PUBLIC ADMINISTRATION MODERNIZATION

AN OVERVIEW ON THE MOST RELEVANT INDICATORS FOR PORTUGAL

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Motivation

High costs in the provision of information or in the enforcement of Public Administration requirements may drive economic losses for governments. Moreover, transparency in how taxpayers' money is spent help make better use of analytics in order to limit waste and corruption and, thus, increase accountability and general trust on the government. It is, thus, important to analyse the efficiency and transparency of Public Administration (PA) on its relations with citizens and businesses.

The following report presents five indicators illustrating the performance of the Portuguese PA in the integration of technology in its procedures, the ease of its mechanisms and its overall efficiency. The purpose is to outline in which aspects the government could provide better, easier and faster access to information and services.

The indicators are divided into different categories: the relationship of Public Administration with people; the relationship between the Public Administration and businesses, and the performance of the Public Administration in general. Data comes from different sources, and no time limitations have been applied to the analysis: the data presented for each indicator depends on its relative time availability. For two of the five indicators time-varying data for Portugal, the European Union average and Eurozone averages are depicted. For the remaining three indicators, two types of graphs are presented. The first relates to the differences in the indicator between two selected years across all European Union countries. The second depicts the development of the indicator throughout time for a selected bundle of European Union countries.

Government and People

1. **Evolution of E-Government** - Scale from 0 (low performance) to 1

Three UN indexes constitute the e-government index presented in this section: Online Service Index, Telecommunication Infrastructure Index and Human Capital Index. Portugal's major strength has mainly been the scope and quality of online services (OSI), standing 37 p.p. above world average, while the country performs in line with the countries average with respect to the two remaining indexes.

Figures 1.1 and 1.2 depict the evolution of this index. After three years of relatively stable trend for Portugal from 2003 and 2005, the increase in the relative development of national websites in 2008 has been followed by a sharp decrease in 2010. Italy and Poland also display a similar plunge. Since then, Portugal and all the other countries in the sample are converging to a higher usage of information technologies in delivering essential information and in promoting access and inclusion of their people.

Overall, Portugal converged to a higher usage of information technologies which led to an increase of the evolution of e-government index of 38% from 2010 until 2018. Portugal's position in the EU ranking of best e-government practices rose accordingly from the 22th to the 15th place.

