Government at a Glance 2017

OECD

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Foreword

Governments in OECD countries operate in an economic, social and political environment which is increasingly complex and unpredictable. In this context, governments are striving to design and implement reforms that support inclusive growth, improve access to and quality of public services while also ensuring high value for money to address persisting budget constraints. Government at a Glance 2017 provides a wealth of evidence on public practices and procedures to inform public sector reforms in member countries and partner countries. This editions contains the most recent data on public finance and public employment, as well as a number of survey data on public practices and procedures (including for instance budgeting practices and procedures, human resource management, public sector integrity, regulatory governance, open government and risk management and communication) and two chapters on results and outcomes of government operations. In this edition, the opening chapter uses indicators presented in the publication to provide policy insights on how to deal with complexity with a particular focus on integrating systems thinking and new working methods and tools in government, leveraging the wealth of data and evidence available and opening up government processes to stakeholders for better results.

This work was led by Zsuzsanna Lonti of the OECD Public Governance and Territorial Development Directorate (GOV) under the direction of Rolf Alter and Edwin Lau. It is a major component of GOV's work programme, which seeks to help governments at all levels design and implement strategic, evidence-based and innovative policies to strengthen public governance, respond effectively to diverse and disruptive economic, social and environmental challenges and deliver on governments' commitments to citizens. The publication was drafted by Guillaume Lafortune, Alessandro Lupi and Rebecca Schultz. Assistance from Reginald Dadzie and Julia Smadja was also very much appreciated. Major drafted contributions were received from Edwin Lau, Stéphane Jacobzone, Julio Bacio Terracino, Frederic Boehm and Céline Kauffmann (Chapter 1: Embracing continuous change in government); Nelson Amaya, Ronnie Downes and Luiz De Mello (Chapter 2: Public finance and economics); Daniel Gerson, Cristina Mendes, Maya Bacache Tatyana Teplova and Pinar Guven (Chapter 3: Public employment and pay); Andrew Davies, Andrea Urhammer and Teresa Deubelli (Chapter 4: Institutions); Ronnie Downes, , Lisa Von Trapp, Camilla Vammalle, Delphine Moretti, Juliane Jansen, Scherie Nicol and Rasha Alshatti (Chapter 5: Budgeting practices and procedures); Daniel Gerson, Cristina Mendes and Maya Bacache (Chapter 6: Human resource management); Janos Bertok, Julio Bacio Terracino, Frederic Boehm, Natalia Nolan-Flecha and Levke Jessen-Thiesen (Chapter 7: Public sector integrity); Céline Kaufmann, Christiane Arndt, Rebecca Schultz, Faisal Naru, Filippo Cavassini and Daniel Trnka, (Chapter 8: Regulatory governance); Janos Bertok, , Paulo Magina, Mathieu Cahen and Minjoo Son (Chapter 9: Public procurement); Alessandro Bellantoni, Maria Emma Cantera, Simon Schmitz, Barbara Ubaldi and Arturo Jacob Rivera Perez (Chapter 10: Open Government); Piret Tonurist and Joao Vasconcelos (Chapter 11: Innovative and Digital Government), Jack Radish, Catherine Gamper, Roberto Schiano Lomoriello, Stéphane Jacobzone (Chapter 12: Risk management and communication). We thank Kate Lancaster, Audrey Garrigoux, Carmen Fernandez Biezma, Marie-Claude Gohier and Laura Boutin for their help in preparing the document for publication. Translation in French was made possible thanks to Christophe Delprat, Frédéric Berri and Myriam Shalak-Graziani.

This publication is the result of contributions from a wide range of sources and expertise. It benefited from inputs provided by the OECD Public Governance Committee and the Government at a Glance Steering Group (details in Annex G); the OECD Committee on Statistics; the Public Employment and Management Working Party; the Working Party of Senior Budget Officials; the OECD Expert Group on Conflict of Interest; the Working Party of Senior Digital Government Officials (E-Leaders); the Working Party of the Leading Practitioners on Public Procurement; the Expert Group on Innovative and Open Government; and the OECD Expert Group on Open Data. Valuable comments have also been received from Peter Van de Ven (OECD Statistics Directorate); Gaetan Lafortune, (OECD Directorate for Employment, Labour and Social Affairs), Corinne Heckman, Alfonso Echazarra, Carlos Gonzalez-Sancho, Camila De Moraes, Daniel Sanchez Serra and Giovanni Maria Semeraro (OECD Directorate for Education) and Marie-Claire Sodergren International Labour Organization, Geneva, Switzerland).

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Making globalization work for all requires effective public governance

This fifth anniversary edition of *Government at a Glance* comes at a time of great political, economic and social uncertainty. Ten years after the global financial crisis, the economic recovery is not robust enough to yield a durable improvement in potential output or to reduce persistent inequalities. Rapid technological change, disruptive innovation and shorter economic cycles are hallmarks of today's world. They create new opportunities, but also make people's lives more unpredictable and insecure. There is also a widespread perception among the population that the benefits of global economic liberalisation have been largely reaped by a few. Bridging divides among the winners from globalisation and those left vulnerable, and navigating successfully in uncertain times requires open, fair and effective public governance.

The importance of strengthening public institutions and governance is underlined by the United Nations' Sustainable Development Goals (SDGs), and especially by Goal 16 on Peace, Justice and Strong Institutions. However, the share of citizens in OECD countries who report having confidence in their national government remains low (42%), and is still below pre-crisis levels. Re-connecting governments and citizens calls for further action and this study can help governments answer that call.

Government at a Glance 2017 shows important efforts by government to engage more with citizens, businesses and civil society. Governments are moving towards open government to improve their policies and services and to prevent policy capture. In 2017, close to 50% of OECD countries adopted a national open government policy. However, results from the new *OECD OURdata Index* show that, although countries have made strides in releasing open government data using open and re-usable formats, more can be done to pro-actively stimulate their re-use among citizens and businesses. The use of new technologies and insights from new approaches, such as those grounded in behavioural sciences, can help support the co-design and co-production of services with citizens and improve the effectiveness of public policies.

This publication also brings new evidence on critical issues for public governance, for example the representation of women in public life. On average, only 29% of parliamentarians in OECD countries are women and only 28% of government ministers are women. Similarly, while 58% of the public sector workforce are women, they hold only 32% of senior positions. The fight for more gender equality has to start inside public institutions.

This is just an example of the many key areas reflected in the set of indicators presented in this 5th edition. Others include public finance and employment, budgeting practices and procedures and risk governance and communication. They enable more

evidence-based decision making and allow governments to compare their practices and performance and identify how they could be improved. By extending the scope and increasing the timeliness of our governance indicators and analysis, and presenting them in a variety of electronic formats, *Government at a Glance 2017* will be a critical resource for policy makers, citizens, and researchers in their pursuit of better governance and more inclusive policies for better lives.

Yours sincerely,

Angel Gurría

Government at a Glance: A Lighthouse for our Public Services

Geert Bouckaert

With the fifth edition of *Government at a Glance*, it is timely to reflect on the role of the publication, its progress over time and how it is different from other datasets on public governance. It is all the more timely as we witness new developments in the role of evidence in policy making. On the one hand, there is the rational approach, where evidence is used to know where we are and where we want to go. Policies and reforms are – or aspire to be – evidence based. On the other hand, there is a backlash against using scientific evidence, and in some extreme cases fake "evidence" has been created.

In this context, it is crucial to have institutions that generate data and information that is not only valid and reliable, but also legitimate and trustworthy. At the country level two institutions fit this bill: supreme audit institutions (SAIs), and national statistical offices. At the international level the OECD is one of the organisations that is trusted to produce highly relevant, valid and reliable evidence that helps governments in policy making and reform. In the area of public administration and governance, its *Government at a Glance* publication fulfills this role.

In 2009, the OECD launched a new, innovative project called 'Government at a Glance'. It led to a publication, accompanied since 2015 by a free online database. For the first time, a large set of comparative data on the performance of the public administration were combined in a coherent and accessible way, – Over time, *Government at a Glance* has become a "dashboard" for governments to see, at a glance, where they are in terms of reforming public governance. This dashboard follows a 'production chain' logic, but also takes public values into account. This 'Government Positioning System', or GPS, can be used by governments to evaluate their own performance compared to other governments', help them decide how best to improve, and design reforms grounded in evidence. Subsequent editions have continued to develop, broaden and deepen this milestone initiative.

The trajectory of *Government at a Glance*: Developing unique public sector information

The *Government at Glance* editions demonstrate a trajectory with at least six key developments. 1. *Broadening the scope: from a focus on inputs and processes to a focus on outputs and outcomes*

The basic architecture of the indicators follows and describes the public 'production' process and identifies five major categories of indicators: context, inputs, processes, outputs and outcomes. While the first edition contained indicators only on the context, inputs and processes, there has been a clear strategy over time to broaden the scope and the span of coverage to also include outputs and outcomes. This also allowed a shift from focusing on

the more narrow machinery of government - or public administration – to covering broader public sector. For example, chapters presenting core government results include indicators on key whole-of-government outcomes, such as trust in government, redistribution of income, fiscal sustainability, the rule of law, public sector efficiency and public sector cost effectiveness.

In addition, the chapter on serving citizens highlights indicators on the quality of service delivery in a range of policy fields such as health care, education, justice and tax administration. Building on a new framework for measuring public service delivery to citizens, indicators in the chapter evaluate service accessibility, responsiveness and reliability as well as citizens' satisfaction. This framework provides a strong multi-dimensional setting not only for indicators, but also for showing how inputs and processes lead to outputs and outcomes. It allows the systematic modelling of service outputs and outcomes, comparisons across different services, and the development of scorecards.

For example, in the area of the responsiveness of health systems to patient needs, *Government at a Glance* provides indicators on waiting times, whether doctors provide easy-to-understand explanations, whether doctors involve patient in decisions about care and treatment, and doctors' use of e-mail with patients. These indicators show how re-organizing processes may immediately affect the quality of outputs.

By deepening and enriching the set of indicators, it is possible to link resources and processes to outputs and even outcomes. *Government at a Glance* thus did away with the limited view that government is just about budgeting and spending money.

2. Deepening the management picture: from a standard set of indicators to a renewed set of indicators

More than any other initiative, *Government at a Glance* has been able to show the complexity of public management. This administrative, managerial, and governance complexity becomes clear through indicators on the number of key functions that constitute an administration. Within each function, an increased variety of indicators makes the evaluation of a country's performance more nuanced and substantial.

Indicators are presented not only on the standard set of processes and procedures for public employment, human resources management, and budgeting, but also on regulatory management, procurement management and digital government, and on how openness, transparency and integrity are organized and managed across all functions. *Government at a Glace* includes indicators on broader systemic dimensions of public governance such as the role of centres of government, leadership, foresight, and how inclusiveness is operationalized. Within these processes, the variety of indicators provides a unique and kaleidoscopic view, allowing a much better assessment of both of these government functions as well as of related emerging issues.

For example, human resources management is not confined to indicators on delegation, recruitment systems, performance-based compensation and the existence of a separate senior civil service practice, but also focuses on gender, age, flexibility and mobility, industrial relations and working conditions. When looking at women in government, indicators show not only the ratio of women in general government employment, but also their representation by key occupational groups, e.g. in senior positions, as judges, in politics, in parliament and as ministers.

For regulatory governance there are indicators not just on regulatory impact analysis, simplification and consultation, but also on the role of regulatory oversight bodies, the transparency of regulations, compliance and enforcement, and the governance of the regulators themselves.

3. *Increasing the policy relevance of indicators*

In *Government at a Glance*, indicators are not just descriptive, but are immediately relevant for public policies.

