prove to be valuable. We shall be able to close this filtering, selecting and reshaping process by MP 13.0.

Here are therefore the conventional toolsystem of four items of organisational development, with a few minor remarks, that we shall resort to primarily in the most critical area, in the course of the development of procedures.

Performance management	**Process organisation**
• Creation of institutional strategy, identification of goals • Introduction of indicators and indices measuring the efficiency of the organisation's operation	• Generation of standardised processes • Retention of valuable processes only • Short implementation time
Quality management	**Knowledge management**
• Serving customer needs fully • Formulation of customer charters • Enhancement of staff satisfaction • System-level implementation of CAF	• Drafting of individual and organisational knowledge maps • Sharing of knowledge between units • Collection and distribution of means of knowledge sharing

Main elements of the organisational development programme

Mention should be made in this context of the fact that, based on the methods of network analysis, the investigation of a knowledge map at the Ministry and of the operation of informal office paths and the modelling of their novel interconnection in the interest of improved efficiency has begun on an experimental basis. The outcome of these analyses may help create a more efficient organisation through the more effective exploitation of the potential inherent in the organisation. We shall provide further information on the results of the research and the proposed measures in MP 13.0.

3.3.2 Simpler State

The Magyary Programme identifies the reduction of administrative burdens as one of the comprehensive tasks, and the most important means of achieving this is the simplification of procedures. It was in the spirit of this goal that the Ministry of Public Administration and Justice launched a programme for the reduction of the population's administrative burdens in 2011, which the Government approved in its Decision No. 1304/2011 (IX.2.), while the Ministry of National Economy embarked on a programme that is designed to reduce the burdens of businesses [Government Decision No. 1405/2011 (XI.25.)]. The two programmes complement one another, as a result of which the administrative burdens arising from regulation will be significantly reduced, thereby increasing the competitiveness of Hungarian public administration and customer satisfaction. The two packages were launched in the spring of 2012 under standard management and monitoring, under the title Magyary Simplification Programme. As an expressly effective manifestation of the matrix mode of operation, a task force system was set up and is being operated for the quick resolution of this complex, multi-player process.

As part of the reduction of the population's burdens, 228 cases will be simplified in two phases (by 31 August 2012 and by 31 December 2012). Simplification, with a view to a 25% reduction in the population's administrative burdens, will be achieved by 31 December 2012, inter alia, in cases related to family and children, employment, taxation, social services, property-related issues, the issuance of documents, marital affairs and educational services. Citizens may benefit from the positive effects of these measures in their day-to-day lives already at this point in time as, in the case of a number of procedures, the administration deadlines have been shortened (e.g. sickness benefit requests, enforcement of rights attached to work-related accidents, pregnancy benefit, maternity nursing benefit), while electronic administration has been made available in several instances (e.g. disbursement of student loans, request for student card).

The purpose of the 114 measures of the package designed to reduce the administrative burdens of businesses is to implement the governance concept of the Good State in relation to businesses and administration. For businesses, the Good State means a simple state where it is easy and cheap to understand and to observe the rules because the expectations of the State are clear and realistic, its procedures are swift and practical. By virtue of the measures, the Government will reduce the administrative expenses of businesses related to bureaucracy by HUF 500 billion. From among these measures, 16 may be regarded as implemented as at July 2012.

We believe that the launch of the free National Directory of Legal Rules and National Company Directory, too, forms part of the reduction of administrative burdens.

3.3.3 Implementation of an impact analysis system

While governmental impact analysis is fundamentally an internal procedure, the direction of the methods expressly points towards the population and businesses, with regard to the fact that the adoption of well-founded government decisions is one of the most coveted goals of the Good State. At the same time, it constitutes one of the main possible means of the fight against corruption and, in actual fact, a good impact analysis is the best support for proactive communication which is another comprehensive task.

In line with the Government's objectives, the new impact analysis form developed as a result of consultations with experts from the ministries treats the issues of fiscal stability, competitiveness, the reduction of administrative burdens, employment, social inclusion and sustainable development as key priorities.

The mandatory summary review of all relevant consequences of the given regulation in such depth raises Hungary to the forefront of the European Union in respect of its objective decision supporting practice built into the process of legislation, as the results of impact analyses are only summarised with similar methods outside Hungary in the United Kingdom and the Netherlands.
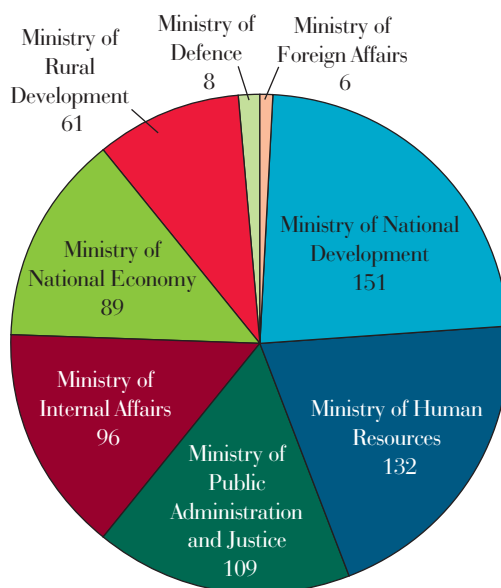
Number of completed prior impact analyses in a breakdown by ministries (652 in total)

The renewed impact analysis system promotes and facilitates the tracking of the implementation of the horizontal sector-specific objectives identified in the Government Programme, the New Széchenyi Plan, the National Reform Programme, the Széll Kálmán Programme and the Convergence Programme.

The system is supported by ongoing training, as part of which, uniquely, some five hundred government officials have to date had the opportunity to acquaint themselves with the new impact analysis form and basic information on its completion and use in seminars conducted in small groups.

Within the framework of curriculum development for the course, a manual of more than 300 pages was prepared which provides detailed methodological and practical information for the performance of impact analyses and the completion of the

impact analysis form. A separate sub-site expressly concerned with impact analyses was launched on kormany.hu in March 2012 which is accessible at http://hatasvizsgalat.kormany.hu.

In 2012, we shall continue the reinforcement of the impact analysis activities of the ministries both in respect of the available capacity and in the field of skills and competencies. We shall also perform the tasks designed to streamline the preparatory legislative process and implement the measures that serve to achieve a shift towards a preparatory legislative process that is supported by process analysis.

1. direction of simplification
Based on impact analysis reports of ministries

Direction of simplification of impact analysis form

Simplification/correction of fields found problematic by the ministries

2. direction of simplification
Based on management feedback

Form corrected for visual criteria

V1.1 ready

1. direction of enlargement
Based on decision of MS meeting

Directions of enlargement of impact analysis form

Analysis of EU impacts

2. direction of enlargement
Based on decision of Minister of Public Administration and Justice

Analysis of corruption risks

3.3.4 Government windows

The Magyary Programme 11.0 identified as one of its main objectives the implementation of customer-centred, service operations taking account of the needs and interests of customers through the development of standardised, high-quality services accessible to all.

After the opening of the 29 government windows on 3 January 2011, 99 administration windows await customers during exceptionally long opening hours, from 8.00 a.m. to 8.00 p.m. Government windows operate as the organisational units of the metropolitan and county government offices.

The government windows started their operation in January 2011.

– Between January 2011 and 17 May 2012, 358,856 customers visited the government windows.
– In a monthly comparison, customer numbers increased in the first four months of 2012 by 53% compared with the corresponding period of the previous year.
– Customer satisfaction is in excess of 95%.

Administrators working at the government windows are selected on the basis of stringent criteria and may, as part of their training, acquire the professional and ethical skills and information necessary for providing quality services. Customers themselves have confirmed that the path we designated is correct. The 29 government windows are clearly a step forward towards the implementation of a competitive and sophisticated state customer relations facility that consciously deploys the means and methods that are successfully used by large service providers as well.

However, the establishment of the 29 government windows was only the first phase of making one-stop-shop administration general. The second phase of the development will involve the establishment of government windows at the level of regional public administration, thereby bringing the one-stop-shop administration points closer to citizens, where they live or work.