Source: United Nations

https://publicadministration.un.org/egovkb/en-us/Data-Center

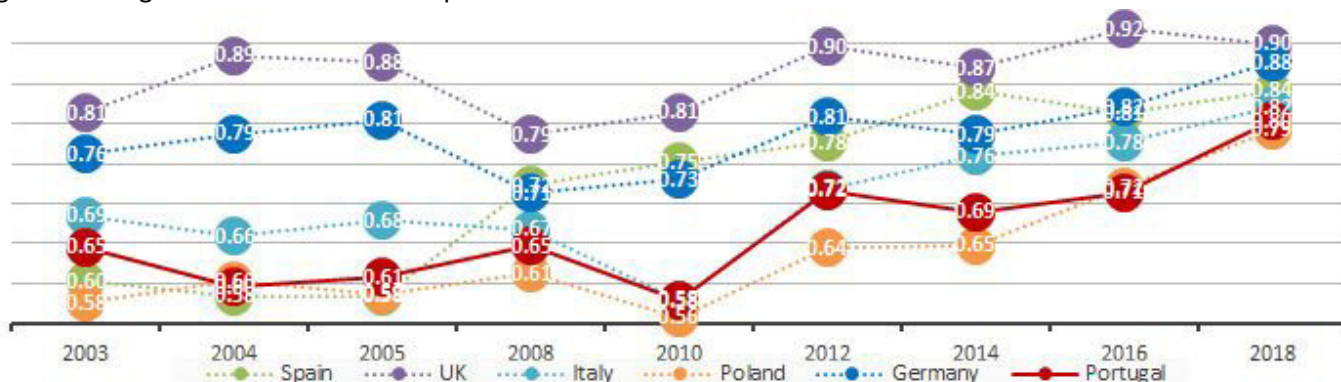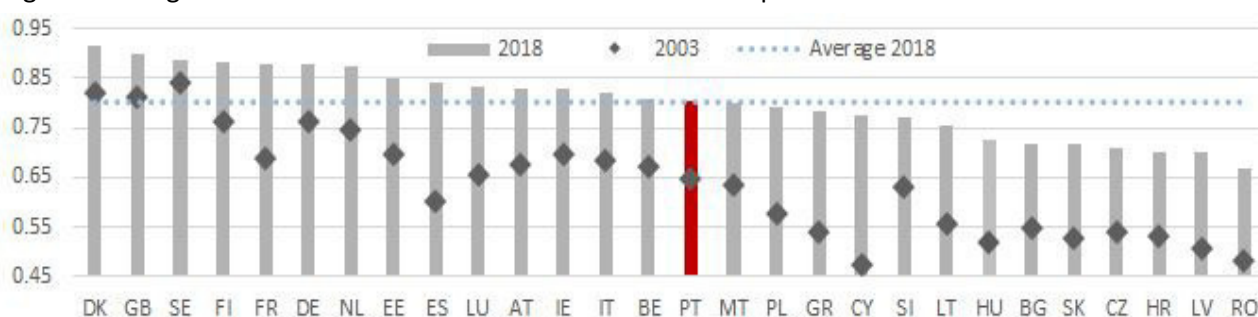Figure 1.1 - E-government index development between 2003 and 2018

Figure 1.2 - E-government indexes in 2003 and 2018 for all European Union countries

2. **Internet use: individuals using internet for interacting with public authorities** - percentage of citizens

The presented index depicts the percentage of individuals who have used the internet, in the last 12 months, for interaction with public authorities. It includes obtaining information from public authorities web sites, downloading official forms or sending filled in forms. Despite the variability of EU and Eurozone averages in the percentage of citizens interacting online with public authorities, Portugal experienced a relatively stable convergence to such averages in the decade after 2008. Nonetheless, even though the quality of Portuguese websites has improved

steadily since 2010, as previously seen, the percentage of Portuguese citizens interacting via internet has decreased by 4 percentage points compared to the previous year. Reasons for the plunge may include general issues of security or trust, and higher level of required "e-skills" to use government websites in obtaining information, downloading or uploading forms.

Source: Eurostat

https://ec.europa.eu/eurostat/web/products-datasets/product?code=tin00013

Figure 2 - Internet use index in the 2008-2018 decade in Portugal
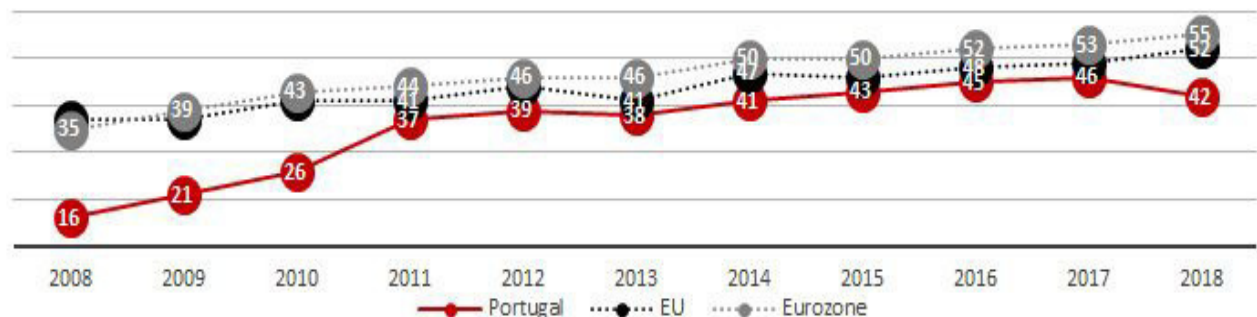
Government, People and Businesses