An indicator such as 'percentage of first instance cases granted with legal aid', or 'percentage of people who feel highly informed about legal procedures', as part of the topic of access to judicial systems, challenges immediately the need and quality to improve access to judicial systems by enhancing financial support, or communication and information. From this angle, and by choosing specific indicators, Government at a Glance takes a clear position on what good and better government is.

More and more indicators in the publication are grounded in recommendations and principles of good practice that member countries subscribe to, thereby providing a normative element to their construction. For example, the regulatory governance indicators reflect the 2012 OECD Recommendation on Regulatory Policy and Governance and are used to monitor their implementation. The OURdata index on open government is built on the Open Data Charter.

4. *Connecting information: from separate indicators to more composite or combined indicators*

By combining and correlating indicators, a new type of thinking is introduced, which may then lead to action. If causality is not suggested, then at least the correlation of key concepts becomes clear and has the potential to affect debates. When the 'fundamental rights' index is linked to the 'limited government powers' index, it reflects a hypothesis: that countries with well-developed fundamental rights also have systems where government powers are not unlimited.

By including output and outcome indicators, it also becomes possible to connect inputs with outputs to demonstrate efficiency levels, or inputs with outcomes to assess cost-effectiveness. For example, by combining 'total health expenditure per person' (input) with 'life expectancy at birth' (outcome), or 'cumulative expenditure per student' (input) with a 'PISA score' (outcome), we create indicators on public sector cost effectiveness.

Other indicator sets have developed composite indexes without clearly enumerating their component variables and the methodological choices made when developing them. *Government at a Glance* is very transparent in this regard, clearly displaying the component variables that form the composite indicators - and the country values for each of them- as well as all the methodological choices made in combining them. This detailed information allows countries to identify where they could improve their practices, making these composite indicators actionable, and therefore more useful.

5. *Setting agendas: from supplying data to focusing on emerging topics*

Highlighting new trends by providing indicators on them is a central feature of *Government at a Glance*. Over the years emerging topics or special features in the publication included workforce restructuring, green procurement, partnering with citizens in service delivery in 2011; or ICT spending in central government in 2013, just to name a few. The diversity of topics shows that their selection reflects the need for indicators: 1) in emerging policy areas (e.g. green procurement, citizen involvement in service delivery), 2) to address

new policy challenges (health care financing), 3) to react to changes in the external environment, the most prominent being the last economic and financial crisis (workforce restructuring), and 4) to fill data gaps (ICT expenditures).

In recent elections in OECD member countries, popular discontent with political elites has been expressed. Such discontent is often based on parts of the population feeling 'left behind' in employment opportunities or trapped in low-wage jobs, without a voice, often segregated geographically. Several indicators in *Government at a Glance* focus on inclusiveness, or the lack thereof. These include – among others – data on the role of government in redistributing income, indicators on financial and geographic access to health care, education and justice.

6. Organising ownership of indicators: from passive provision of data to interactive involvement of respondents

A key strength of *Government at a Glance* is that it has not only gathered data from a range of reliable sources, but carries out its own survey-based data collection. This collection is done primarily in governance process areas, such as budgeting, human resources management, regulatory governance, public integrity, open government, digital government, risk management, etc. In many of these areas, the OECD is the sole source of this type of information (e.g. HRM, open government; integrity, etc). It takes advantage of its unique position to involve government officials who are responsible for and knowledgeable about these topics in the surveys. Any possible bias in the responses is mitigated by the OECD's technical experts, who review the data and ensure quality control by checking the responses against previous responses, other countries' responses and other sources of data. The OECD's networks of government officials and experts also actively participate in the development of survey instruments, their piloting and the discussion of the results.

Government at a Glance: from forefront to the future

OECD's *Government at a Glance* is also at the forefront of at least three major shifts in public service governance.

The first shift relates to the breath of indicators included in *Government at a Glance* and the logic followed in their selection. Since the 1980s, public sector performance has been equated with economy, efficiency and effectiveness (the three Es). However, this approach, based on the *logic of consequences*, where inputs are transformed into activities, outputs and, ultimately, desired outcomes, is necessary but not sufficient for evaluating how governments perform. The public sector also needs to behave according to a *logic of appropriateness* to be perceived as legitimate and trustworthy.

This logic of appropriateness emphasizes three layers of appropriateness. The first one focuses on the values that public and civil servants should adhere to in their individual behaviour – so-called *individual appropriateness*. This is reflected in codes of conduct, requiring ethical behaviour of agents of the state, shown, for example, by the indicator on conflict of interest and asset disclosure rules for key occupations. Another layer of appropriateness is *organizational and systemic appropriateness,* which includes elements of sustainability, resilience, and system robustness. Whereas initially this was reflected in indicators related to open and responsive government', *Government at a Glance* expanded to include indicators on the rule of law, the role of centres of government; strategic foresight and leadership, transparency, and risk management. A third layer of the logic of appropriateness has been added by developing indicators and chapters on *policy appropriateness*, focusing on fairness,

equity, inclusive government and inclusive policy making. This last layer seems particular necessary for understanding recent political debates on reforms.

Thus, over time, *Government at a Glance* has managed to make both logics (consequences and appropriateness) visible in a significant way.

The second shift involves how data are collected. The movement of co-creation and co-production has also affected the social sciences and their handling of data. 'Participatory sciences' implies that data collection also includes co-creation of data and crowd data sourcing. For example, new types of data and indicators based on web-based household surveys could generate new ways of looking at the provision of public services and citizens' satisfaction with them. By combining different types of data, such as more classical statistics with expert opinions and crowdsourcing, it becomes easier to triangulate data and information. It also combines the technical features and strengths of data with ownership through participation. A third shift relates to the view of the role of state – the public sector – in society. There are two competing visions of this role. On the one hand, there is the minimalist state with low taxes and restricted service provision; on the other, there is a more flexible state concept, where the public sector may have a variable role and size. The implicit assumption in *Government at a Glance* seems to be that size does not ultimately matter if the public sector performs well and reflects societal expectations about its role. When a public sector is considered to be an investment rather than a cost, and being part of the solution rather than the problem, there is a responsibility to make the public sector function properly as a significant actor in the economy. The horizontality of public governance for the implementation of the 17 Sustainable Development Goals (SDGs) is an additional argument for putting '*Government at a Glance*' even more at the centre of our attention, as a 'lighthouse' for our public services.

Executive summary

Economic growth is slowly picking up in the OECD area but the backlash against globalisation is real and must be addressed by governments. Confidence in public institutions is low, and the perception that public policies favor select interest groups has increased sharply. Shorter economic cycles, technological change and disruptive innovation have led to calls to reforms in national labour markets and social protection systems, while climate change, tax evasion and terrorism demand concerted global action. Political polarisation and citizens' distrust in public institutions make the success of reforms more unpredictable. Strengthening, establishing dialogue with citizens through open and participative policy-making processes, and enhancing government's capacity to choose the most appropriate policies among various options - all are key to re-connect governments with their citizenry and foster more inclusive and sustainable growth. *Government at a Glance 2017* provides the evidence for such public governance reforms.

Fiscal stabilisation continues, yet debt levels remain high and government investment has decreased

- The average fiscal deficit reached 2.8% of GDP across OECD countries in 2015, up from 8.4% in 2009, as countries stabilise public finances following the financial crisis.
- The structural balance improved from –6.3% of potential GDP in 2009 to –2.4% in 2015 across OECD countries, marking a return to long-term trends.
- Average gross government debt in 2015 reached 112% of GDP across OECD countries, with eleven countries having debt levels equal to, or higher than, GDP.
- Government investment averaged 3.2% of GDP in 2015, ranging from 6.7% in Hungary to 1.5% in Israel. This is down from an average of 4.1% in 2009, when fiscal expansions were introduced. One-third of public investment is directed toward economic affairs, mainly to transportation, followed by defence (15.2%).

Public spending on health care and social protection have increased

- Between 2007 and 2015, government spending increased the most on social protection (2.6 p.p.) and health care (1.7 p.p.) across OECD countries.
- Considering that one third of public procurement expenditures are dedicated to health care, strengthening the transparency and efficiency in the public procurement of pharmaceuticals and medical technology and supplies is crucial for providing better health services at lower cost.

Government employment is stable on average but there are important variations at the country level

- Although many OECD countries report sizeable reductions in central government employment from post-crisis austerity measures, general government employment as a percentage of total employment across OECD countries rose slightly between 2007 and 2015, from 17.9% to 18.1%.
- This average hides variation among countries. In the United Kingdom and Israel, general government employment as a share of total employment decreased the most (over 2.5 p.p.) from 2007-2015. In contrast, the Czech Republic, Estonia, Hungary, Slovenia and Spain experienced increases equal to and over 2 p.p. during the same period.
- Furthermore, the ratio (general government employment to total employment) hides changes to absolute apublic employment. From 2014-15, in Turkey, general government employment grew 3.9% while in the Netherlands it dropped more than 3.6% . These changes are not apparent in the ratio because general government employment changed at similar rates to total employment.
- On average, D1 (top-level) managers earn 27% more than D2 managers, 72% more than middle (D3) managers, more than twice as much as D4 managers, and 2.6 times more than senior professionals. This suggests that the premium for managerial responsibilities is significantly higher than that for technical specialisation. Secretaries earn on average four times less than D1 managers.

Women are underrepresented in government leadership positions

- On average, women make up only 29% of parliamentarians and only 28% of government ministers in OECD countries in 2017.
- Similarly, while women represent 58% of the total public sector workforce, they hold only 32% of senior positions.
- Equal representation of women in public life and employment at all levels expands the pool of talent available to contribute to organisational performance.

Performance tools and behavioural insights improve the efficiency and effectiveness of the public sector

- Almost all countries have mandatory performance assessments for central government employees. Linking performance to rewards remains a challenge, and the use of performance-related pay has remained stable since 2010.
- Spending reviews are used increasingly by OECD countries to better control expenditure and improve prioritisation. Twenty-two OECD countries conducted at least one spending review over 2008-2016, compared to only five between 2000-2007.
- The use of behavioural insights is taking root in many OECD countries, mostly to improve policy implementation. There is potential for their use across the whole policy cycle, especially for designing and evaluating policies.

Open government initiatives are gaining momentum, but more evaluation is needed

- Countries are increasingly institutionalising the open government principles of transparency, accountability and participation. About half of the OECD countries (17 our of 35 countries) have adopted a national strategy on open government.

- Most OECD countries have adopted an "open by default" policy, whereby all government data is open unless there are legitimate justifications for not doing so.
- However, the extent to which countries promote data re-use outside government (such as hackathons and co-creation events) and inside government (via training and information sessions) varies greatly.
- Few countries evaluate whether open government initiatives achieve the desired economic, social, public sector productivity or accountability impacts.

More is needed to restore trust in government and ensure access to services

- Trust in government remains below pre-crisis levels. On average in OECD countries, 42% of citizens reported having confidence in their national government in 2016, compared to 45% before 2007.
- There are persisting inequalities in access, responsiveness and quality of services by population groups. In all OECD countries, low-income people report higher unmet medical care needs than people with higher incomes. Similarly, socio-economically disadvantaged students are almost three times more likely than advantaged students not to attain the baseline level of proficiency in science.
- Governments should also prevent the emergence of new forms of "e-exclusion". While a growing share of citizens use digital channels to interact with government, there are persistant gaps in the level of uptake by education level, living area and age.