3.3 Procedure

The targeted development extends to

– content (range of state administration affairs),
– the organisational system concerned (document offices, operational customer services, Hungarian Railways, the Postal Service),
– geographical location (capital, county seats, county-ranked cities, district seats, several other localities),
– physical appearance (standard image),
– operation (IT support and standard processes) and
– staff.

It is important to highlight, as customer service is one of the most staff-intensive public administration procedures or genres, that as of September 2012, the National Public Service University will launch its government window administrator training (6,000 persons, offering a further training degree in the field) which is in itself an exceptional and significant enterprise.

The target to be attained

Administrative district offices will come into being within the organisation of government offices, and (administrative district) government windows form an integral part of these. By 2014, more than 300 government windows will operate with some 3,000 administration windows, including the opening of government windows at railway stations that are suitable for the purpose. In addition to the current capacity, the number of government windows will be determined by a process of alignment with the units of the document office network and the number of installation points. At the same time, the number of administration cases that government windows will be able to process will also increase. This will be supported by a standard knowledge base for the staff members of customer services so that they provide uniform services both in standard and content. After the elimination of the customer service points to be integrated, the cost of the operation of the system will remain below the total combined operating costs of the current, highly scattered customer service points of the integrated and non-integrated agencies.

The establishment of the integrated customer service system is a task of a formidable magnitude, in respect of which we shall provide more information in MP 13.0. In the interest of smooth operations, in addition to the government offices, the other customer service points of the metropolitan and county government offices will also perform customer service duties during a transitional period of approximately one year.
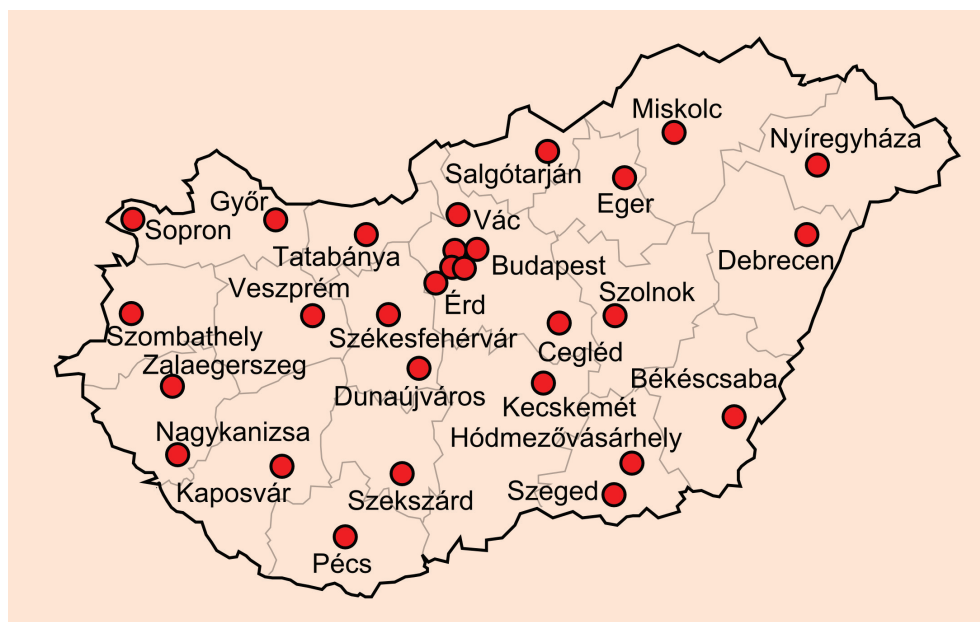
Current government window locations
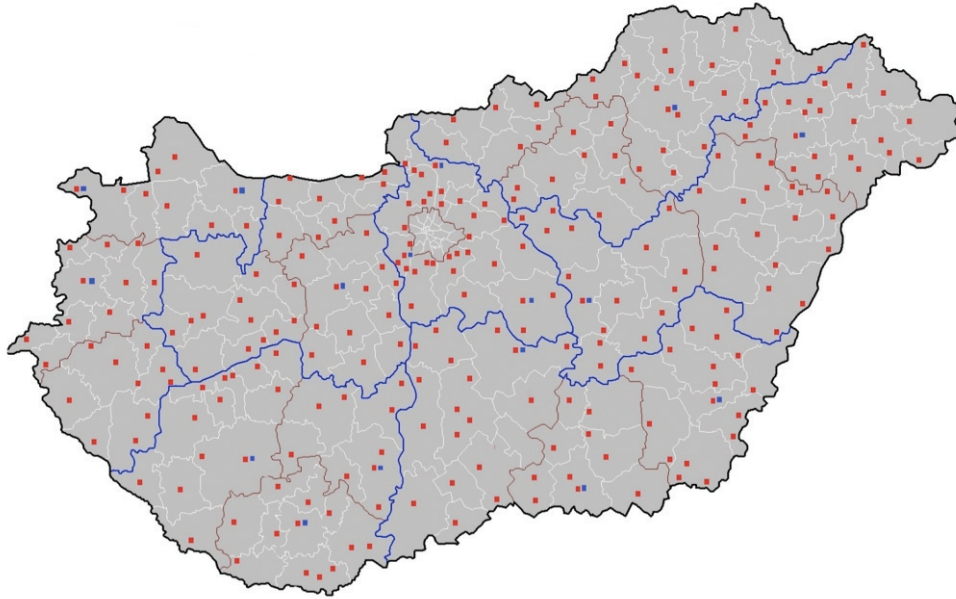
Possible government window locations

3.4. Staff

The commitment of the staff

It is crucial to have a clear understanding of the attitude and commitment of our staff members in the course of an extensive process such as the implementation of MP (whether we speak of staff administration or career reform). We are in the lucky position that we are able to monitor this aspect dynamically as we have a measurement at our disposal from 2008.

22,583 staff members completed the questionnaires which, given the size of the base multitude, represents an exceptionally high ratio.

We may arrive at the following findings on the basis of the result of the survey:
– the ratio of committed staff members is 58% which is almost the same as the Hungarian average (57%) and represents a significant improvement as it was 40% in 2008;
– the greatest strengths of state administration are: mutual respect and appreciation amongst staff members, features of the physical environment and the tasks that almost two thirds of public administration workers are happy to perform day after day;
– in the context of benchmark figures (2008 state administration average, 2010 Hungarian average), in addition to the strengths mentioned above, the criteria of senior management, human-centred approach, processes and line manager, too, were evaluated in a more positive light.

The dimension of benefits emerges most markedly as an area in need of development (the deviation from the other two results is 7 and 31 percentage points, respectively).

As stated in the introduction, the autumn of 2012 will be a particularly interesting period in respect of the atmosphere of public administration (the government reached its mid-term phase, and the staff necessarily feels "tired" after this much time); this is why an extraordinary survey will be conducted in order to see the critical points at the bottom load point.

	Commitment	Satisfaction
State administration 2008	40%	45%
Hungarian average 2010	57%	62%
State administration 2011	**58%**	**57%**

