The Hungarian E-government Improvement

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Abstract: This paper presents the actions and visions related to the implementation of e-governmental and public administration services in Hungary. The most important stages and documents of these developments, as well as some of the concrete projects, will be presented; for instance, the Electronic Government Strategy and the Hungarian Information Society Strategy, which includes issues such as digital literacy, development of an IT infrastructure, the legal framework, trust and confidence, and Open Source Software. The paper also defines causes that obstruct the progress of the spread of e-government in Hungary.

Keywords: e-government, strategy framework

1 Introduction

Hungary joined the European Union on 1st May, 2004. EU programs such as ‘eEurope’ were, however, already at the time of accession influencing the development of Hungary’s economy and Information Society.

eEurope is a broad initiative for the development of an Information Society in the EU, and refers to projects beyond simply e-government services.

According to ‘eEurope 2005’ by 2005, Europe should have:

- modern online public services
  - e-government
  - e-learning services
  - e-health services
- a dynamic e-business environment
- widespread availability of broadband access at competitive prices
- a secure information infrastructure

In 2000, the Central and Eastern European (CEEC) accession candidate countries recognized the importance of the objectives set by the European Council and agreed that an ‘eEurope-like’ action plan should be developed. (eEurope+, 2001)
2 E-gov Programs in Hungary and the EU Programs

2.1 Preliminaries of the E-government Strategy and Legal Framework in Hungary

The Hungarian Government approved a Strategy for Information Technology in 1995 for 1995-1997. The initiative came from the civil sector and it was largely theoretical. However, the realization of e-government as a strategy and the development of a legal framework can be dated to 1999. In that year, the Hungarian Government published the strategy document Thesis on the Information Society. Later, the Hungarian Reply to the Challenges of the Information Society was published in 2000. Both documents attempted to reveal the transition to Information Society before the eEurope Action Plans.

The strengths of both documents were the alignment of the programs with the demands of the European Union, and the identification of requests for coordination. On the other hand, both documents had common problems: there was no real political agreement on the concrete steps to be taken towards the realization; and the documents did not adequately consider the ongoing reform processes within the public sphere. With this lack of co-operation and completeness, the documents remained simply working papers, rather than representations of firm commitment by the government.

In December 2000, the Office of the Government Commissioner for Information and Communication Technology unveiled its Information Society and Economic Development Program, which was closely linked to the Government's overall plan for economic development. This program delineated specific tasks that needed to be completed in the field of e-government and e-democracy. A Government decree [1057/2001. (VI.21.)] established the proposed objectives of the upcoming National Information Society Strategy that was issued on May 2001, and later on July 2001 introduced the Electronic Government Program by the Government Commissioner for Information and Communication Technology. Its two main objectives were to provide citizen-friendly services and to improve the efficiency of internal operations, while one of the priority areas of National Information Society Strategy was the implementation of e-government.

In December 2001 Hungary's first e-government portal, eKormanyzat.hu was launched by the Prime Minister's Office, providing citizens and businesses with a user-friendly entry point to government information and services.
2.2 European Union Programs

In June 2001, the European Commission, in conjunction with the Central and East European accession countries, published the *eEurope+ Action Plan*. The goal of this plan was to foster the development of an information society in the accession countries, including Hungary.

The *eEurope 2005 Action Plan* was to be comprised of interactive public services, public procurement, public internet access points, broadband connections, interoperability, culture and tourism, and secure communications between public services. Based on this action plan, common lists of basic public services were drafted. (*Communication from the Commission to the Council and the European Parliament, 2001*)

The Interchange of data between administrations (IDA) action plan calls on the European Commission ‘to issue an agreed interoperability framework, based on open standards, to support the delivery of pan-European eGovernment services to citizens and enterprises.’ At the second stage of IDA, the name was changed to IDABC, the ‘Interoperable Delivery of European eGovernment Services to public Administrations, Businesses and Citizens’. The IDA released a ‘European Interoperability Framework’. (*Linking-up Europe: the importance of interoperability for e-government services, 2003*) The European Commission adopted the initiative on 1st of June 2005 (*i2010: European Information Society 2010*) to foster growth and jobs in the information society and media industries. *i2010* is a comprehensive strategy for modernizing and deploying all EU policy instruments to encourage the development of the digital economy: regulatory instruments, research and partnerships with industry. The Commission will in particular promote high-speed and secure broadband networks offering rich and diverse content in Europe.