Reader's guide

In order to accurately interpret the data included in *Government at a Glance 2017*, readers need to be familiar with the following methodological considerations that cut across a number of indicators. The standard format for the presentation of indicators is on two pages. The first page contains text that explains the relevance of the topic and highlights some of the major differences observed across OECD countries. It is followed by a "Methodology and definitions" section, which describes the data sources and provides important information necessary to interpret the data. Closing the first page is the "Further reading" section, which lists useful background literature providing context to the data displayed. The second page showcases the data. These figures show current levels and, where possible, trends over time. A glossary of the main definitions of the publication can be found in the final chapter of the book.

Calendar year/fiscal year in National Accounts data

Unless specified, data from the OECD National Accounts are based on calendar years.

Data for Australia and New Zealand refer to fiscal years: 1 July of the year indicated to 30 June for Australia and 1 April of the year indicated to 31 March for New Zealand. For Japan, data regarding sub-sectors of general government and expenditures by COFOG refer to fiscal year.

The data based on the *System of National Accounts* (SNA) were extracted from the *OECD National Accounts Statistics* (database) and the *Eurostat Government finance statistics* (database) on 09 May 2017.

Country coverage

Government at a Glance 2017 includes data for all 35 OECD countries based on available information. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Some additional non-member countries, such as Colombia, Costa Rica, Lithuania and the Russian Federation* (accession countries to the OECD) as well as other major economies of the world (i.e. Brazil, People's Republic of China, India, Indonesia and South Africa) also supplied data for some indicators. Data for these non-member countries are presented separately at the end of tables and figures.

* With regard to the Russian Federation, on 12 March 2014 the OECD Council "postponed activities related to the OECD accession process for the Russian Federation for the time being" (*http://www.oecd.org/newsroom/statement-by-the-oecd-regarding-the-status-of-the-accession-process-with-russia-and-co-operation-with-ukraine.htm*).

Abbreviation codes

OECD countries			
Australia	AUS	Norway	NOR
Austria	AUT	Poland	POL
Belgium	BEL	Portugal	PRT
Canada	CAN	Slovak Republic	SVK
Chile	CHL	Slovenia	SVN
Czech Republic	CZE	Spain	ESP
Denmark	DNK	Sweden	SWE
Estonia	EST	Switzerland	CHE
Finland	FIN	Turkey	TUR
France	FRA	United Kingdom	GBR
Germany	DEU	United States	USA
Greece	GRC		
Hungary	HUN	**OECD accession countries***	
Iceland	ISL	Colombia	COL
Ireland	IRL	Costa Rica	CRI
Israel	ISR	Lithuania	LTU
Italy	ITA	Russian Federation (hereafter 'Russia')	RUS
Japan	JPN		
Korea	KOR	**Other major economies**	
Latvia	LVA	Brazil (participant to the OECD Public Governance Committee)	BRA
Luxembourg	LUX	People's Republic of China (hereafter 'China')	CHN
Mexico	MEX	India	IND
Netherlands	NLD	Indonesia	IDN
New Zealand	NZL	South Africa (participant to the OECD Public Governance Committee)	ZAF

* With regard to the Russian Federation, see note 1 above.

OECD averages and totals

Averages

In figures, the OECD average is presented either as unweighted, arithmetic mean or weighted average of the OECD countries for which data are available. It does not include data for non-member countries. In the notes, OECD countries with unavailable data are listed.

If a figure depicts information for one or more years, the OECD average includes all OECD countries with available data. For instance, an OECD average for 2009 published in this edition includes all current OECD countries with available information for that year, even if at that time they were not members of the OECD.

In the case of *National Accounts* data OECD averages refer to the weighted average, unless otherwise indicated. Moreover, OECD averages are calculated until 2015 as not all OECD countries (mainly OECD non-European countries) have available data for 2016.

Totals

OECD totals are most commonly found in tables and represent the sum of data in the corresponding column for the OECD countries for which data are available. Totals do not include data for non-member countries. In the notes, OECD countries with unavailable data are mentioned.

Online supplements

For several indicators, additional tables and figures presenting country-specific data or annexes with complementary information on the indicator methodology can be found online. When available, these are noted in the "Methodology and definitions" section of the indicator. *Government at a Glance 2017* also offers access to StatLinks, a service that allows readers to download the corresponding Excel files of the data featured. StatLinks is found at the bottom right-hand corner of the tables or figures and can be typed into a web browser or, in an electronic version of the publication, clicked on directly.

In addition, the following supplementary materials are available online at: *www.oecd.org/gov/govataglance:*

- Country fact sheets that present key data by country compared with the OECD average;
- *Government at a Glance* statistical database that includes regularly updated data for a selection of quantitative indicators via OECD.Stat and the publication of qualitative data for the GOV surveys via a dedicated web platform;
- Country contextual notes that present contextual information describing some key features of the political and administrative structures for each member country.

Per capita indicators

Some indicators (e.g. expenditures, revenues and government debt) are shown on a per capita (e.g. per person) basis. The underlying population estimates are based on the System of National Accounts notion of residency. They include persons who are resident in a country for one year or more, regardless of their citizenship, and also include foreign diplomatic personnel and defence personnel together with their families, students studying and patients seeking treatment abroad, even if they stay abroad for more than one year. The one-year rule means that usual residents who live abroad for less than one year are included in the population, while foreign visitors (for example, vacationers) who are in the country for less than one year are excluded. An important point to note in this context is that individuals may feature as employees of one country (contributing to the GDP of that country via production), but residents of another (with their wages and salaries reflected in the gross national income of their resident country).

Purchasing power parities

Purchasing power parities (PPPs) are the rates of currency conversion that equalise the purchasing power of different countries by eliminating differences in price levels between countries. When converted by means of PPPs, expenditures across countries are in effect expressed at the same set of prices, meaning that an equivalent bundle of goods and services will have the same cost in both countries, enabling comparisons across countries that reflect only the differences in the volume of goods and services purchased.

PPPs for current and historical series are produced and updated by the OECD with a specified procedure.

For latest years, the following results for GDP, AIC (households' Actual Individual Consumption) and IHC (Individual Household Consumption) were published in December 2016:

- Final results for the year 2013; fourth estimates for the year 2014; third estimates for the year 2015.
- In February 2017, first estimates for the year 2016 are going to be published.

Historical PPP data until 2012 may be revised in December each year in order to incorporate revisions in National Accounts' deflators. In December 2016, historical PPP data until 2012 were exceptionally revised for all European countries.

More information historical time series is available here:

- 2008, 2011: PPPs for all OECD countries and Russia are benchmark results calculated jointly by the OECD and Eurostat.
- 2006-2007, 2009-2010, 2012: PPPs for European countries are annual benchmark results provided by Eurostat. PPPs for non-European countries and Russia are OECD estimates based on global extrapolation.

Additional information is also available on the OECD PPP Internet site: *www.oecd.org/std/prices-ppp*

Composite indicators

The publication includes several descriptive composite indices in narrowly defined areas related to human resources management, performance budgeting, open government data and regulatory governance. These composite indexes are a practical way of summarising discrete, qualitative information. The composites presented in this publication were created in accordance with the steps identified in the *Handbook on Constructing Composite Indicators* (Nardo, *et al.*, 2008).

Details about the variables and weights used to construct the different composite indicators are available in Annexe E respectively. While the composite indicators were developed in co-operation with OECD countries and are based on theory and/or best practices, the variables included in the indexes and their relative weights are based on expert judgments and, as a result, may change over time.

Signs and abbreviations

. .	Missing values
x	Not applicable (unless otherwise stated)
p.p.	Percentage points
PPP	Purchasing Power Parities
EUR	euros
USD	US dollars

Introduction

The *Government at a Glance* series aims to provide reliable, internationally comparative data on government activities and their results in OECD countries and beyond. In turn, these data can be used by countries to benchmark their governments' performance, to track domestic and international developments over time and to provide evidence to their public policy making. The indicators in *Government at a Glance* are becoming themselves a measuring standard in many fields of public governance. In addition to the core indicators that constitute the trademark of the publication, this fifth edition includes a selection of new indicators and additional data sources, allowing for a more complete picture the work and results of public administrations across OECD countries.

What's new in Government at a Glance 2017?

The 2017 edition of *Government at a Glance* provides a mix between core chapters which remain stable in every edition and new features. The core chapters of *Government at a Glance* are Chapter 2: Public finance and economics, Chapter 3: Public employment and pay, Chapter 5: Budgeting practices and procedures, Chapter 6: Human resources management, Chapter 7: Public sector integrity, Chapter 8: Regulatory governance, Chapter 9: Public procurement, Chapter 13: Core government results, and Chapter 14: Serving citizens. In addition to those core chapters, this edition presents a series of new and consolidated features:

- Two new chapters are dedicated to public sector innovation and risk governance. Both topics are essential to ensure that government can successfully address governance challenges and deal with crises, while benefitting from technological advancements that facilitate more effective and efficient government action. The chapter on risk management and communication provides insights into how OECD countries assess, prevent, and respond to the effects of critical risks including natural disasters and other types of risks. It draws on two new OECD surveys on risk communication and on the governance of critical risks. The chapter on public sector innovation presents an overview of OECD countries' efforts to foster the use of innovative approaches in public administration to make it more open, collaborative and participatory.
- *Government at a Glance* 2017 draws on a range of brand-new data in the areas of human resource management as well as public employment and pay. This includes

  An update of the Survey on Strategic Human Resources Management and composite indicators (last presented in 2011), including previously covered topics such as delegation in HRM, staff performance management, practices in place for senior civil servants and new areas like data-informed human resource management;

  An update of the Survey on the Compensation of Employees in Central/Federal Governments (last presented in 2013) that collects information on employees' salaries and employer contributions in different occupational groups;

New survey data on the composition of the workforce in the central/federal government by occupational group, age, and gender.

- This edition also features new composite indicators that provide a snapshot of country practices in specific areas of public governance. The update of the composite indicator on open government data provides policy insights on the level of availability, accessibility and government support for the reuse of data. It builds on the International Open Data Charter and on the analytical framework developed by the OECD. The Indicators of Regulatory Policy and Governance (*iREG*) are displayed for the first time in the chapter on regulatory governance. They provide information on practices in place in OECD countries for Regulatory Impact Assessment (RIA), stakeholder engagement and *ex post* evaluation of regulation and build on the *2012 OECD Recommendation of the Council on Regulatory Policy and Governance*.
- The publication also provides a series of new indicators on different aspects of public governance. The chapter on institutions presents recent data on policy advisory systems and the role of the Centre of Government in implementing the Sustainable Development Goals (SDGs) in OECD countries. The chapter on open government includes new indicators on OECD countries' open government strategy, the enabling environment for open government, as well as citizen participation. Other new indicators cover infrastructure governance from a budgeting and a public procurement perspective, gender budgeting, and innovative areas in regulatory governance like the use of behavioural insights and international regulatory co-operation in international organisations.
- Finally, to highlight the growing focus on outcomes, a serving citizens scorecard is presented for the first time in this edition of Government at a Glance comparing the level of access, responsiveness and quality in the health care, education and justice system.