Development of commitment and satisfaction
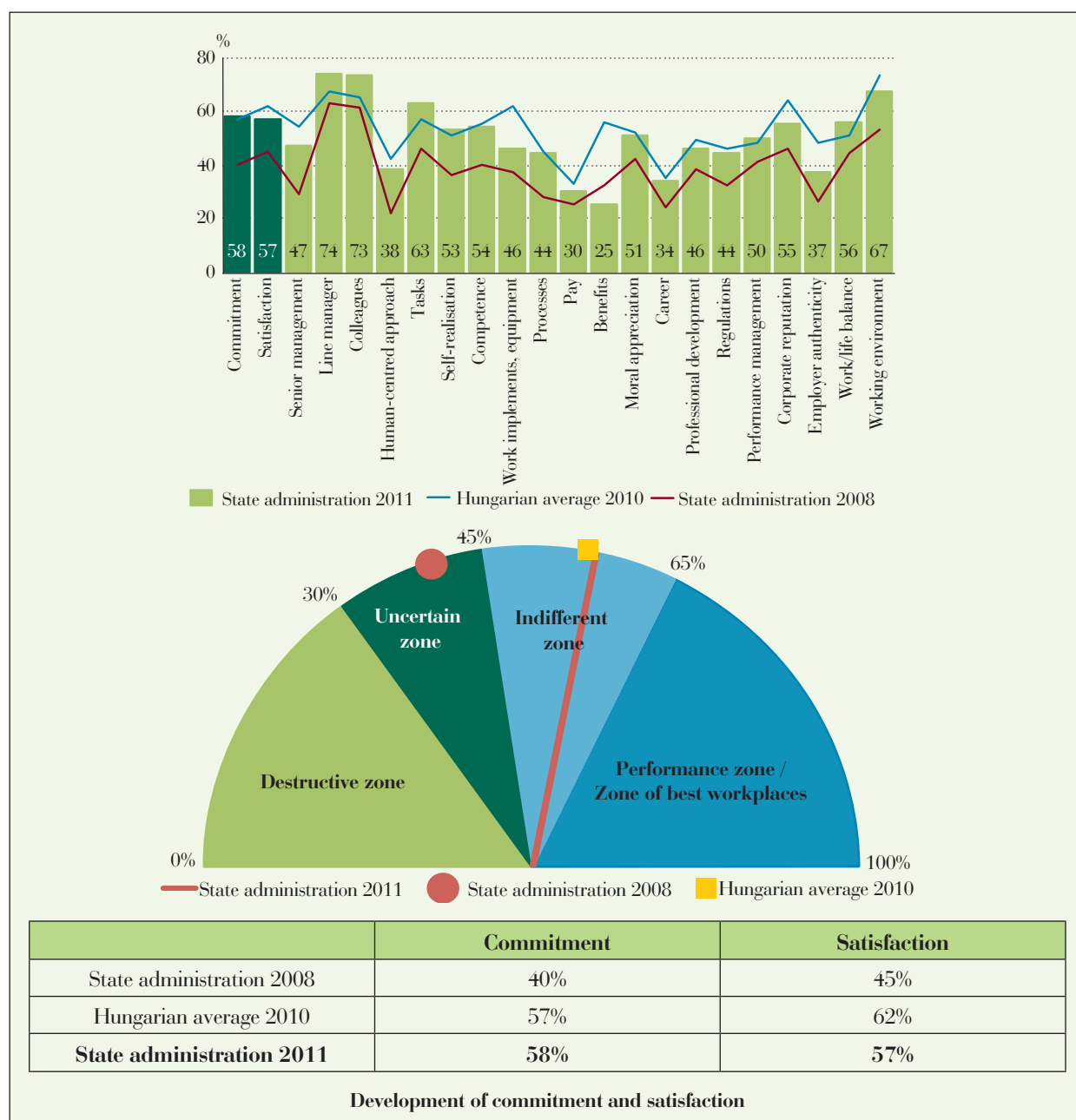
The manifestation of the Good State that is most capable of provoking emotion and human responses of one kind or another is not the office building, the piece of paper to which the decision is committed or the monitor screen but the government official, the professional member of the defence and law enforcement forces, his or her professional and human attitude, gestures and behaviour. Naturally, in this context, we talk about public administration and do not include political communication and the communication of politicians. The principle of the Good State is most served by the development of a public service that stands on stable, firm, constitutional foundations. In the interest of the attainment of this target, the legislator created the basis for the separate regulation of the public service career, independently of employment, by virtue of the passage of Article 17(5) of the Fundamental Law. Based on the authorisation of the Fundamental Law, in response to the proposal of the Minister of Public Administration and Justice, Parliament passed Act CXCIX of 2011 on Public Officers, the fundamental law of public service, which provides a new framework, on the foundations of new basic principles, as of 1 March 2012. As part of the public service career programme, we coordinated the public administration, law enforcement and defence careers and, by eliminating a deficiency of twenty years, we created the Government's Staff Strategy.

We identified two areas of the Government's staff policy in MP 11.0:
– on the one hand, management, staff administration as a system-level approach,
– and, on the other hand, the development of the content elements of the public service career as an individual, personal approach.

MP 11.0 reviewed these elements in detail. In this chapter of MP 12.0, we shall take stock of the most important interventions and the developments in progress.

3.4.1 Staff administration

3.4.1.1 System management

It is worth reviewing the profession branches of state administration and the most important features of each rank:

	defence	law enforcement	government officials	public officers
Law	Act XCV of 2001	Act XLIII of 1996	Act CXCIX of 2011	Act CXCIX of 2011
Detail from text of oath	"I shall defend Hungary's independence even at the expense of my life"	"I shall fulfil my duties at the expense of risking my life"	"I shall fulfil my office for the benefit of the Hungarian nation"	"I shall fulfil my office for the benefit of the Hungarian nation"
Staff	23,000	65,000	68,000	43,000
Organisational effect	defence agencies	law enforcement agencies	state administration agencies	municipality and constitutional agencies
Strategic centre	Ministry of Defence	Ministry of Internal Affairs	Ministry of Public Administration and Justice	Ministry of Public Administration and Justice
Methodological centre	-	Ministry of Internal Affairs, Directorate for Education, Training and Science Organisation	Office of Public Administration and Justice	Office of Public Administration and Justice
Self-esteem centre	-	Hungarian Law Enforcement Staff	Magitral of Government Officers of Hungary	-
Training centre	National Public Service University			

We may define the next levels of the management of the governmental staff system in the case of government officials on the basis of the division of tasks identified in the new law:

a) Strategic centre (Ministry of Public Administration and Justice) which, as part of its responsibility for the Government's public administration staff policy,
– identifies the main directions of the governmental staff strategy and prepares legal regulations concerning public service;
– provides support in the standard application of rules relating to public service;
– monitors the application of legal rules relating to public service;
– is responsible for the operation of the standardised staff records and integrated human resources management system;
– represents the Government in the Public Service Interest Reconciliation Forum and operates the Government Official Arbitration Board;
– manages training, further training, re-training and managerial training in public administration.

b) Methodological centre (Office of Public Administration and Justice) which, as part of its public service methodological activities,
– fulfils the tasks related to hiring, recruitment and the Hungarian Public Administration Scholarship Programme;
– fulfils the tasks related to the HR IT system that supports integrated human resources management;
– develops the methodology of further training, managerial training and examinations in public administration and fulfils the related tasks;
– makes recommendations regarding a scope-based system, the system of performance management and the system of internal career and talent management.

3.4. STAFF

c) "Self-esteem" centre: Magitral of Government Officers of Hungary

Competencies:

1. Interest representation, interest protection, protection of government official rights

2. Development of a Code of Ethics for Government Servants, conducting of ethical proceedings

3. Drafting of statutes, Rules of Organisation and Operation, member records, tender documents, professional publications and budgets

4. Attendance at examinations and further training courses as observer (National Public Administration Examination Board, Faculty of Public Administration)

5. Preferential welfare, social and other services

6. May turn to the head of the state agency on any issue concerning its responsibilities and competencies, may request information, data and positions, may make recommendations, may initiate measures

State supervision

Prosecution service: exercise of monitoring powers for compliance

The minister responsible for quality policy and personnel policy in public administration attends the meetings of the National General Meeting with consulting powers.

National General Meeting
- 80 members

elects → **Board:**
-Chair
- Vice-Chairs (maximum 5)
- Secretary General
→ **Chair**
→ **Secretary General** → **Secretariat**

elects → **National Financial Monitoring Committee** Comprised of the Chair and 5 members

elects → **National Ethical Committee** - number of members is determined in the Statutes → **Regional General Meeting** → **Regional Board** (Chair, Vice-Chair, Chair of REC)
→ **Regional Ethical Committee**

Its members are elected for 5 years.

County officials are automatically members of the General Meeting

GOVERNMENT SERVANTS (68,000 persons)

Operation of the Magitral of Government Officers of Hungary

d) Training centre (National Public Service University) which fulfils the tasks related to the training, further training and re-training of public officers and managerial training in public administration.