*i2010* is the first Commission initiative to be adopted under the EU’s renewed Lisbon strategy. Member States were asked to define national information society priorities in their national reform programs in mid-October 2005 to contribute to the objectives of *i2010*.

In brief, the new strategy contains:

- A Single European Information Space that will be offering affordable and secure high bandwidth communications, rich and diverse content and digital services.
- Investment and Innovation in Research: World class performance in research and innovation in ICT by closing the gap with Europe’s leading competitors.
- Inclusion, better public services and quality of life: An Information Society that is inclusive provides high quality public services and promotes quality of life.
3 Hungarian Information Strategy

Strategic planning began after the establishment of the Ministry of Informatics and Telecommunication.

The Preliminary Study of the Hungarian Information Society Strategy, 2003 (HISS) undertook to perform four tasks:

- It looked into previously formulated IT strategies and recommendations.
- It endeavored to reveal in as much detail as possible the current segments, which could be assessed from the respect of the information society in Hungary.
- It evaluated the international situation and trends, with special regard to the European Union policies, the country’s accession to the Union and the National Development Plan in particular.
- It outlined the potential scenarios for Information Society development in Hungary and the objectives that could be set.

In December 2002, the Government approved the proposal for the principles of a new Hungarian Information Society Strategy (HISS). A medium-term action plan for the years 2004 to 2006 and an annual plan for 2003 were also approved. The Government also adopted a resolution providing a set of recommendations for the future Hungarian Information Society Strategy. The resolution also created the Inter-Departmental Coordinative Committee for the Information Society, which started to operate in February 2003.

As the eEurope program is a fundamentally economic program, one of main objectives was to ensure that the strategy of Hungary’s information society would promote the growth of competitiveness and the overall development of the Hungarian economy.

3.1 Structure of the Strategy

The objectives of HISS are realized via programs of various levels under the key areas. The level of each program is determined by the significance of the tasks involved, as well as the responsibility and the coordination that their implementation requires:

- high-priority central program (HPCP),
- high-priority sectoral program (HPSP) or
- sectoral program.

Based on the priorities of the model and the special strategies, it assigns the High-Priority Central Programs – the most highlighted programs regarding the implementation of HISS. On these programs, certain program brochures were
published, determining in detail the objectives, the tasks to be performed, the operating models of their implementation and the methods for measuring the results. These program brochures form an integral part of the strategy.

The strategy is divided into four fields of intervention

Content and services

Economy, Public administration, Culture, Education, Health, Environment

Infrastructure

Construction of broadband networks, Improvement of access and availability, Availability of public domain data, standards and software tools

Knowledge and skills,

Legal and social environment

Two horizontal fields can be found in the strategy that influence all of the four fields:

Research and Development

Equal opportunities.

3.2 Public Administration

Creating a modern Hungarian e-public administration system is one of the most important key areas of the Hungarian Information Society Strategy, because the extent and quality of the informatization of public administration have a fundamental influence on the growth rate of the information society, and consequently, on the performance of society.

This key area includes programs related to providing IT support for the activities of state and local government administrations. The segments of this key area are:

- Central government (state administration, e-government),
- Non-governmental state agencies (Courts of Justice, the Parliament),
- Local governments.

A task with a horizontal impact overall key areas of the public administration is the maintenance of transparency and interactivity, enforcing the criteria of democracy within the individual systems. The tools necessary for implementation are provided partly in the eDemocracy program in the key area of Legal-social environment.