Definition of government

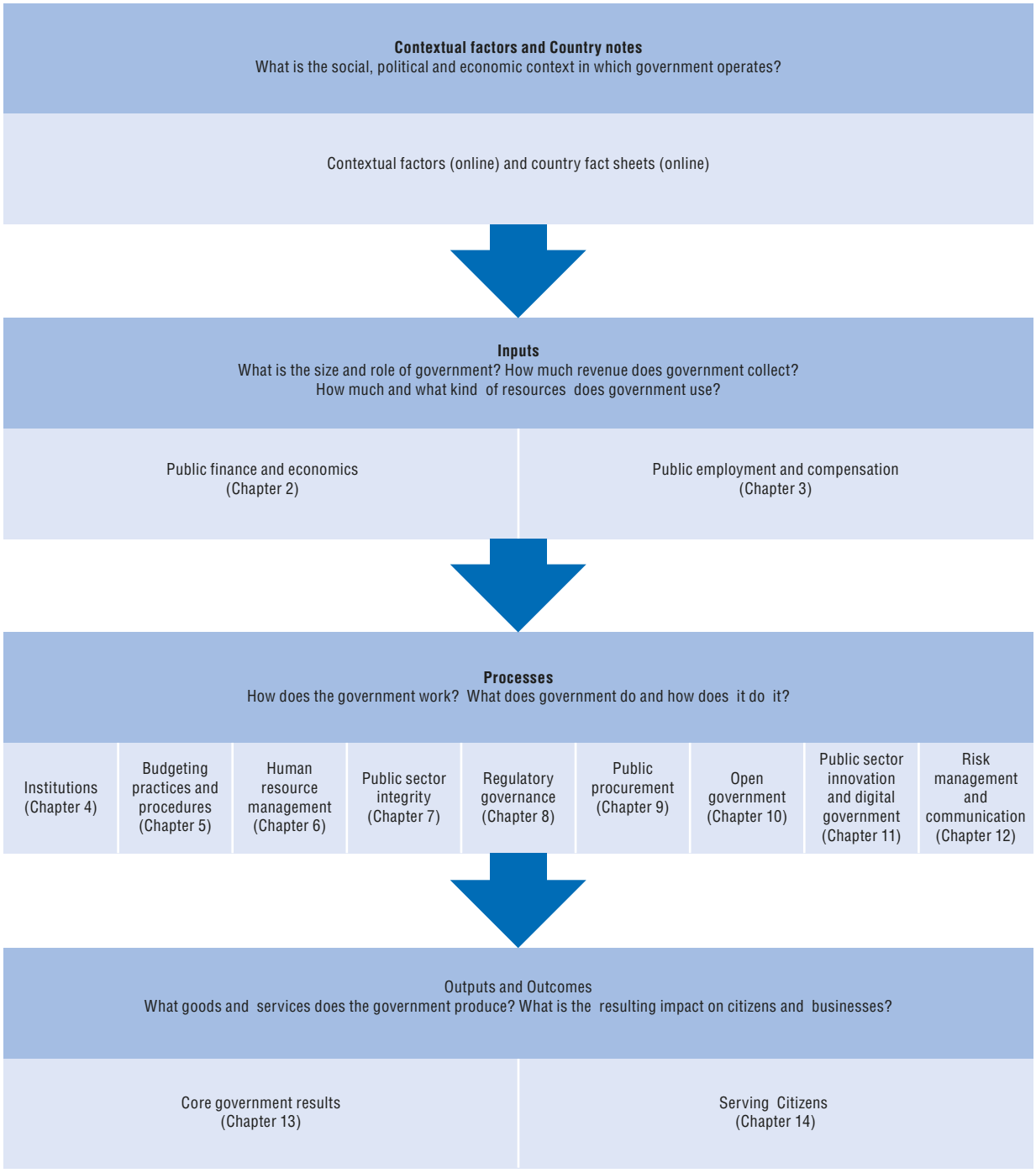
Data on public finances are based on the definition of the sector "general government" found in the *System of National Accounts* (SNA). Accordingly, general government comprises ministries/departments, agencies, offices and some non-profit institutions at the central, state and local level as well as social security funds. Data on revenues and expenditures are presented both for central and sub-central (state and local) levels of government and (where applicable) for social security funds. However, data on employment refer to the public sector, which covers both general government as well as public corporations, such as publicly owned banks, harbours and airports. Finally, data on public management practices and processes refer to those practices and processes in the central level of government only.

Framework and structure of the publication

Government at a Glance covers the 35 OECD countries, and also includes data, when available, on accession countries (Colombia, Costa Rica, Lithuania and Russia) as well as other major economies of the world such as Brazil, China, India, Indonesia and South Africa. These countries play a significant and increasing role in the world economy and in international political structures.

This fifth edition of *Government at a Glance* includes contextual information as well as input, process, output and outcome indicators. Figure 0.1 presents the conceptual framework for *Government at a Glance*.

Figure 0.1. **Conceptual framework for Government at a Glance 2017**



Context

Contextual factors (online) present information on some key features of the political and administrative structures for each OECD country. Considering contextual information makes it possible to understand the major institutional differences and similarities amongst countries, and thereby help to identify comparators for benchmarking purposes. In addition, the country fact sheets (online) provide a country-by-country storyline on how the data

provided in the *Government at a Glance* publication apply to the specific context of public sector reforms in OECD countries, and some accession countries.

Inputs

Inputs refer to the resources used by governments in their production function, as well as the way in which they are mixed; these resources correspond to labour and capital. The chapters that describe these inputs are Public finance and economics, Public employment and compensation, including indicators on government expenditures, production costs, employment, and the composition of the public sector workforce. Differences in these indicators can help to understand the different capacities of governments in producing and delivering public goods to citizens.

Processes

Processes refer to the public management practices and procedures undertaken by governments to implement policies. These address the means used by public administrations to fulfil their duties and obtain their goals. In consequence, they are often essential for ensuring the rule of law, accountability, fairness and openness of government actions. Public sector reforms often target these processes; as such they capture the public's attention. This edition includes information on government institutions, budget practices and procedures, human resource management, public sector integrity (public integrity systems, and internal control and risk management), regulatory governance, public procurement, open government, public sector innovation, and risk management and communication.

Outputs and outcomes

The dividing line between outputs and outcomes can be blurry. While outputs refer to the amount of goods and services produced by governments, outcomes show the effects of policies and practices on citizens and businesses. The success of a given policy should be measured, at a first stage, by outputs but should ultimately be judged by the outcomes it achieves. Generally speaking, outcomes refer to the effects of public programmes and services on citizens, in terms of welfare gains, health gains, educational/learning gains, and so on. While these outcomes can certainly be affected by the quality of programmes and services provided, they can also be affected by other factors, such as the socio-economic background of the population and individual behavioural factors.

In *Government at a Glance 2017*, measures of outputs and outcomes are provided in two distinct chapters:

The Core government results chapter focuses on whole-of-government aspects such as the confidence of citizens in their national government, perception of corruption, the rule of law, income redistribution and broad measures of public sector efficiency (output-based) and cost effectiveness (outcome-based).

The Serving citizens chapter follows a sectoral approach to measuring outputs and outcomes of public sector activities. Based on a consolidated framework developed horizontally with other OECD directorates and in collaboration with OECD countries, the chapter provides measures of services to citizens in terms of access, responsiveness and quality. This year's edition focuses on three sectors: health care, education and the judicial system.

Future activities

In order to produce *Government at Glance*, the OECD works in close co-operation with other organisations, including the International Labour Organization (ILO), the World Justice Project, the European Commission for the Efficiency of Justice (CEPEJ), Gallup and the European Commission, to provide a comprehensive view of what governments do and how they do it, while avoiding duplication of data collection.

Co-operation is to be strengthened as a way of ensuring the comparability of data across countries that are covered in the publication.

For future editions of the publication, the *Government at a Glance* team is planning to:

- Provide new composite indicators in the area of budget practices and procedures;
- Update and expand the data collection on regulatory governance, including on the institutional framework for regulatory policy;
- Repeat the data collection on the centre of government institutions;
- Develop new indicators measuring the implementation of the *2014 Recommendation on Digital Government Strategies;*
- Strengthen indicators on open government and participative policy making practices as well as on public sector innovation.

Regional and country-focused editions of Government at a Glance

The second edition of *Government at a Glance: Latin America and the Caribbean* was released in December 2016. The publication provides the latest available data on public administrations in the LAC region and compares it to OECD countries. It contains new indicators on public finances, centres of government, regulatory governance, open government, digital government and public procurement, as well as a special feature on health budgeting.

A second country-focused edition, *Government at a Glance: How Korea Compares*, was published in June 2016, presenting a series of indicators on Korea's policy making practices and government performance compared to those of other OECD countries and of the G7 countries. A first regional edition of *Government at a Glance: Southeast Asia* is expected to be published later in 2017.

All data and indicators on public governance are accessible online!

All data collected by the OECD Public Governance Directorate for the production of *Government at a Glance* (starting with the 2015 edition) and for other purposes are available online on the OECD website. Readers interested in using the data presented in this publication for further analysis and research are encouraged to consult the full documentation of definitions, sources and methods presented in the *Government at a Glance* publication and online. This database includes both qualitative and quantitative indicators on public sector inputs, processes, outputs and outcomes and will be updated on a regular basis as new data are released.

Chapter 1

Embracing continuous change in government

Introduction

National governments in OECD countries face a political, economic and social environment that is increasingly unpredictable, complex, and that extends beyond national borders. Many are under pressure to address the impact of globalisation and to respond to a backlash among significant segments of the population. They are being called to lead national economies out of the current low-growth trap by increasing productivity, while ensuring that the fruits of growth – both in terms of jobs and income – are distributed more equally across society. And they are expected to respond to the disruptive effects of technological change. Coupled with an ageing population, high youth unemployment and persistently high levels of public debt, these policy challenges – and the lack of adequate responses – have led to the polarisation and fragmentation of public opinion on a number of societal issues such as economic integration and the control of migration flows.

Governments continuously reform to be more effective, efficient, open and responsive to policy challenges. But do these reforms always bring the expected results? Evidence on the impact of recent comprehensive reform packages introduced in a number of OECD countries in response to the 2008 crisis suggest that, despite austerity measures and cuts in spending and programmes, government indebtedness has not declined much. Furthermore, public employment and pay remain, on average, stable across OECD countries, notwithstanding the significant cuts carried out in the most affected countries. At the same time, economic recovery has only just started to pick up in a number of OECD countries, while unemployment, especially among the youth, remains high. Citizens' trust in government is currently at a record low. While this can be partly attributed to the legacy of the crisis, it is exacerbated by the perception that government reforms are ineffective, not implemented properly, and do not consider who the winners and losers are likely to be.

This raises the question of whether reforms are being designed to deal with growing complexity, and are they properly joined-up and implemented? So-called "wicked problems" – that is, problems characterized by uncertainty, complexity, divergent values and interdependent processes, structures and actors – cannot be addressed by partial or transactional solutions, but require concerted, adaptive and carefully stewarded approaches (OECD, 2017c). Climate change, globalisation, changing demographics and technological developments have given rise to policy problems whose causes and effects are difficult to identify, and that cannot be addressed through the efforts of a single actor or policy sector.

This uncertain political, economic and social environment comes with a number of challenges for governments and the way they operate. The policy-making environment has become also more complex, with a growing number of non-traditional actors from civil society, and questions about the impact of money and other types of influence on policy directions. The polarization of public opinion is reflected in political fragmentation, for example through the establishment of minority or coalition governments in a number of OECD countries with less power to act. Furthermore, policy makers need to choose from among a myriad of options to address these and other policy challenges, frequently without

the opportunity to gauge their full implications. In the face of these challenges, piecemeal approaches and reforms designed in silos are no longer sufficient.

This chapter argues that a traditional approach to reform may be less and less relevant as the global context and accompanying policy challenges become ever more fluid and complex. Furthermore, without open and participative processes, traditional reform approaches can become captured either by private interests or by those of the public administration itself that may be resistant to working in new ways. Instead, governments need to prepare their public administrations for continuous change by identifying clear, desired outcomes and measures of progress; putting in place systems that support innovation and collaboration to reach those objectives; and promoting transparency and co-production with business and society to ensure that the public sector continues to work for the public good. This fifth edition of Government at a Glance provides a number of key metrics to support systems change in government and outcome-oriented policymaking.