The National Public Service University came into being on 1 January 2012 through the merger of the Zrínyi Miklós National Defence University, the Public Administration Faculty of the Corvinus University and the College of Police Officers as the base institution for the tertiary training of public officers, in the capacity of legal successor to the institutions concerned.
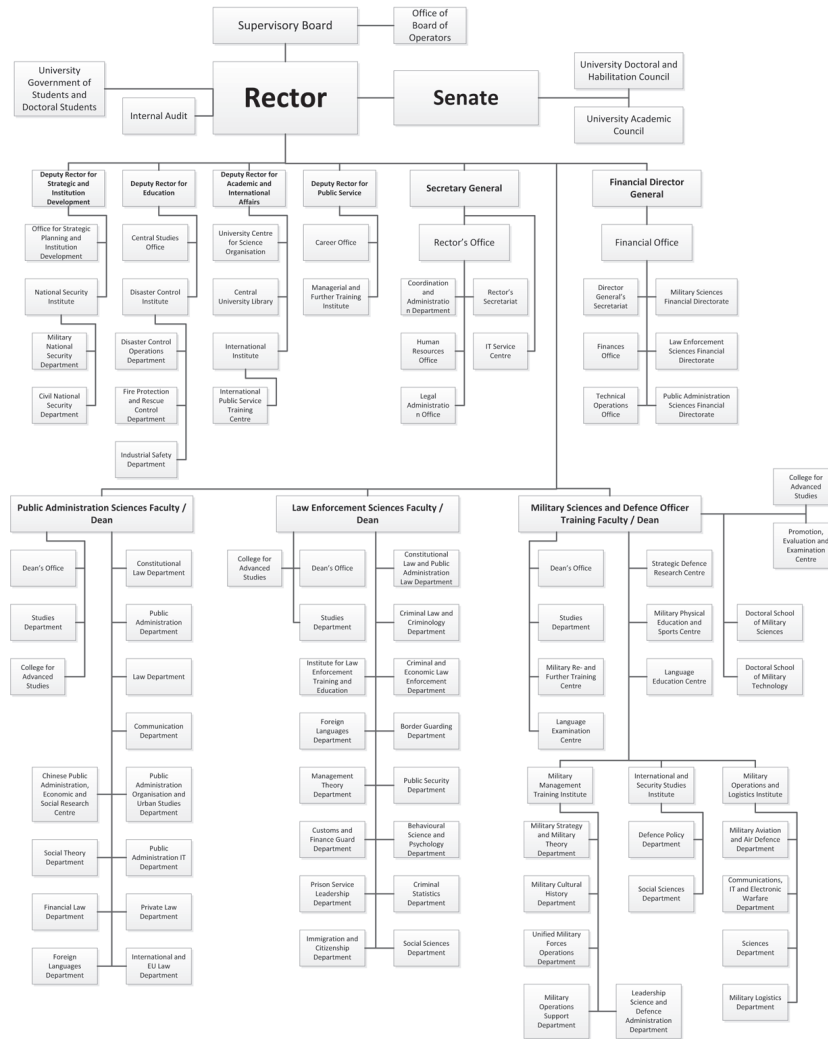
Organisational structure of the National Public Service University

The purpose of the transformation of the legal predecessor institutions is to ensure that the reinforcement of a sense of vocation and expertise in the staff of defence, civil public administration, law enforcement and the national security services is based on a coordinated and planned training scheme and to place the tertiary training of experts in public administration on standard institutional foundations. It is a particular priority that the university should operate in a way that enhances the strengths of the profession branches concerned, by using its resources effectively, and should further play a decisive role in the career and promotion system. The rights of the operator of the university are jointly exercised by the ministers responsible for defence, the development of public administration and law enforcement via the Supervisory Board. The Supervisory Board is headed by one of the members in rotation every six months, and the representative of the Minister of Foreign Affairs is a permanent, invited guest of the Supervisory Board.

Equestrian plan of Ludovika Campus

The Ludovika Campus now

Plan of the Ludovika Campus

Priority development goals of the National Public Service University:

1. development of academic and doctoral-level training in every area of academic discipline,
2. Hungary's No. 1 intellectual workshop in state and political science, within the wider discipline of constitutional and legal studies,
3. development of a practice-oriented training system to international standards with extensive international ties through the efforts of a staff of instructors that are able to renew themselves continuously,
4. availability of a firm basic and applied research background for the purposes of the Government,
5. institutional framework for the academic and professional development of the best in public administration, law enforcement and defence,
6. in line with the Government's expectations and the latest challenges, introduction of a competitive choice of educational disciplines (e-government, cyber defence, equal opportunities),
7. serving the training needs of the entire state administration staff to the highest standards (basic and advanced examinations, further training),
8. implementation of the Ludovika Campus project.

The slogan is demonstrably enforced:
"IN THE SERVICE OF THE COUNTRY".

The slogans of the individual faculties are designed to express their dedication, commitment and professionalism.

Faculty of Military Science and Defence Officer Training: "For the country till death!"

Public Administration Faculty:
"Pro Publico Bono."

Law Enforcement Faculty:
"Sub Lege Libertas."

Further plans and information on the project at http://campusprojekt.uni-nke.hu/.

3.4.1.2 Draw a staff

Currently available main tools for staff management:
– fixed staff management; in this context, we must remark that the number of authorised statuses in relation to the responsibilities of the individual organisations will be reviewed already in respect of the 2013 budget and the circumstances that may give rise to anomalies in this field will be uncovered (missing and unfilled positions, ageing staff branch, etc.). At the same time, it is worth implementing the measures described in the chapter "Organisation" that arise from the change of status in respect of government officials in relation to their employment or public service relationship;
– standard exercise of employer's rights (Section 259 of POA): the ministerial decree designed to serve this objective will be issued on the basis of a matrix that introduces the employer's rights comprehensively and in any easily manageable fashion.

This will provide clear guidelines both for government officials and those exercising the employer's rights. We should note here that the operation of the Government Official Arbitration Board, too, will serve to promote sophisticated and standardised law application practices;

– fixed appointment and objection procedures: in this respect, the system has been effectively unchanged for decades, a few minor temporary problems apart (temporary elimination of the position of secretary of state for public administration). The right of objection of the state secretary at the Ministry of Public Administration and Justice is a new feature; in this context, the Constitutional Court pronounced in its Decision No. 1008/B/2010 that the institution of objection is not contrary to the minister's sector management activities and does not violate the principle of ministerial responsibility. In the course of the shaping of the governmental structure, the Government has full freedom in the development of a standard staff policy in respect of the leaders of central public administration, and the institution of objection promotes this process;

– extension and application of the Governmental Staff Service System. This system, that is taking longer to develop than anticipated, is able to achieve, with the aid of the introduced standard career samples to be updated on a mandatory basis, the implementation of actual system control in respect of the current 68,000 government officials and the further 14,000 to be taken over from the administrative districts. The system should be easy to manage and use, should provide management-level access and offer system-level statistics and modelling facilities (e.g. training, transfer, extraordinary hiring), standard and error-free document samples (which results in significant savings) and should permit the actual exercise of the employer's rights (standard and gap-free working hours records).

The Career Bridge is a successful example of effective staff administration and provident staff reduction

The complete organisational renewal of public administration and the creation of a more cost-efficient, transparent and effective office structure are amongst the top priorities of the Government. As part of this process, the Government approved Government Decision No. 1004/2012 (I.11) (hereinafter referred to as the "Decision") which identified the framework for governmental staff reduction and the organisations concerned.

In the spirit of "provident staff reduction", parallel with the implementation of staff measures, the Government launched the Career Bridge Programme (hereinafter referred to as the "Programme") which provides help for the employees laid off as part of the staff reductions to find employment in the private sector. The Programme creates a "bridge" between experienced public serants and the labour market by intending to find scopes for qualified people dismissed from public service who wish to continue to work.

The purpose of the Programme is to provide assistance, in the form of personalised information and scope mediation services, for qualified and experienced workers dismissed from public service to find the next station of their career and to find employment in the market and civil sectors. It serves to encourage employers inasmuch as, in the event of the employment of the individuals participating in the Programme, they may avail themselves of an employer benefit for a period of 1 year. Participation in the Programme is voluntary and free but is subject to registration. Dismissed public servants were able to register in the Programme until 31 May 2012 on the basis of Decree No. 8/2012 (IV.21.) of the Ministry of National Economy on the conditions of participation in the Career Bridge Programme and the issuance of the certificates necessary for eligibility for a social contribution tax benefit.