Electronic government also has an impact on the segments of the key areas. In respect to electronic government, a special segment strategy and program plan was prepared related to the program for the modernization of state administration.
3.3 E-Government Strategy and Program

An Electronic Government Centre (EGC) was created within the Prime Minister's Office. The Centre replaced the 'Office of Government Information Technology and Civil Relations' and took over responsibility for IT matters concerning central public administration. The Center prepared the E-Government Strategy and Program 2005 (E-Government Strategy and Program 2004) on the basis of Hungarian Information Society Strategy.

The e-Government Strategy and Program defined three fields of action

- Creating the Government Backbone and connecting government bodies.
- Homogeneous applications and communication systems
- The requirement that by the end of 2005, to put into practice the base e-government services according to eEurope2005

This strategy established that the Hungarian system of public administration, public services, and the administration of justice should operate on the basis of modern principles, focusing upon the needs and requirements of citizens. This should result in better quality services and a more sensible use of available resources. Serving as both an example and a model, a modern system of public administration and government action could become a force promoting the modernization of society and the fulfillment of democracy.

Programs and Actions

The e-Government 2005 Strategy includes six overall programs:

1. Construction of Basic Infrastructure
   Establishing the physical infrastructure (Government Backbone and connecting government bodies) through which e-government services can be accessed and institutions communicate; Establishing necessary regulations; Training government workers in information technology.

2. Expansion of E-Regulation
   Drafting and publication of e-government guidelines, recommendations and standards; Review of the procedural and data protection rules and their amendments, if necessary.

3. E-Efficiency Construction
   Developing the systems, content and services supporting the operation of government; The integration of systems and applications within government; Support for open source developments; Establishing an electronic public procurement system.

4. E-Services
   The continued development of electronic public utility; The development of infrastructure for the Customer Management Centre; The development of an
electronic payment system; Providing the society with an electronic signature facility for e-government administration and services; The development of systems supporting the democratic participation of citizens and government transparency.

5 E-Culture

Administering motivation programs, improving knowledge of customer management; Administering programs (formation of groups) enhancing cooperation between government institutions; Forming an institutional base for the Customer Management Centre.

6 EU Integration

Connecting the government mainframe network backbone to the EU’s TESTA network; Participating in the e-government programs and organizations of the EU; Adopting the relevant EU regulations and guidelines on e-government; Providing information within the government system.

4 Legal Issues

There is currently no specific overall e-government law in Hungary. However, there are a number of regulations related to e-government.

One of the most important acts related to e-government is the Act CXL of 2004 on the General Rules of Public Administrative Procedures and Services. This act is aimed at removing obstacles to the further development of e-government and ensures that electronic procedures have the same legal value as paper-based administration. Moreover, starting in November 2005 government bodies do not have the right to ask citizens to provide them with certificates, documents or any other data that are already available in a government database. Whenever needed for a specific transaction or procedure, such information or documents thus must be retrieved by government bodies from the relevant databases. Citizens also benefit from a number of new e-services, including online request for birth, marriage or death certificates, and online notification of address change.


The Act on Electronic Signature (2001) was adopted on May 2001. It created a legal framework for the provision of certified electronic communication and data transmission in business, public administration and other areas of life affected by the information society. To enable user identification, the Hungarian Government launched in 2002 a range of initiatives aimed at setting up a smart card
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infrastructure for e-services provided by central and local administrations. In October 2002 a project which identified ‘Detailed requirement specifications for the usage of electronic signatures and smart cards in order to ensure IT security of public administration’ was launched. The requirements and specifications for the development of the Hungarian electronic ID card (HUNEID) and its prototype implementation were published in late 2004.