1. The challenges…and shortfalls…of public sector reform

1.1 *Is a new approach needed to help governments adapt to change?*

Governments are constantly reforming. Though the word is used very loosely and can mean any change that governments make in their public policies and management practices, there are nonetheless many reasons for reform. The most obvious one is the change in context in which governments operate, leading to changes in the policies and practices they pursue. Changes in context may derive from changes in the economic or social environment, or in technology. They often originate in political change, for example, when after an election a new political party comes to power receiving a mandate from the electorate to pursue new policy solutions to existing problems. Reforms might also be needed if current solutions do not work due to their faulty design. Often, reforms arise from mimicry or peer-learning: many of the public management practices related to New Public Management spread this way in the 1980s and 90s, with international organisations – including the OECD – playing an important role in their diffusion. Reforms could have their roots in the spread of a particular ideology, such as those reflected in the policies of Thatcher and Reagan, or in management fads. Finally, new problems may arise that might require new policy interventions.

But traditional public sector reform approaches may no longer be able to adapt to a complex, fast-changing and interdependent world. Firstly, because in a context characterized by shorter economic cycles driven by disruptive innovations, governments need the capacity to respond faster than ever before to new challenges and demands from citizens, businesses and civil society. This requires effective foresight and leadership to anticipate upcoming challenges, including for instance in regulating innovative technologies such as artificial intelligence, big data and the sharing economy, but also having the agility to integrate new ways of working and technologies into government. Failure to embrace continuous change and flexibility in government may reinforce people's perception that governments are always lagging behind the evolutions that occur in societies. At the same time, governments need to balance expectations for faster and continuous adaptation with the call for more inclusive policymaking that offers information and access to a wide range of stakeholders at earlier stages of decision-making.

Secondly, as the global understanding of complex issues is growing, a consensus is emerging on the failure of piecemeal reforms developed in sectoral and national silos to deliver long-term results. Addressing some of the Sustainable Development Goals (SDGs)

related to climate change or gender equality but also issues such as tax evasion require reforms designed and implemented across policy sectors and functions (for instance to embed gender equality in budgeting practices and procedures, regulatory impact analyses, public procurement decisions and human resource management) and in close synergy with the international community. Rather than moving from one steady state to the next, public administrations need to be guided by clear policy objectives to respond to constant and rapid change and emerging policy challenges.

As reforms invariably result in winners and losers, undue influence exercised on the policymaking process by interest groups can undermine the extent to which reforms are designed and implemented for the public interest. Reforms may also fail to be properly implemented due to vested interests and resistance to change, for example to protect organisational boundaries and responsibilities. These types of behaviour result in fragmented or biased reforms that further undermine public trust and reduce the ability to enact further reforms. The more the policymaking processes is limited to a few, the easier it becomes for the resulting reforms to reflect only the interests of a few. Opening up processes and aligning them with outcomes in a public and visible way provides a means to look beyond vested interests and helps to mitigate policy capture both from inside government and outside government. This serves to address barriers to serving the public interest such as failure to collaborate or overt conflicts of interest. In today's environment of rising inequality and political discontent, capture by powerful interest groups can erode the fundamental democratic process of fair decision making based on openness, dialogue and consensus (OECD, 2017d).

1.2 Complex and interdependent problems require "systems-thinking" approaches to avoid capture by existing processes and constituencies

The need for a better way to anticipate and manage change is giving rise to "systems approaches", which analyse the different elements of the system underlying a policy problem, as well as the dynamics and interactions of these elements that produce a particular outcome. The term "systems approaches" denotes a set of processes, methods and practices that aim to affect systems change (OECD, 2017c). This holistic analysis puts the focus on the impacts and outcomes of policies, going beyond the linear logic of "input-output-outcome" of traditional approaches to policy design. It emphasises the involvement of all affected actors inside and outside of government, as well as the importance of leaving room for iterative processes to account for the uncertainty associated with wicked problems.

Traditional approaches to public policymaking tend to break down complex problems into their constituent parts and subsequently address each part through separate policy interventions. These approaches may prove unable to capture the complex interrelationships and changing nature of policy problems that transcend administrative and territorial boundaries. Furthermore, decades of public sector reforms layered one on top of the other frequently have not achieved the desired effects and may lead to incoherent or even contradictory policies.

Systems approaches do not necessarily require all elements of a system to be changed. Rather, they demand the adoption of a broad "systemic" perspective of the problem at hand and the factors causing it, as well as a purpose-oriented assessment of possible solutions. The approaches are particularly helpful in cases where there is a mismatch between the structure of the public administration and the structure of the problem at hand. In this case, the problem can be solved only by breaking administrative silos, i.e. by involving actors and

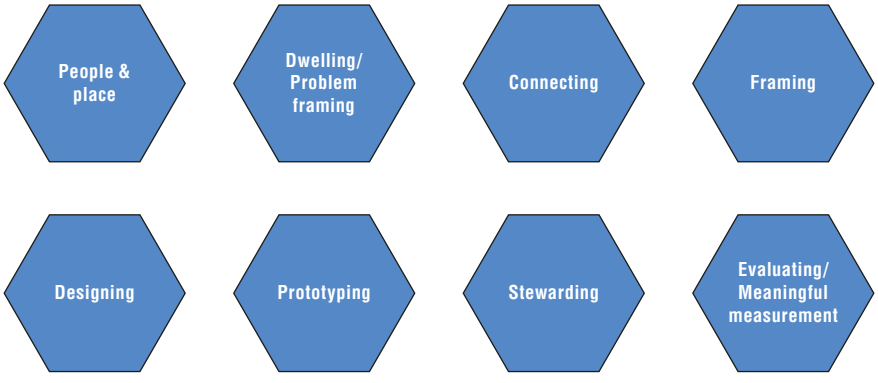
knowledge from different policy fields and parts of government. Overcoming silos does not only imply working across existing portfolios, but could also require changing those portfolios in their entirety by creating permanent horizontal, less-hierarchical structures. For example, Belgium created a new Federal Public Service in 2017 that groups IT, human resources, integrity, management, budget, accounting and public procurement functions into a single body serving all federal organisations.

Systems approaches put great emphasis on the needs, opinions and mind-sets of users, and enable an understanding of citizens as co-producers and co-designers of government policies and services. Systems approaches may, for example, prove particularly useful in improving public service delivery in areas such as elderly care, mobility or education, but may also improve the machinery of public administration as such, e.g. by facilitating a re-organisation of departments or agencies (OECD, 2017c). It could also be very useful in the successful implementation of the United Nations' Sustainable Development Goals (SDGs).

Even when public organisations have a clear understanding of the objectives that they should support and the relevant measures of performance, they may still lack the "strategic agility" to change the way in which they work. First developed in the private sector, strategic agility has three main components: strategic sensitivity, leadership unity and resource fluidity. Applying these to the public sector means ensuring that governments can anticipate and plan for future needs and challenges; align policies across the public administration to shared strategic objectives and the public interest; and redeploy resources quickly as needs change. This will require changing internal structures, processes and organisational cultures, as well as the way government interacts with citizens and businesses. These changes, in turn, will require new skills as civil servants are expected to make more individual choices on how to achieve outcomes, in a less hierarchical, and more technologically rich environment.

Within organisations, the capacity to increase strategic agility depends on processes that are more open, evidence based, and iterative. The OECD Observatory for Public Sector Innovation (OPSI) has put forward a framework for system transformation in the public sector that outlines a number of interconnected elements to be taken into account by public administrations (OECD, 2017c; see Figure 1.1).

Figure 1.1. **Key elements of a systems transformation process**



Source: Own depiction based on OECD, 2017c.

- *People and Place*: A key precondition for instigating systems change is an interdisciplinary team consisting of both government and external experts that is motivated to substantially improve the system working in a suitable environment,

- *Dwelling, Connecting and Framing*: Allowing time and resources for better understanding and exploring the policy problem from different angles allows for a better definition of the purpose and objectives of an envisaged systems change. Connecting with a diverse set of stakeholders and citizens is also essential for gaining valuable insights. It also creates legitimacy for the change process and stronger buy-in from stakeholders by letting them reflect upon the problem without presenting pre-conceived solutions.
- *Designing and Prototyping:* While the concrete method needs to be chosen according to the specific context, the design process should specify the principal elements of a proposed solution as well actions that need to be taken to produce the desired outcome. The design should also be tested to gain additional evidence on the problem to be solved and the solution's effects to ultimately improve the suggested solution.
- *Stewarding*: Stewardship refers to "a form of agile leadership" or "transformative leadership" that steers and monitors the implementation of the proposed design and adapts and calibrates the solution in light of unexpected developments and new information during the implementation phase. This requires resources to be distributed more equally between the design and the implementation phase of the systems change project.
- *Evaluating*: Evaluating systems transformation efforts may prove to be difficult, as processes may be long and incremental. As in the early phases of a systems change project, varied sources of evidence should be taken into consideration. Evaluation is useful to gauge whether the project has the desired effect, but is also an essential part of the systems change process itself, as results guide the everyday activities of implementers towards the systems change to be achieved.

In the next parts of this chapter we describe the key building blocks to the successful implementation of the systems approach, starting with the need for vision and leadership from the Centre, through practices that help gather the relevant evidence and build the needed capacities of the workforce to act on this evidence and freeing up the system to achieve constant innovation. Rather than taking a technocratic approach to policymaking, a systems approach requires citizen and stakeholder engagement, underpinned by greater transparency, accountability and open data. Finally, just as policy challenges are increasingly global in scope, this chapter looks at some of the prospects for developing global solutions. Indicators from this edition of Government at a Glance will be used to highlight where countries stand on these practices.

Box 1.1. **Reshaping Child Protection Services in the Netherlands through a systems approach**

The Netherlands' *Jeugdbescherming Regio Amsterdam* (in English: Child and Youth Protection Services in the Amsterdam area (CYPSA)) looks after 10 000 at-risk children per year with the help of 600 staff. In 2008, the agency was put under heightened supervision because it was unable to fulfil its core mission of assessing risks posed to vulnerable children and providing timely help. In 2011, a broad redesign of the organization was initiated under the slogan of keeping 'Every child safe'. A core group of ten caseworkers, two team managers, two psychologists and a consultant trained in the Vanguard method[1] and were given authority to redesign internal processes.

In three months, the group went through the "check", "plan" and "do" phases of the Vanguard method and delivered a new approach to working. The check showed that CYPSA was split organizationally across different roles: social workers working with parents on a voluntary basis, guardians who had legal

Box 1.1. **Reshaping Child Protection Services in the Netherlands through a systems approach** *(cont.)*

responsibility over the children and parole officers working together with convicted juvenile offenders. Hence, there was no single contact point for the family and caseworkers were unsure who was supposed to act when there were indications a child was unsafe. Caseworkers dealt with established protocols and reporting systems that were not central to the mission at hand—keeping children safe. In the planning phase, new basic principles of action were discussed: a caseworker should deal with the whole family system, directly communicate with families (the "Functional Family Parole Services"), and phases of engagement were outlined. Previous silos were to be abolished and replaced with teams that were organized around any potential case. New focus was put on early intervention and holistic care of the entire family.

After the initial analysis was completed, three similar teams of volunteers were given three weeks to go through the process building on previous findings, while undergoing their own learning process. This was followed by a 'rolling-in' stage where 40 teams were taken through the process so that they could experience their own "check", "plan", and "do" phases. This took a full year and required additional changes to supporting services such as IT, facilities, etc.