It should be highlighted that this was the first central, coordinated government programme for helping those laid off as part of staff reductions. Previous governments merely helped the individuals concerned with labour market programmes. The previous public service staff cut that extended from 17 July 2006 to 30 September 2008 cannot be described as successful in spite of the availability of significant financial resources. The comparative table below clearly demonstrates that the pro rata indicators of the Career Bridge Programme are substantially better already at this point in time than the closing data of previous government staff reductions. The individuals concerned were able to enrol in the programme already during their exemption period, thereby creating an opportunity for intensive scope mediation. Even when training costs are discounted, the Programme has already yielded a substantially higher subsequent employment rate than the earlier programme as part of which 837 persons received training aid, however, only 211 of them were able to find employment.

The individuals concerned receive information on the Programme for the first time from their employer. Further personalised information is provided and registration is possible at the employment branch office with competence at the individual's place of residence.

Comparative table						
Programme	Staff (persons)		Registered individuals / completed forms		Newly employed individuals	
			persons	% of staff	persons	% of staff	% of registered persons
I.	8,793		2,075	23.5	211	2.4	10.1
	Local public administration	**Central public administration**					
	6,370	2,423					
Career Bridge Programme (II)	**Central public administration**		1,489	50.2	368	12.4	24.7
	2,965						
regarding the governmental staff reductions from 17 July 2006 to 30 September 2008 (I) and the Career Bridge Programme launched as of 11 January 2012 (II)						

3.4.2 Career

3.4.2.1 Vocation ethical norms

The basis of the system of vocation ethical norms and the ceremonial opening of the career of a government official is the taking of the oath which, based on the new standard text of the oath, declares three fundamental obligations which simultaneously constitute the widest framework for the profession:

1. I shall be loyal to Hungary and its Fundamental Law;
2. I shall observe and also enforce its legal rules;
3. I shall exercise the duties of my office for the benefit of the Hungarian nation.

The Act on Public Officers additionally defines the fundamental vocation ethical norms that public officers are required to meet. Based on these, a public officer:

– shall proceed with a view to the supremacy of the service of the public and the maintenance of social trust in good public administration;
– shall proceed, at all times in the course of the exercise of rights and the fulfilment of obligations, in accordance with the principle of good faith and fairness, shall mutually cooperate and may not manifest practices that may violate the other party's rights or lawful interests;
– shall inform his/her colleagues of all facts, data or circumstances and of any changes therein that may be relevant to the establishment of a public service relationship or the exercise of the rights and the fulfilment of the obligations set forth in the Act;
– shall at all times abstain from the exercise of rights contrary to their designated purpose as a prohibited act;
– may not manifest practices even beyond the working hours which may, in particular, based on the nature of his/her scope and the position he/she occupies within the employer's organisation, be directly and actually capable of inducing an incorrect evaluation of his/her employer or of curtailing the reputation of his/her position, the employer's reputation and social trust in good public administration or of jeopardising the purpose of public administration;
– shall keep confidential any classified data.

Based on the above expectations, we may conclude that the statutory framework, too, reflects the concise ideal of the slogan of the Magyary Programme, "For the benefit of the Country and in the service of the Public".

The Act on Civil Servants prescribes the creation of a Vocational Code of Ethics for Government Officials as one of the priority tasks of the Magitral of Government Officers of Hungary (hereinafter referred to as "SHGS") which, beyond the scope of the

statutory rules, lays down further rules of conduct as general expectations. Local governments and autonomous agencies create their ethical rules themselves within the statutory boundaries.

3.4.2.2 Scope-based system

It is the firm intention of the Government to convert the current regulations regarding staff policy into a scope-based system that offers career paths and interchargeability via re-training, provides pay on the basis of the actual value of the scope and keeps track of the work morale and performance of workers.

Job evaluation is the means for creating a scope-based system. Job evaluation serves as a means of classifying scopes on the basis of career paths and arranging them into scope families, ranking them on the basis of fixed criteria and determining their relative value to public administration. It is necessary to have standard scope descriptions in public administration; therefore, we determine the performance requirements of scopes and the training needs related to scopes on the basis of the responsibilities and competencies they involve.

For the purposes of scope evaluation in public administration, we relied upon the best-known and also most recognised scope evaluation methodology, the HAY methodology. The essence of this is to demonstrate how each scope contributes to the attainment of the organisational targets. The Hay analytic and evaluation method (Hay Guide Chart Method) is used in public administration world-wide (e.g. United Kingdom, Ireland, Portugal, Austria, Belgium, New-Zealand).

The evaluation of 1,000 representative scopes at the designated organisations has been completed, the profiles of the scopes analysed have been identified and the scopes have been arranged into scope families and career paths. The processing of the data received is ongoing also at present.

Schedule:

December 2012: completion of organisational and scope analyses and evaluations in relation to the entire organisational structure;
January to July 2013: gradual introduction of new scope system, harmonisation of functions;
September to December 2013: consolidation period, processing of experiences;
January 2014: introduction of new, scope-based pay system;
Pilot analysis of 1,000 scopes has been completed; government decision to be adopted in September.

Possible areas of application of scope evaluation
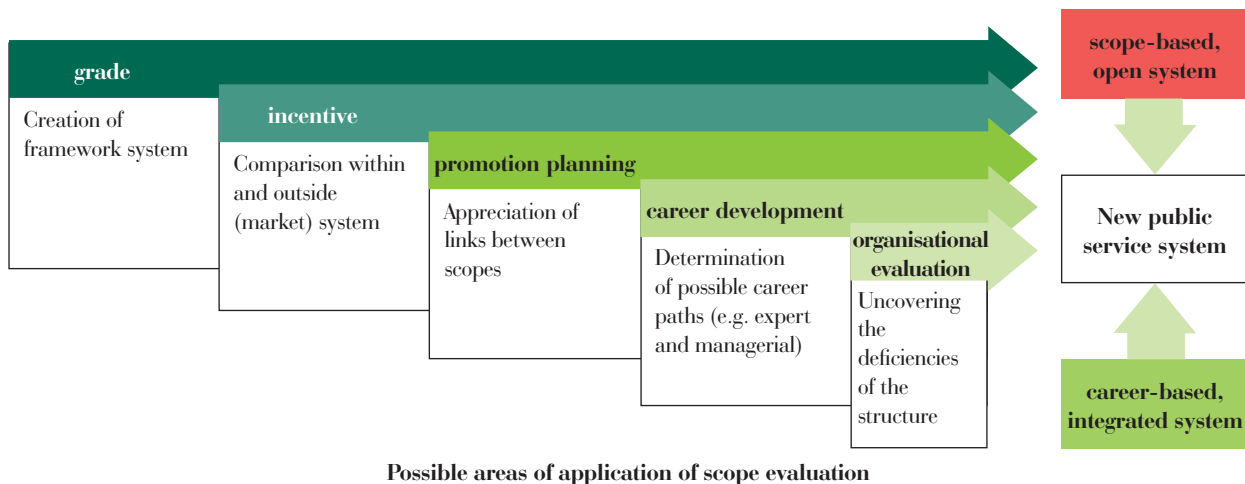
With regard to the fact that Hungarian public administration is already past a failed experiment at the introduction of a scope-based system, it is important to lay down the expectations already at this point in time on the basis of the two identified reasons for failure. On the one hand, the scope system must not be over-fragmented; that is, based on the four basic types identified in MP 11.0 (manager, engineer, lawyer, soldier), each of these must be effectively broken down into 7 sub-types, thereby creating a manageable framework for the approximately 200 scopes held by more than 100,000 public officers. The other important pre-condition is that three regulatory systems should be available for scope definition which should be easy to manage for employers; in other words, employers should have at their disposal the state task cadastre, adequate internal rules of organisation and operation and an employer matrix that is designed to describe the employer system.