The Act on Protection of Personal Data and Disclosure of Data of Public Interest (1992) is a combined Data Protection and Freedom of Information Act. The Act sets rules and safeguards regarding the processing of personal data by public and private bodies. The act also guarantees that all persons should have access to information of public interest, which is defined as any information being processed by government authorities, except for personal information.

In July 2005 the Hungarian Parliament adopted the Act on the freedom of information by electronic means, which establishes the legal environment required to create a transparent digital state. The primary goal of the law on electronic freedom of information is the establishment of the legal environment required to create a transparent state.


5 Results

5.1 Network

The Electronic Government Backbone was launched in November 2004. It is a secure country-wide IP network for the Hungarian public sector, providing a secured and monitored broadband communication infrastructure and supporting the government Intranet. The EGB is the most secure network in the region and it is connected to the EU’s TESTA network.

5.2 Governmental Portal

Hungary’s new e-government portal Hungary.hu was launched in September 2003 to replace the former eKormanyzat.hu (eGovernment.hu). It provides governmental information as well as acts as transactional entry point (gateway), called ‘Client Gate’. The Client Gate provides access to more than hundred interactive services. This entry point allows users to securely identify themselves online and gain access to transactional e-government services through the portal.
On the portal, users can downloaded more than 2000 forms for filling electronically or printing, and more than 800 descriptions of public services; and – as was mentioned – users can access the Electronic Collection of Effective Laws.

5.2.1 E-services

Since 1 May 2006, e-tax submission and tax return has been operational via the Client Gate. This enables the ten thousand largest tax payers and the monthly and quarterly declarers to fulfill their legal obligations by submitting their returns electronically. To submit an e-duty return, tax payers must register with the Client Gate. Registration must be made either in person or online, provided an e-signature is available. As of 2007, electronic submission is to become obligatory for about 1.2 million employers, thus providing a further boost to the user base.

A number of business registration and related procedures are gradually being made available online to Hungarian businesses. The act on the registration and publicity of businesses and the Business Court proceedings allows procedures with the Business Court to be conducted electronically, as of September 2005. Companies can already submit registration requests and registration change requests (changes in the seat, branch or field of activity of the company) electronically to the Business Court. In addition to filing registration and registration change requests, companies can also request an electronic copy of the documents included in the business registries. After January 2007 companies will be able to request an electronic copy of any of the paper documents filed during the previous ten years.

A Capgemini study, Online Availability of Public Services: How Is Europe Progressing? (Wauters, P Colclough, G, 2006), shows the progression of Hungary’s readiness for the online availability of basic public services (Online sophistication) and looks at the total number of basic public services that are fully (=100%) available online. The online sophistication indicator increased in the period Oct 2004 to April 2006 from 50% to 81%, while the indicator of fully available services increased from 15% to 50% within the same interval. Both indicators show a strong increase and their value are above of the EU(10) and EU(28). The UN Global E-government Readiness Report 2005 (United Nations, 2005) also shows this strong improvement in development. This report shows the global e-government readiness ranking for Hungary from 2004 to 2005 move forward from 33rd to 27th position.

E-Procurement Infrastructure

There is currently no central e-procurement infrastructure in Hungary. Government decree [167/2004 (V. 25.)] on electronic procurement foresees the implementation of an Electronic Public Procurement System. The Government’s plan is to set up a fully automated electronic public procurement system within the next years. The system will cover all procurement phases: notification of tenders,
publication of tenders, management of receipts/submission of tenders, evaluation of tenders, ordering and invoicing. It will support electronic catalogues, electronic auctions and dynamic purchasing in compliance with the new EU Public Procurement Directives. The responsible institution for the project is the Council for Public Procurement. The website already provides access to public procurement information and to the tender notices published in the Hungarian Official Journal.