The whole process exceeded initial expectations: it improved both the quality of the public service and reduced costs. For example, the number of cases where children had to be forcibly removed from families decreased by 50%. The changes reportedly resulted in cost savings of 30 million EUR annually. In 2015 CYPSA was elected the Best Public Sector Organization in the Netherlands.

Despite improvements to its work, CYPSA faced a number of challenges in the implementation and follow-up to the systems change process. It proved difficult to find appropriate staff to execute the purpose-driven approach. In total, about 40% of the workforce left CYPSA in the course of the change process, and annual turnover is high at 20%. To address this, new recruitment procedures and revised training methods have been put in place.

1. Vanguard method: The Vanguard approach starts with the situations that people find themselves in, where their current thinking and practices are exposed to a structured method for studying 'the way the work works' (Seddon 2003, p 14). This frequently shows their organisation to be producing sub-optimal results for the service user. The method then leads workers to proceed with a collaborative inquiry in order to articulate a new purpose from the service user's perspective, before going on to co-design a system, which can achieve this newly articulated purpose (O'Donovan, 2012).

Source : OECD (2017c)

2. New approaches require vision, evidence and capacities at all levels of government

2.1 The role of the Centre of Government

Systems approaches shift the discussion from processes and organisational boundaries to finding common ground on how to achieve outcomes. Focusing change on desired outcomes requires governments to understand what really matters to citizens – i.e. the impact of reforms on citizen satisfaction, confidence in institutions and well-being – and to take the lead across traditional sectors of responsibility. The centre of government[1] (CoG) is emerging as a major actor in articulating overall government priorities and supporting an outcome-oriented approach to achieve this vision.

The CoG plays a critical role in ensuring that policies support the programme of an elected government. Its role and importance has largely increased in recent years, in part due to a recognised need for whole-of-government approaches that overcome the compartmentalisation of reform processes (OECD, 2013a; 2015a). The CoG has a range of key functions. A recent OECD survey (OECD, 2013a) identifies four priority tasks: supporting

decision-making by the Head of Government and/or Cabinet; policy co-ordination across government and leadership of cross-departmental priority strategies; monitoring progress with policy reform; and strategic planning, which is closely aligned with policy development and resource allocation (see Chapter 4: Institutions).

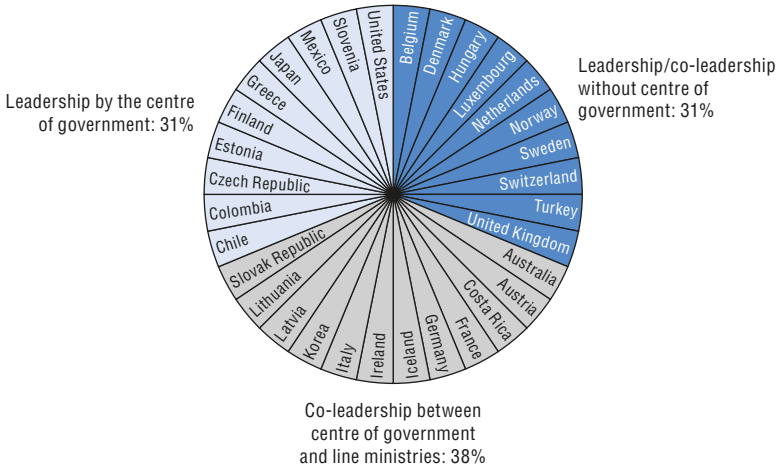
It is in a unique position to develop a long-term strategic vision and needs to communicate the resulting policy priorities to all parts of the public administration, so that they can be integrated into all government actions. In practice, the CoG may provide strategic guidelines to departments and agencies, and verifies that departmental work is in line with guidance provided.

As a result of the global crisis and tight budget constraints in a number of OECD countries, governments have strengthened co-ordination between budgeting and policy formulation to ensure that limited resources support policy priorities. In Austria, the federal public administration has been moving towards the principle of outcome-oriented policy making since 2013. The Federal Performance Management Office located in the Chancellery, in collaboration with key stakeholders (including the Parliament, the Court of Audit, the Federal Ministry of Finance, the Supreme State Organs, line ministries and other public administration bodies), aims to ensure that the focus on outcomes is implemented across the whole administration. It provides support and advice to ministries when setting up performance- and outcome–oriented management schemes, as well as quality assurance for the objectives and indicators identified by the ministries and agencies to measure their achievement. It also monitors the achievement of objectives and makes the results available to Parliament in standardised form.

Co-ordination across different parts of the public administration is essential to ensure policy coherence and avoid duplication, inefficiencies or even policy action with contradictory effects. Traditionally, the CoG supports co-ordination through inter-ministerial bodies. Given the growing number of interministerial policy projects to address complex problems, the CoG in many OECD countries has recently taken on greater responsibility for defining strategic priorities and developing cross-departmental action plans, but has also become more involved in the implementation of horizontal policies, e.g. through delivery units. This evolution does not necessarily imply greater centralisation, but rather a supporting and advisory role of the CoG to enable line ministries to contribute to horizontal projects without questioning their autonomy or expertise.

The CoG's role in implementing the UN Sustainable Development Goals (SDGs) is a good example of its crucial role in helping the public administration deal with complex policy problems. The 17 goals cover a range of different but interlinked policy challenges, from the reduction of poverty and inequality to gender equality, environmental protection, and peace and justice. While these goals are relevant for all countries, including OECD countries, their implementation poses different challenges for each country, based on their starting position. All these policy issues are to be addressed universally within the next 15 years. Given the breadth and complexity as well as the long-term nature of the SDGs, achieving progress on their implementation requires governments to co-ordinate across policy areas and levels of government (OECD, 2016b). OECD countries recognise the role of the CoG in delivering on the SDGs (see Figure 1.2). In 16 OECD countries, the centre of government is helping to steer the implementation of the SDGs either on its own or together with line ministries (see Chapter 4: Institutions).

Figure 1.2. **Leadership and co-leadership of the implementation of the UN Sustainable Development Goals, 2016**



Source: OECD 2016 Survey on Planning and Co-ordinating the Implementation of the Sustainable Development Goals (SDGs)

For more information see Government at a Glance 2017, Chapter 4: Institutions.

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The CoG can be strengthened in several ways to allow it to play a proactive role in co-ordinating government responses to wicked policy problems (OECD, 2015a). First, a strategic cross-governmental vision and objectives, such as the implementation of the UN Sustainable Development Goals, need to be defined. High-level political support for these goals and a clear mandate for the CoG to implement the strategy help reinforce their acceptance and create the framework conditions for their execution. Second, challenges to achieving the goals and ways to overcome them should be identified early in the implementation process in close co-operation with departments. Implementation should be monitored continuously and, if necessary, adjusted. Third, the CoG plays a key role in clearing obstacles to implementation, e.g. by establishing dedicated delivery teams that manage implementation and help solve upcoming problems. The CoG also needs to emphasise the importance of the strategic goals to be achieved to all actors involved in their implementation, and could foster a culture of delivery across government structures by offering technical support, advice and expertise.

Finally, from the outset, the CoG should clearly communicate the division of labour among different parts of the public administration, rally support from key actors involved, engage with external stakeholders to better understand the problem to be tackled, and design the most suitable solutions. The effective management of limited resources within the CoG, as well as the ability to leverage intra-governmental co-operation requires that specific analytical, political and administrative skills be present in the CoG's leadership and staff (OECD, 2013a).

2.2 Building evidence to support change

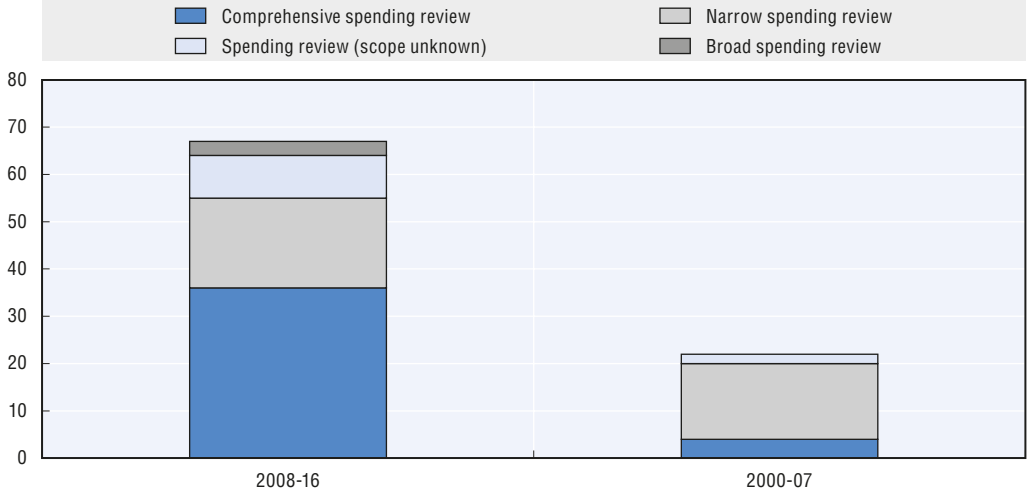
In order to steer the public administration, governments also need to be able to measure desired outcomes and monitor progress in achieving them. A focus on outcomes provides a useful measuring stick for assessing whether the current activities of government still support its strategic priorities. Previous waves of reform – as well as organisations' own propensities to add new responsibilities – can lead to growth in non-core activities that absorb resources that could be used for more pressing areas of action. A growing number of OECD countries use spending reviews to periodically assess whether the allocation

of resources in the public sector remains in line with the government's objectives. As countries move away from the crisis period, spending reviews have the potential to support productivity not only in terms of deficit reduction but also in terms of targeted investments to achieve priority outcomes.

Evidence collected by the OECD shows that the number and frequency of spending reviews have considerably increased since 2007. Twenty-two OECD countries reported having conducted at least one spending review over 2008-2016, compared to only five OECD member countries over the period 2000-2007 (see Figure 1.3). So far, new adopters tend to favour comprehensive rather than narrow spending reviews (see Chapter 6: Budgeting practices and procedures).

However, despite their growing popularity, only a few countries have information on the implementation of recommendations included in past spending reviews or on their fiscal outcome. Better tracking of spending review implementation and effectiveness thus represents an area for potential improvement.

Figure 1.3. **Total number of spending reviews in OECD countries, 2000-2007 and 2008-2016**



Source: 2016 OECD Survey of Performance Budgeting.