3.4.2.3 Selection and recruitment

The National Institute of Public Administration successfully organised the Hungarian Public Administration Scholarship Programme in 2011 and 2012. The purpose of this programme is to provide for the availability of a generation of successors committed to national public administration who are professionally dedicated, speak foreign languages and also have experience in public administration abroad. The programme consists of two main phases; the first six-month phase serves as an introduction to central public administration in Hungary, while in the second phase, scholarship holders may acquaint themselves with the central public administration of EU Member States. 1,500 individuals submitted applications in response to the first Hungarian Public Administration Scholarship Programme in 2011; 270 of them were selected. As part of the programme, participants acquired experience in international public administration in 25 countries, most of them (56) in Germany. 226 persons completed the programme successfully; the Prime Minister's Office and the ministries have hired 210 of them as school-leavers, while another 20 are employed within the framework of the Roma programme.

Out of the 650 applicants, 150 persons were selected for participation in the 2012 scholarship programme which is now halfway towards completion.

It is a new but increasingly prevalent phenomenon in the system of public administration that, in the case of certain scopes, actual "headhunting" is or may be required which is not merely a sub-category of hiring but will require specific methodological and organisational development at the governmental staff headquarters (Office of Public Administration and Justice) and the National Public Service University. As a generational aspect in the targeted hiring of public officers, attempts must be made by the State, similar to large corporations but in a wider sphere, to find, approach and, as the case may be, test the most talented young people who are committed to serving the nation. In this context, cooperation with the universities concerned in the interest of the recruitment of IT experts is exemplary.
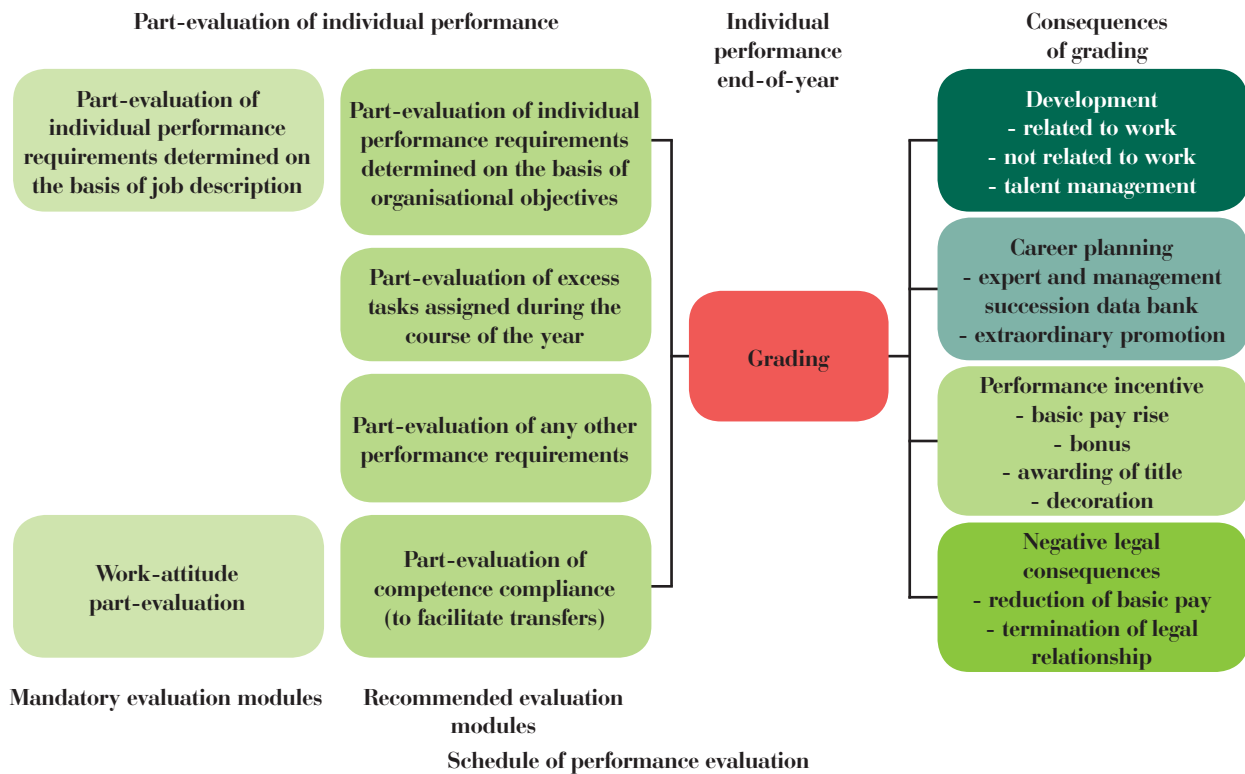
Finally, in particular, in the case of the generations that are no longer conscripted for military service, as an option requiring specific career modelling, recognised experts in a firm financial situation join the profession branches as actual conscripts for the fulfilment of certain priority tasks and share the energy that stems from their expertise with direct, personal responsibility (commitment), by setting an example, rather than give valuable advice from outside. There have been a number of these "callings" since May 2010 and the results are very good. This new approach has resolved a number of tasks previously believed to be unsolvable.
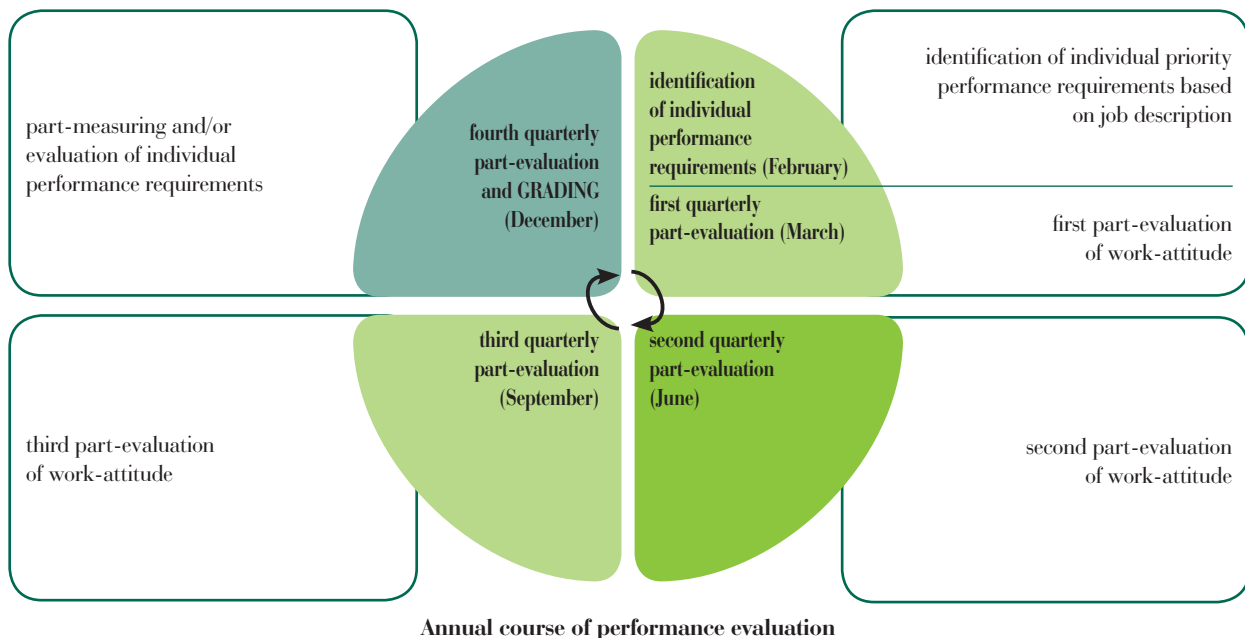
3.4.2.4 Evaluation

The fundamental objective of the performance evaluation system now placed on new foundations is to effectively contribute to the goals of the organisation through the improvement of the performance of public officers and the development of the skills necessary for their scopes (knowledge, skills, competencies, abilities, social roles, self-image, character traits, motivation), while its fundamental task is to determine through the combined application of evaluation factors and measuring and evaluation methods to what extent and how effectively the given public officer has contributed to the attainment of the goals of the organisation.