6 Future Development

In June 2006 the eGovernment Methodology Centre opened, in cooperation with The Computer and Automation Research Institute, the Hungarian Academy of Sciences, and IBM. In this Centre, various lectures are to be held on different eGovernment solutions. Trainings for government employees are also being developed. The concept of this centre is know-how based. The eGovernment solutions are presented independently of suppliers or specific technology, but the presented solutions are based on industry standards and, in many cases, open-source programs. The interactive library illustrates various solutions in practice, and visitors are also be able to learn more about some of Hungary’s earlier eGovernment projects.

6.1 Barriers to the Process Development

The spreading of electronic administration faces many obstacles in Hungary. First, the IT readiness of users and businesses is low, even after considerable development over last decade. The number of internet users is still low in the country as is shown by the data in Table 1. The new survey How skilled are Europeans in Using Computers and the Internet (Eurostat, 2006) shows that 34% of the population in Hungary aged 16-24 has no basic computer literacy, while the average within the European Union is 10%.

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<th>Internet Penetration (% of population)</th>
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<tr>
<td>Internet Penetration (% of population)</td>
<td>2,3</td>
<td>3,2</td>
<td>4,4</td>
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Further, there are other obstacles due to the public administration: the lack of the Regulations of different sectors, the lack of interest by some administrational bodies who are connected directly to clients, and conflicts of interest.
Societal awareness of these government-developed programs is very low, which may be due to inadequate communication by the government and lack adequate PR. Even the leaders of the IT sector are not fully aware of the strategies process approaches of the Hungarian Information Society Strategy.

6.2 Future Development and Tasks

The future development of public utility services in Hungary is determined by European Union i2010 Program. The relationship between public administration and the public sphere must be based on services, and public administrations need to operate at lower cost. The investment of the public sector in IT must result in savings on administration operating costs.

The inclusion has to be including the access to the public data, access to the services and access to the network. By 2008, a ‘client card’ from the Hungarian social insurance system will be made available. This card will also replace the EU E-111 form and act as ‘European health insurance card’; and, further, it will open the door for the card user to take advantages of e-services via Client Gate on the Government’s portal. (In the European Union if somebody is a national of an EU or European Economic Area countries, his or her national health care insurance is valid in other EU countries. EU members can prove this with his or her ‘European health insurance card’, or, lacking this card, with the EU-111 form issued by the health authority of residence.)

As has been previously mentioned, currently there exists no overall e-administration and e-government law in Hungary. There is now at the planning stage an e-administration law based on harmonization with the EU legal framework. Further work is needed on public sphere IT and services standardization, as well as programs for diffusion of security standards and applications.

One of the main priorities is the consolidation of the fragmented databases. This would help limit the waste of time and resources. Centralized document management would ensure data exchange between different departments and agencies in the public sector and would decrease the use of excess paper (and paper documentation).

In order for quality security and data protection, the formalization of standards for regulations, procedures and contingency plans is required, as well as the development of information and security plans for each organizational unit.

The development and services model, based on the mixture of open source, open standards application, and the proprietary COTS (Commercial off-the-shelf) software applications, must continuously be updated.

In Hungary, as well as worldwide, electronic payment for e-services provided by government is a central issue. However, such work is currently only at the planning stage. Nevertheless, demand for such flexibility is high.
The Government Central Customer Relationship Management (CRM) system must be able to work in coordination with CRM functions and program at different public organizations, for example those at the tax authority.

Finally, yet importantly, one of the main horizontal actions is quality control management, which might ensure cost efficiency and the integration and follow-up of the entire e-public administration development in Hungary.

**Summary**

The outlook for the main strategic programs by the Hungarian government and institutional systems was introduced. Many aspects show that e-government is significantly more complex than simply putting services online. e-government development is closely linked to Information Society development in Hungary. Lack IT development and penetration is high in many regional areas of the country, but Hungary is systematically undergoing projects and developments to enable the country to attain the current average level in the EU. The stakeholders of e-government have many motivations; however, they have sometimes-conflicting interest that need to be resolved first.

**References**


(Contact the first author for a complete list of references in particular documents available only in Hungarian)