For more information see Government at a Glance 2017, Chapter 6: Budgeting practices and procedures

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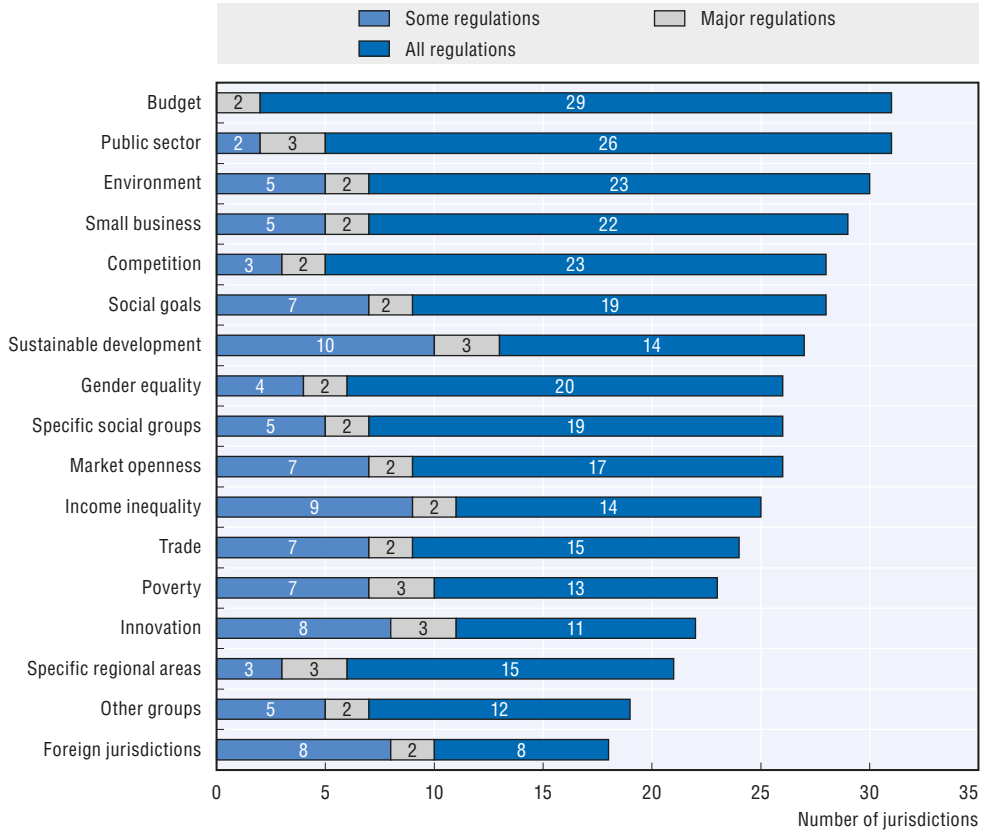
The use of impact assessment is also a widespread practice across OECD countries to help support evidence-based policy making and improve outcomes. This is best known in the area of regulatory reform. The *2012 OECD Recommendation on Regulatory Policy and Governance* defines regulatory impact assessment (RIA) as "a tool and a decision process for informing political decision makers on whether and how to regulate to achieve public policy goals". It recommends that countries adopt ex ante impact assessment practices that include cost and benefit analyses. These analyses should consider the welfare impacts of regulation, taking into account economic, social and environmental impacts including distributional effects over time (OECD, 2012). At the same time, the analytical approach used in RIA can help assess the impact of policy tools other than regulation, such as spending or tax measures. RIA facilitates the estimation of costs and benefits of different solutions to policy problems, assesses a range of different impacts of the proposed solution and identifies winners and losers. It underpins policy makers' decisions on whether or not regulation or a different

policy tool will likely be the best solution to address a policy problem, and describes the trade-offs and risks inherent in different options.

RIA can be applied to the analysis of policies' broad societal impacts that go beyond the mere economic assessment of the costs of a regulation (Deighton-Smith et al., 2016). The focus of formal requirements and guidance for conducting RIA has broadened over the past 10 years. Requirements to assess social, environmental and distributional impacts besides economic effects and costs are now an integral part of RIA in many OECD countries (see Chapter 8: Regulatory Governance). At the same time, economic impacts, e.g. on the budget, competition or the public sector are still more widely assessed than a number of social and distributional impacts, such as on gender equality, specific social groups or regional areas, income inequality or poverty.

Figure 1.4. **Assessment of impacts in RIA**



Source: OECD (2015b), *OECD Regulatory Policy Outlook 2015*, *http://www.oecd.org/gov/regulatory-policy/indicators-regulatory-policy-and-governance.htm*.

For more information see Government at a Glance 2017, Chapter 8: Regulatory governance

StatLink http://dx.doi.org/10.1787/888933531345

The practical implementation of this comprehensive assessment of different impacts seems to lag behind requirements. Social, distributional and environmental impacts are not always assessed systematically according to formal requirements. This points to a compliance issue to be addressed, but may also be due to a lack of methodological knowledge, guidance and suitable data to assess these impacts, which are usually only measurable with qualitative data and cannot be quantified or monetised. Training and capacity building within the public administration would help better harness the potential of RIA. Given

limited resources and time available to conduct comprehensive RIAs for all policy proposals, a selective approach could help focus capacities on those policies that are likely to have the greatest impacts on the economy and society.

Finally, policy makers need to ensure that RIA is used to support evidence-based policy making rather than policy-based evidence making. The use of RIA needs to go beyond a procedural approach that views it as a "tick-the-box" exercise. The results of RIA should enable policy makers to make informed decisions about the policy options available to them rather than serve as a legitimisation tool that provides arguments for decisions that have already been taken (OECD, 2015b).

New sources of evidence are constantly being developed, including through big data, crowdsourcing, scientific research, and programme experimentation. The OECD is looking at how governments collect evidence and advice in order to transform it into forms that are timely, coherent, adapted, and usable to policymakers.

2.3 Strenghtening capacities of civil servants to act on evidence

A clear and strategic vision, combined with the collection and analyses of robust evidence may not be conducive to effective change if it is not complemented with additional efforts to support the capacity of civil servants to take concrete actions to deliver better outcomes. Public management oriented towards action and continuous change requires an evolution of the working culture in government to leave more space for risk taking and experimentation, as well as to promote employee engagement and well-being, which are more conducive to innovation.

The OECD has been working on identifying some of the key characteristics of professional, strategic and innovative civil service (see Figure 1.5). A common feature of innovative organisations is their acceptance of experimentation and learning through trial and error. The challenge, for public sector organisations in particular, is to find ways to enable experimentation while mitigating the risks that will be borne by society as a whole. An associated challenge is finding ways to reward public servants who undertake well-structured experimentation, even when it does not succeed.

Motivating professional public servants to be innovative requires careful consideration of the range of incentives and disincentives that operate simultaneously within an organisation. These can include extrinsic factors such as the way that pay is structured and the way promotions are granted. It can also include the quality of relationships among staff and management, the way teamwork is used and effort is recognised. Intrinsic motivation can be affected by making staff aware of the impact of their work – how close they are to the beneficiaries of the policies that they develop, how they see value created as a result of their ideas and their labour.

To be innovative, professional public services must also have the right skills to apply to the problems they are being asked to solve. Employees who feel less capable to complete tasks will be less motivated to undertake them, while those with new skills will be keen to put them to use. Some of these skills are likely related to specific technical abilities, such as the ability to understand and manipulate big data sets or the ability to manage prototyping or experimental approaches to service design. Other skills include the ability to make connections between ideas that are not apparent, to ask the right questions and network with the right people. Acquiring and reinforcing these skills in the public sector workforce likely entails thinking about employee and workforce development in new and creative ways.

Figure 1.5. **Towards a professional, strategic and innovative civil service**

	Professional	Strategic	Innovative
Needs Civil Servants who are:	• Qualified • Independent • Values-driven • Ethical	• Outcomes-driven • Evidence-based • Future-oriented, • Proactive • Networked	• Iterative • Data literate • Citizen centred • Curious • Storytellers • Insurgent
In a civil service which is:	• Merit-based • Capable of integrating soft skills, ethics, talent management (future potential vs past performance), • Able to structure the right balance of generalist and specialist professions and career paths	• Agile • Attractive to skilled job seekers • Planned and managed to ensure the right skills and competencies are effectively allocated to areas of current and emerging need • Future-oriented and responsive	• Open and collaborative cultures, leadership and management • Engaged • Autonomous (e.g. work design) • Mobile • Diverse • Learning oriented
Led by SCS who are:	• Trusted policy advisors and effective transactional managers	• Transformational leaders, change managers	• Collaborative leaders, and adaptive managers

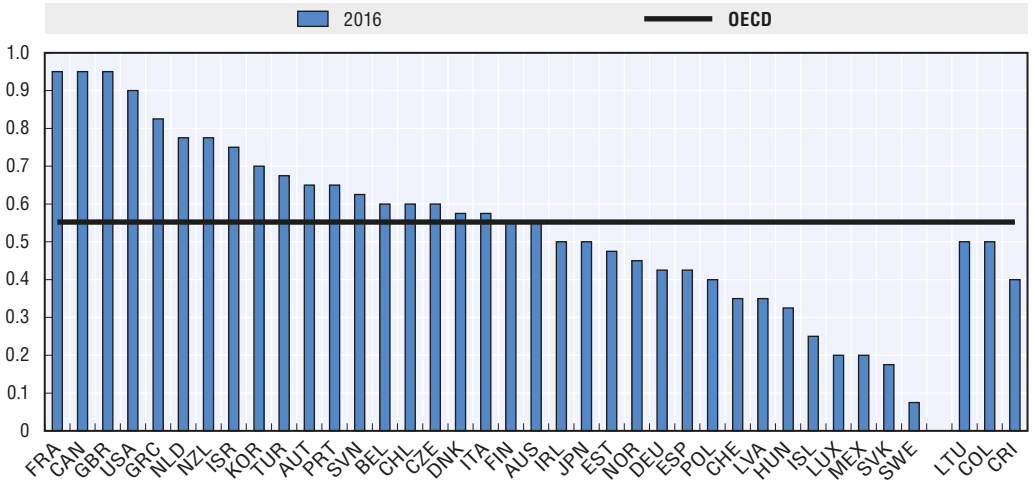
Source: OECD

Monitoring employee engagement, notably through regular employee surveys, can be useful for driving change and identifying actions that can best support innovation and performance at the organisation, division and unit levels. Evidence shows that employee engagement, beyond being an end unto itself, is linked to making public workplaces more diverse and attractive in a competitive labour market, and provide a critical input for evidence-based human resource management. 19 countries in the OECD conduct centralised employee surveys across the full central public administration at regular intervals. Conversely, only five countries report not using employee surveys at all (OECD, 2016e, see Government at a Glance 2017, Chapter 6: Human resource management).

Innovation and experimentation – the foundations for an adaptable public sector – also require room for public administrations to make mistakes and to quickly correct upon those mistakes. The key issue is to recognise that innovation requires risk taking and that entrepreneurship will invariably lead to some failures. In recent years, there has been a significant growth in the type and number of organisations and structures dedicated to supporting innovation in the public sector (OECD, 2017c). These are known variously as teams, units, labs or networks. In 11 OECD countries, these structures provide the space for experimentation, thus creating a safe environment for risk taking (see Government at a Glance 2017, Chapter 11: Innovative and digital government).

The senior civil service is best positioned to influence this change of culture and values in various public organisations and policy sectors to achieve shared outcomes. Under certain conditions, they can have a positive effect on the performance, motivation and satisfaction of their teams (Orazi et al., 2013). The development of a senior civil service, which is generally done through centralised programmes and managed as a whole across agencies, is a clear trend in OECD countries. These groups of women and men work in positions of great influence, and bridge the political and the administrative spheres to achieve results in an efficient, effective and legal manner. Employment frameworks and training programmes can support a more proactive role for the senior civil service in stimulating innovation in the public sector.

Figure 1.6. **Extent of the use of separate human resources management practices for senior civil servants in central government, 2016**



Source: OECD (2016) Strategic Human Resources Management Survey

For more information see Government at a Glance 2017, Chapter 6: Human resource management

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As new challenges arise in a context of increasing digitalisation and public sector innovation, leaders are asked to assume different roles in order to manage the growing complexity of the public policy process (Rosenbaum, 2002). For example, the greater involvement of citizens and civil society organisations in the co-production of public policies calls for the development of leadership skills at lower levels to manage teams or networks (Orazi et al., 2013) and highlights the importance of the ability of senior leaders to exercise horizontal and collaborative leadership (Wart, 2013).

Aligning performance management systems for the senior civil service with organisational objectives is crucial for delivering outcomes. Ideally, performance accountability regimes for the senior civil service should help translate the outcomes that are identified in strategic planning and budgeting into implementable objectives for senior leaders, and provide them with the guidance to set corresponding individual strategic planning and performance management objectives. Administrations face a dual challenge: to align senior civil service performance objectives and incentives to support complex organisational objectives, while creating the conditions for the senior civil service to be capable of adjusting to changes in context and political guidance that cannot always be anticipated. All of this while bringing new stakeholders into the public policy sphere.