The most important individual performance requirements must be determined primarily on the basis of the scope description and secondarily with a view to the work-attitude evaluation which provides a comprehensive picture of the utilisation of working hours, professional skills, working capacity and organisational skills of the worker evaluated, while in the case of managers, also of the management of resources. The system also creates an opportunity for the application of the permitted evaluation modules in the recommended form. The head of the unit or ministry concerned may integrate any of the recommended (optional) evaluation modules into the system of evaluation modules applicable on a mandatory basis and may determine the rules for their application and the periods of part-evaluations.

Schedule of performance evaluation

Part-evaluation of individual performance

Part-evaluation of individual performance requirements determined on the basis of job description

Part-evaluation of individual performance requirements determined on the basis of organisational objectives

Part-evaluation of excess tasks assigned during the course of the year

Part-evaluation of any other performance requirements

Work-attitude part-evaluation

Part-evaluation of competence compliance (to facilitate transfers)

Individual performance end-of-year

Grading

Consequences of grading

Development
- related to work
- not related to work
- talent management

Career planning
- expert and management succession data bank
- extraordinary promotion

Performance incentive
- basic pay rise
- bonus
- awarding of title
- decoration

Negative legal consequences
- reduction of basic pay
- termination of legal relationship

Mandatory evaluation modules

Recommended evaluation modules

Schedule of performance evaluation

Based on the main weaknesses of the former system, namely, overly long evaluation period, complicated and formal procedure, performance evaluations should be held more frequently and should be kept simple and effective. The figure below introduces the proposed material of the current expert debate as a possible solution.

part-measuring and/or evaluation of individual performance requirements

fourth quarterly part-evaluation and GRADING (December)

identification of individual performance requirements (February)

first quarterly part-evaluation (March)

identification of individual priority performance requirements based on job description

first part-evaluation of work-attitude

third part-evaluation of work-attitude

third quarterly part-evaluation (September)

second quarterly part-evaluation (June)

second part-evaluation of work-attitude

Annual course of performance evaluation

3.4.2.5 Promotion and remuneration

The introduction of scope supplements designed to reward the performance rendered and the nature of the given scope would be a fundamental element of the introduction of the scope-based system as, within the framework of the pay system currently used in public administration, it is not the nature and specificities of the scope performed but primarily the role played in the employer's organisational hierarchy that has a decisive effect on the rate of pay through supplements.

Dimension	Problem, situation	Recommendations, opportunities
I. Salary	Freezing of salary base, deviation in pay supplements	Consolidation of pay supplements, salary tied to job
	Overtime is not reflected in salary	Rewarding of overtime/forced quality replacement
II. Benefits (fringe benefits)	Maximised limit, mandatory	Government servant card, targeted consumption and benefit attainable without fiscal burden
III. Other social, welfare, cultural and health care benefits	By way of application Based on employer's decision May be both refundable and non-refundable benefit	Non-refundable benefits may only be given to reward performance; only refundable benefits may be awarded on social grounds
IV. Performance incentives	Not tied to performance evaluation	Based on evaluation of individual performance

	Payment of overtime	Bonus
Basic principle	Quantity	Quality (performance evaluation)
Problem	Not verifiable (does a person spending long hours in the office actually do useful work?)	Measurable through performance verification
Quality replacement	Not suitable for enforcement of quality replacement	Allows quality replacement

Problems of the staff system

It should be noted that the system of pay supplements was initially more standardised. In line with the state organisational hierarchy, in addition to the central public administration agencies, the highest rate (50%) was also applicable to public officers employed by autonomous agencies. During previous government cycles, due to the more intensive enforcement of interests, the standard system of pay supplements was upset and, in departure from the general rules, often higher rates (80%) emerged that failed to take account of the organisational hierarchy. As regards the rates of pay supplements, there is no standard concept within the regional and local organisations of public administration either.

The scope-based system will provide a solution to the unjustifiable irregularities that have evolved and will also allow the replacement of the current employment of workers by public companies in a number of scopes and occupations (e.g. IT engineer) with the actual employment of government officials.

Agency type/agency	Pay supplement of grade I at a central level		
	80%	50%	35%
Agencies embodying the institutional system for fundamental rights			
- State Audit Office	X		
- Office of Commissioner for Fundamental Rights	X		
- Office of the President of the Republic	X		
- Parliament Office	X		
- Office of the Constitutional Court	X		
Self-regulatory agencies			
- Hungarian Financial Supervisory Authority	X		
- National Media and Infocommunications Authority	X		
Autonomous state administration agencies			
- Public Procurement Council		X	
- Equal Treatment Authority		X	
- Hungarian Competition Authority		X	
- Hungarian National Authority for Data Protection and Freedom of Information		X	
Other autonomous agencies			
- Secretariat of the Hungarian Academy of Sciences		X	
- Historical Archive of National Security Services		X	
- Hungarian Academy of Arts		X	
Prime Minister's Office, ministries		**X**	
Agencies in the status of government office			
- Central Statistical Office		X	
- Hungarian Energy Office	X	X	
- Hungarian Atomic Energy Authority		X	
- National Development Agency	X		
- National Tax and Customs Administration (based on separate law)		X	
- Hungarian Intellectual Property Office		X	
Central offices (20)		**X**	**X**
Metropolitan/county government offices			**X**

Job supplements at state administration agencies at present

It is currently being explored that, as a kind of common "bonus expectation" in respect of the entire staff of staff, one of the elements of the public service salary should be tied to and should change in line with a measurable indicator that is actually related to the performance of public administration. This nation-wide indicator could be the change of GDP or the state debt rate or, if appropriately quantifiable, the "Good State Index".

3.4.2.6 Training, further training and examinations

The on-the-scope training of public officers is the duty of the State; the State provides the necessary conditions, and attendance for government officials is mandatory. Based on the new system currently under approval, the term of the on-the-scope further training of public officers is four years. Training will be conducted in a planned fashion, based on individual training plans, with regard to the results of performance evaluations. The aggregation of the individual on-the-scope training plans of government officials and public officers employed by the public administration agency in the subject year constitutes the annual further training plan of the public administration agency. The Staff Centre aggregates the employer plans into a national

further training plan and implements it as principal via the National Public Administration University. A study score system would be introduced, on the basis of which degree-holder public officers would be required to score minimum 128 study points over a four-year training period, while public officers with secondary qualifications would be required to achieve minimum 64 points. With the employer's agreement and support, public officers may also accumulate a higher number of points than the minimum prescribed during the training period. Based on this, on-the-scope training would quadruple for degree-holders and would double for those with secondary qualifications. When expressed in days, the training obligation for degree-holders is 4 days/year and 2 days/year for public officers with secondary qualifications, which is still low compared with the private sector and most national (further) training requirements. There are two types of on-the-scope training. On the one hand, there are training courses that provide general public administration information, assist in preparation for the service examination and facilitate law application as part of a public service further training programme. These are developed and organised by the National Public Service University. On the other hand, there are scope-related professional and skills development training courses as part of a professional further training programme which are organised by the employer. In this case, in addition to the National Public Service University, it may be reasonable to involve higher and adult education institutions.

The planned new, standard further training system extends to those employed in state administration, by municipalities and in the offices of the constitutional agencies, and is also attached to law enforcement and defence further training in the event of the use of accredited training programmes.

3.4.2.7 State/employer care

As part of state employer care, the introduction and ongoing maintenance of welfare services in the highest possible numbers for government officials continues to remain a top priority, provided that the State as employer is able to provide these effectively (that is, central organisation is more advantageous than individual procurements). In this context, we may make mention of the government official swallow houses, the profitable operation of properties for holiday purposes and the availability of kindergarten services as successful enterprises. Finally, based on the moral expectation of the entire profession branch, plans are currently being drawn up for the development of homes and care centres for retired, needy, elderly government officials, similar to the homes set up for elderly teachers and artists.

IV. Action Plan of MP 12.0

It is a firm expectation and experience that the necessarily ever enlarged action plan part of the Magyary Plan should respond to statutory changes and the progress of development programmes continuously, rather than just once annually. With regard to this, a site will be opened on the government portal (magyaryprogram.kormany.hu/magyaryintezkedesiterv) allowing tracking and evaluation which will contain, in addition to the deadlines, a status progress description in a separate column. It is important to note that the action plan, whilst retaining the tasks from the past, has been supplemented with the new tasks that emerge in MP 12.0. Therefore, the original numbering of the individual measures has changed.