3. **Time to prepare and pay taxes** - Hours per year

Portugal has since 2009 decreased its average amount of hours required to prepare and pay taxes (i.e. corporate income taxes, value added or sales taxes, and labour taxes). As the report "Doing Business" in 2017 states, "Portugal made paying taxes easier and less costly by using better accounting software and enhancing the online filing system of taxes and decreasing the corporate income tax rate". The country stands

above the average in the hours required to pay labour taxes, being the relatively ease of paying such taxes the main driver of the Portuguese convergence. Yet, as of 2018, Portugal is overall the 6th worst country in the European Union, still at a significantly higher amount of hours than the EU and Eurozone averages, and only slightly converging to these. Reasons for this lack in convergence possibly comprehend a limited

ability of citizens to use online filing and payment systems, or reluctance to make use of such online capabilities. Taxpayers may also be unlikely to rely on electronic certificates in an economy where hard copies are the standardly accepted forms.

Figure 3 - Time to pay taxes between 2005-2018 in Portugal

Source: World Bank

Government and Businesses

4. **Burden of government regulation -** Scale from 7 (low burden) to 1 (high burden)

From Figure 4.1, one can notice that Portugal displays a stable pattern of burden of regulation between 2007 and 2017, with some increase in the level of regulation from 2010 to 2013. However, between 2007 and 2011, Portugal overall increased its burden of regulation around 9 p. p., reaching a value of 2.49. Until 2017 reforms were implemented to steadily decrease this figure. Despite the good performance relatively to similar countries within the EU, Portugal overall slightly increased its burden of regulation on 2.3 p.p. reaching a final value of 2.97. Although it seems easier for businesses to comply with Portuguese governmental administrative requirements than with requirements in countries like Italy, Spain and Poland, the burden on businesses is still slightly higher in 2017 than it was in 2007, and higher than the burden businesses experience in the UK or Germany. Ways to reduce burden of regulation comprehend process re-engineering (e.g. harmonising laws by reviewing existing regulations to eliminate inconsistencies and integrating different and fragmented regulations into a (single) comprehensive law), e-government practices, or data sharing and standardization among government agencies.
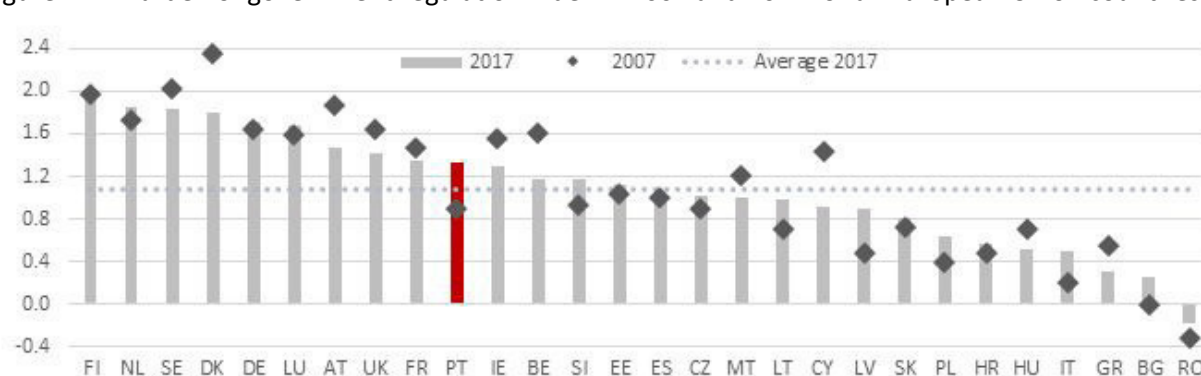
Source: Word Bank

Figure 4.1 - Burden of government regulation index development between 2007 and 2017

Figure 4.2 - Burden of government regulation index in 2007 and 2017 for all European Union countries