Appendix No. 1

MAGYARY PROGRAMME: OECD SUMMARY REGARDING STRATEGIC EVALUATION

Positive beginning in a comprehensive and necessary reform in Hungary's central public administration

An integrated and ongoing reform effort has begun

The Magyary Programme has created an integrated and ambitious reform programme which is continuously updated with the progress of the reforms. This Programme includes the ongoing monitoring and updating of the results achieved and the conclusions are published in June every year. It should be stressed that, in the case of the reforms, commitment towards a standard ultimate goal cannot always be perceived on the basis of the experiences of the OECD, and the dynamic nature of the process should also be mentioned. The Programme is not biassed; it begins with a sober evaluation of public administration which includes the necessity of tackling the problem of corruption.

Strategic planning is a key area of the Programme

The Magyary Programme testifies to a firm commitment to strategic planning in order to define a consistent framework strategy and direction for the work of public administration. The purpose of the Governmental Strategic Management System is to harmonise the Government's strategic documents and to serve as a framework system for the implementation of strategies and the monitoring of the process. It is fundamental that the ministries and offices should be able to integrate the government programme into their day-to-day operations and to incorporate the central guidelines into their respective institutional and staff guidelines. It is further important to promote the better identification of targets in the short- and medium term, to improve the distribution of resources and to take care of monitoring, evaluation and the fulfilment of tasks as necessary.

Major progress has been made in the streamlining of the government structure

The Magyary Programme appears to be highly successful in the simplification of the state structure, thereby reversing the situation in the past when it was dysfunctional and unsuccessful. The goal is to create a sustainable structure and to reinforce the framework system of public administration procedures. The streamlining of institutions, including the local level, is an essential task of the Magyary Programme. In the wake of the reform initiative of the Government, the number of ministries decreased from thirteen to eight and the number of government organisations was reduced to less than half. A significant improvement may be expected in efficiency (however, the cost of conversion may be rather high). The assignment and consolidation of tasks is an important means for creating the required levels and improving efficiency.

Necessity of progress and intensification for the maximisation of the potential inherent in success

Strategic planning cannot work if implementation is neglected

Strategic planning is pointless if it is inoperable. The ministries, offices and other government agencies must integrate the central strategic plans into their own guidelines and operating goals. This aspect of the Magyary Programme must be reinforced. The point of reference is rather fragmented. There are too many strategic plans, and the government responsibilities are not yet sufficiently laid down in strategic planning. It is therefore necessary to ensure that the key government agencies are involved in the identification of the direction of development and strategic planning. It is important for government agencies and public sector workers to understand why they work in the short, medium and, in particular, long term and to

be able to identify with the Government's objectives. The creation of consultation, coordination and cooperation mechanisms between the central government and the ministries and government agencies concerned is essential in the attainment of the above-mentioned goals. At the same time, these mechanisms may also help reinforce ties between politics and public administration. Consulting public administration for its advice and opinion serves as valuable feedback in the application and integration of procedures.

There is too much emphasis on tasks, processes and organisation, and too little on the strategic outcome and the measuring and evaluation of performance

The Magyary Programme lays the main emphasis on tasks, procedures and organisation which are significant; however, they ultimately only constitute a means in the attainment of the strategic and political objectives. If the goal is the implementation and evaluation of public policy plans, it is crucial to identify measurable targets, outcomes and results. For instance, there are no fixed expectations regarding the level and quality of public services against which public administration could be measured. The yardstick of success should not be confined to the implementation of tasks. It is necessary to clearly identify the expected results for the monitoring and evaluation of performance, in the interest of the attainment of the expected goals. The tracking of the implementation of political initiatives and reforms and the availability of regular surveys constitute critical points in the implementation of the reform. Concentration on the goals identified requires the availability of specific performance targets, performance evaluations and feedback mechanisms which do not yet, at this point in time, form part of the Magyary Programme. The positive commitment undertaken towards the updating of the Programme necessitates the creation of a performance measuring and evaluation system in the interest of tracking progress and for the purpose of the appropriate fine-tuning of the course of the reform.

Creating a link between strategic planning and the management and reform of the budget is an urgent necessity

Without a strong tie between the contemplated measures and the budget and appropriate funding, there is a risk that strategic planning remains an unfeasible "practice" merely committed to paper, in particular, if the strategic plans lack financial reality. Resources must be assigned to the strategic and political goals, not the other way round. Firm ties between strategic planning and the fiscal framework ensure that there is a link between government spending and the attainment of political results, while they also allow the identification of priorities when the available resources are limited. In some countries (Austria and France are good examples), the reform of the budget constituted the basis for public administration reform in a wider sense. At present, the Magyary Programme is separated from the fiscal procedures and makes little mention of them. The wider strategic controlling process that provides the framework for the Governmental Strategic Management System makes no mention of the verification of financial resources. The idea of fiscal reform, including performance-based fiscal planning, is being raised unsuccessfully. Performance-based fiscal planning may be a key point between strategic planning and the budget. This is the structure by virtue of which strategic thinking may be incorporated into the budget of the programme on the basis of mutually agreed performance targets and indices, thereby promoting the link between strategy and budget.

Communal involvement is essential not only for enhancing the efficiency of public services but also trust in the Government

The Magyary Programme places a great deal of emphasis on efficiency, citizens, services provided and the enhancement of trust in the Government. However, its recommendations made in the interest of the involvement of citizens have to date expressly concentrated on the provision of services, and less on the conditions of attaining full civic commitment, by virtue of which citizens' trust in the Government could be regained. Strategic and political objectives, not only concerning the provision of services, must be shared with the external stakeholders (civil organisations, businesses and citizens) and must be communicated to them on an ongoing basis; government communication must be reinforced. Some progress has been made in consultation between the Government and external stakeholders and the wider public in connection with the passage of the new laws and regulations. However, a more structured and more comprehensive concept would enhance the efficiency of the process of consultation, would reinforce the content, importance and impact of new political decisions and would promote the relationship between the State and its citizens.

The Programme may attract attention also beyond the borders of Hungary

The Programme features important international trends regarding the issue of good state

The Magyary Programme reflects a few important international trends in the area of good state. We may observe the trend in a number of other OECD Member States that they attempt to create an efficient state with a strategic mentality that is

consciously aware of what its objectives are and has a coherent idea about which way it is heading and how it wishes to reach its destination. The development of a state with a strategic mentality requires strategic planning, foresight and risk management. The Magyary Programme itself set out to achieve this. The development of an effective public administration system is on the agenda in other countries as well, and it is often implemented parallel with the reform and streamlining of the institutional structure.

The emphasis laid on the renewal of public service is "thought-provoking"

The Programme highlights the importance of values that should motivate public servants, justify the necessity of public service work and repeatedly create a link between the State and its citizens. The priority treatment of these areas coincides with the trends that we may observe in other OECD countries as well. Many governments are compelled to face a deficit of trust, in particular, in the wake of the 2008 crisis. Citizens in several countries call into question the efficiency, effectiveness and purpose of public policies and public services and/or expect their governments and public servants to do better. The need for restoring ethical norms in public service, ensuring a sense of determination in public administration and making better use of the creativity and innovative skills of public servants is at the forefront of reform in a number of OECD member states. In this context, the issues of responsibility, public service management and successful public service leaders are also well-known elements of the international debates on good state. The OECD studies recently published on the topic of governance have drawn attention to the fact that if public administration is to support the successful implementation of the structural reforms of the economy, a balanced economic growth, innovation, the consolidation of the fiscal situation, a policy that promotes enhanced competitiveness and the improvement of the standard of public services, it must be shaped in a way that best serves the attainment of its targets and allows it to be successful and efficient all at once.

The Programme is open to new ideas

The Programme was compiled by a team of young and motivated public servants at the Ministry of Public Administration and Justice who have a self-confident "we can do it" approach. They are open to new ideas, are willing to learn from the experiences of other countries but are careful to observe that models, and even best practices, must be fine-tuned in line with the local conditions and must be adjusted to the country's specificities.