Government Performance

5. **Government effectiveness -** Scale from 2.5 (very efficient) to -2.5 (very inefficient)

Portuguese citizens' perception on public services quality and its degree of independence of political pressures was smoothly fluctuating across the last 15 years. Perceptions on the effectiveness of the Portuguese government seem to follow the average of the other countries in the bundle, meaning that Portugal may follow the EU average on this regard. However, with respect to 2007, the country improved 47% on Government Effectiveness perception. Other European countries trends suggest that that of Portugal is a really impressive development. Notice that Portugal was one of the very few countries, now above average, which significantly increased its efficiency perception.

This data was withdrawn from the World Bank and is part of a set of Worldwide Governance Indicators (WDI). WDI is a research dataset summarizing several enterprises view's on governance quality. Institutes, think-tanks, non-governmental organizations, international organizations and private sector firms provide the data and the respective ranks. Thus, taking a deeper look into the data it is possible to see that Government Effectiveness index measure is a merge of the views of different institutions. When ranked by percentile, Portugal stands with major increases in two main rankings in the period 2007 - 2017.

Firstly, in The Economist Intelligence Unit ranking Portugal climbed from percentile rank 0.50 up to 0.88. This dataset mainly analysis Quality of bureaucracy, its excessiveness and the institutional effectiveness. On the other hand, the second ranking, Institutional Profiles Database (IPD) designed by the French Ministry of Economy and Finance builds composite indicators, from perception data, in order to give a glance on a countries' institutional characteristics. In this dataset the Portuguese performance was even better going from 0.33 to

the same 0.88. The IPD has 127 indicators give information on nine main functions, which include among a few others, public perception on political institutions and functioning of public administrations.
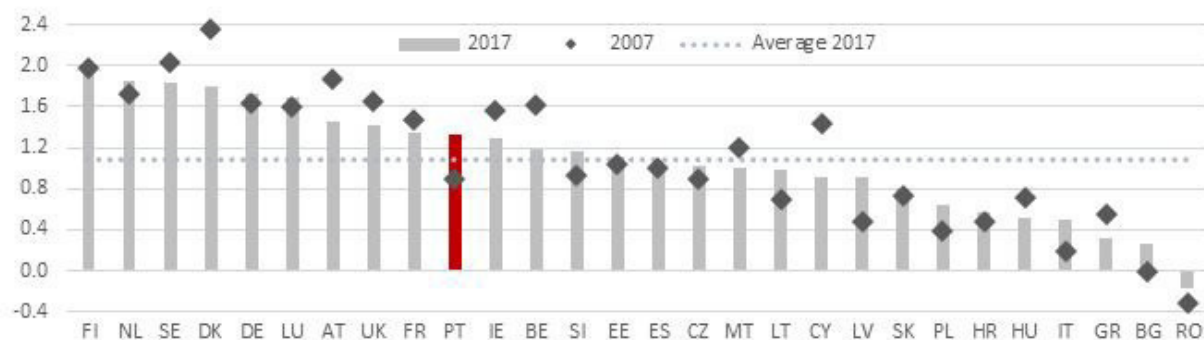
Source: Word Bank

Figure 5.1 - Government effectiveness index development between 2007 and 2017

Figure 5.2 - Government effectiveness index in 2007 and 2017 for all European Union countries

Concluding remarks

In an endeavour to understand the Portuguese positioning among the European countries regarding the performance of its public administration and its capacity to modernize it, five indicators were analysed.

Portugal has really enhanced the relations between Public Administration and individuals. Information and services are closer to citizens than ever before. Yet it is important not to lose track and diverge from European partners. Major improvements have been made regarding collecting taxes. The process has been simplified and Portuguese Authorities expect them to further improve already in 2019 and 2020. Nevertheless it is the government burden of bureaucracy that tends to hinder the Portuguese Public Administration performance, translating into a worst public perception of its effectiveness.

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