2.4. Example of an innovative approach to policymaking: Behavioural insights

A useful example of incorporating innovation into working methods is through the use of behavioural insights (BI). While policies often assume behavioural responses based on theoretical explanations, a behavioural insights approach can test these hypotheses based on real life or laboratory experiments to ascertain what the responses to various policy solutions will actually be. As a result, the use of BI may provide innovative solutions that enhance the public administration's capacity to address complex problems. This evidence-based approach to policy making takes an inductive approach that is based on different kinds of experiments, including randomised control trials, pilot tests, and laboratory, online or natural experiments. Based on the results, BI identify patterns of

behaviour and thus replaces and challenges long-held assumptions on what is thought to be rational behaviour. BI use a mix of traditional economic strategies and insights from psychology, cognitive science and other social sciences. They tackle directly the behavioural biases that often prevent government interventions from achieving the expected results (OECD, 2017a, see Government at a Glance 2017, Chapter 8: Regulatory governance). .

BI are gaining popularity among governments as a useful tool to create new, relatively simple and particularly effective solutions (see Box 1.2 for an example from the United Kingdom). The OECD (2017a) has recently published a collection of case studies of the application of BI including cases from 23 countries and various policy areas such as consumer protection, education, energy, environment, finance, health and safety, labour market, public service delivery, taxes and telecommunications.

Box 1.2. **Using social norms to reduce the over-prescription of antibiotics in the United Kingdom**

Public Health England, an executive agency of the Department of Health, and the UK Behavioural Insights Team (BIT) employed randomised control trials between September 2014 and March 2015 to test whether social norms messaging can help to reduce the over-prescription of antibiotics. The intervention aimed at lowering the risk of antimicrobial resistance caused by high antibiotics consumption, which leads to higher mortality and morbidity rates, as well as increased health sector costs. The main concept behind the approach is that the perception of the behaviour of others in a specific situation influences people's own behaviour. For example, informing people that a beneficial behaviour is more widespread than they assume may motivate them to also engage in that behaviour. Similarly, knowledge that their own behaviour is uncommon may lead people to change their behaviour.

The method tested the effect of two different kind of treatments to examine the impact of social norms feedback on general practitioner practices' prescription rates for antibiotics. Based on publicly available data, the practices with the top 20% of antibiotics prescription rates were identified. The approach randomly assigned these practices into a treatment and a control group. The treatment group received a letter from England's Chief Medical Office in September 2014 stating that the practices' prescription rates for antibiotics was above the rates of 80% of practices in its local area, whereas the control group did not receive any communication. Subsequently, the trial randomly re-assigned practices into new treatment and control groups. In December 2014, practices in the treatment group received patient-focused information promoting reduced use of antibiotics, while the control group did not receive any communication.

One of the treatments had a significant effect on antibiotics prescription rates. Over the trial period of six months, doctors who received the letter about their own high prescription rates significantly reduced their antibiotics prescriptions – by 3.3% – compared to the control group. If the method had been applied nationally to all practices with high prescription rates, the estimated reduction in prescribed antibiotic items lie at 0.85%. Moreover, the cost of the intervention was low at GBP 4,335, while estimated savings in direct prescription costs are close to 100,000 GBP. The distribution of patient-focused information had no significant effect.

Source : OECD (2017a)

On the basis of the case studies collected, the OECD recommends several steps countries can take to broaden and reinforce the use of BI for public policy making:

- Broaden the application of BI from a focus on individual behaviour to the processes governing the work of public organisations, as well as to the behaviour of regulated firms (e.g. capital markets/banks; energy consumption for large industrial firms; means of transportation used by big business, etc.). Governments may also consider behaviourally informed policy solutions that are tailored to the needs of only a part of the population.
- Use BI across the policy cycle. Behavioural insights are most frequently used late in the design of policy. There is great potential to also apply BI to evaluate the effectiveness of policies and in the early design stage of policies to better understand the problem to be addressed.
- Develop capacity, consistent methodologies and quality control processes for the application of BI. This includes the development of processes to determine when a policy problem can be addressed through BI (and when not), internal capacity building within the public administration through information and training programmes, investment in the collection of robust data and information to ground behavioural interventions in solid evidence, and encouraging efforts to validate experimental results through replication and the application of identified solutions in diverse contexts.
- Monitor the impact of BI approaches to identify short-term and long-term effects.
- Enhance the transparency and accountability of the use of BI by publishing both successful and unsuccessful applications and disclosing information about the actual costs and benefits of applying behavioural insights. This helps to address ethical concerns about the use of BI and enhances the credibility and public acceptance of the tool.

3. A more purposeful and innovative approach to change is built on transparency and participation

The best technical elements for public sector decision making and implementation will not lead to better policies if safeguards are not in place to ensure that decision making is independent and that checks against undue influence exist both inside and outside government. Even legitimate advocacy channels can be abused to capture policy-making and implementation processes if they are used in a non-transparent and exclusive manner, or if they are only accessible to well-connected groups or individuals (OECD, 2017d). In addition to specific integrity policies at the organisational level, the interplay of three broad, mutually reinforcing strategies can help prevent and address the risk of policy capture: (1) levelling the playing field (stakeholder engagement and participation), (2) enforcing the right to know (transparency), and (3) promoting accountability (notably through competition authorities, regulatory agencies and supreme audit institutions). This year's edition of *Government at a Glance* contains a number of indicators that help inform these strategies.

3.1 Stakeholder engagement and participation

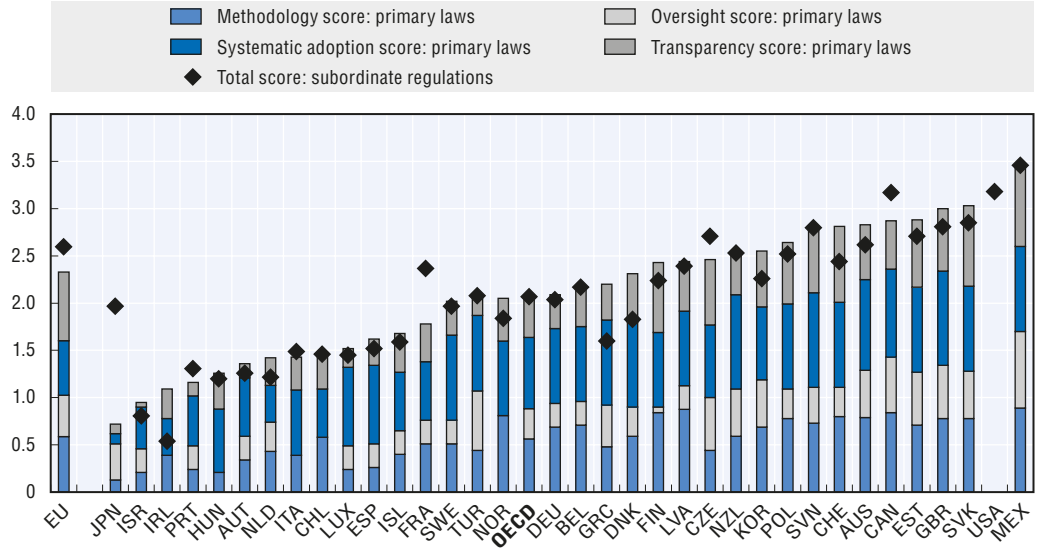
Stakeholder engagement and participation increase the likelihood that policy outcomes are delivered for the many and not just the few (OECD, 2017d). Actively engaging stakeholders in the policy-making process, budget execution and the monitoring of service delivery can help guide and ensure the effective implementation of reforms.

OECD countries are paying increasing attention to various ways to engage stakeholders in designing, implementing and reviewing policies and regulations. However, evidence collected by the OECD suggests that there are still important differences across countries in the extent to which stakeholder engagement is used to inform policy making (see Figure 1.7). In addition, stakeholders are usually consulted at a late stage, when a draft regulation or policy already exists, rather than in early stage discussions on the nature of a problem and possible solutions (OECD, 2015b, see Chapter 8: Regulatory governance).

There is increasing evidence that collaboration with citizens and service users can help tackle service failure and drive innovation. Likewise, accountability and evaluation can be strengthened through engagement and participatory mechanisms. However, often citizens and service users are not able or willing to gather together as an interest group. This considerably lowers the probability that their diffuse interests will be heard in policy making, and may lead to biased public decisions favouring those interests that managed to mobilise collective action. In this case, governments may want to explore innovative solutions that lower the cost of engagement and participation, such as promoting the use of social network applications to reach out to those individuals and help them voice their concerns and interests.

In addition, stakeholders need to be educated on how to engage with government to increase the likelihood that their voice is heard. This can be achieved by providing information on when and why they have a chance to influence governments' decisions. Strengthening civic education at a young age can also help strengthen engagement and participation in the policy making process (Print and Lange, 2013).

Figure 1.7. **Stakeholder engagement in developing regulations, 2014**



Source: OECD Indicators of Regulatory Policy and Governance (iREG)

For more information see Government at a Glance 2017, Chapter 8: Regulatory governance

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Governments must also create the conditions for increased trust in the engagement process by providing sufficient feedback and preventing consultations from being captured by strong lobbying groups and special interests. Doubts about whether stakeholder engagement activities are actually meeting their goals continue to raise serious concerns and may limit

their effectiveness. These concerns create a case for assessing and measuring the success of the engagement efforts. However, few countries have developed robust methodologies to evaluate the results from consultations conducted online and via social media, including in the area of risk prevention and communication (OECD, 2016d).

3.2 Transparency in policy making

Transparency in policy making is necessary to prevent and address risks of policy capture. Asset declarations for public officials are commonly used in OECD member countries to monitor potential conflicts of interest. Evidence presented in *Government at a Glance 2015* (Chapter 7: Public sector integrity) shows that there are still variations across countries in the scope and breadth of asset declaration requirements and reviewing mechanisms. Within countries, there are also important differences across government branches, seniority levels and policy sectors, with public officials operating in "at-risk areas" such as public procurement, taxation or customs having more stringent requirements. As regulations and monitoring mechanisms continue to develop with regards to asset declarations, the need to maintain the right balance between public disclosure and the right to privacy of public officials will become more and more prominent.

In addition, a sound framework for transparency in lobbying is crucial to safeguarding the public interest and promoting a level playing field (OECD, 2017d). More countries have introduced lobbying regulations since 2008 than in the previous sixty years (OECD, 2014c). Codes of conduct and lobbying registers are two important tools used in a number of OECD countries to monitor more closely and increase the transparency of the policy advocacy process.

However, despite sustained efforts to more closely monitor lobbying practices, evidence suggests that there are still gaps in implementation and shortcomings in compliance and enforcement strategies. The latest OECD report on *Lobbyists, Governments and Public Trust: Implementing the OECD Principles for Transparency and Integrity in Lobbying* highlights that enforcement of integrity standards and codes of conduct remains relatively weak, and that most lobbyists surveyed by the OECD indicated that there were either no sanctions for breaching standards or codes of conduct or, if there were, and that they were not compelling enough to deter breaches.

3.3 Accountability and control

External and internal audit mechanisms are crucial for safeguarding integrity in public policy making and ensuring the effective allocation of resources. The *2017 OECD Recommendation on Public Integrity* emphasises the crucial role of external oversight and control bodies in promoting accountable public decision making. It notes that the capture risks of laws and policies can be mitigated through effective oversight by supreme audit institutions (SAIs), which can monitor and hold accountable public sector actors.

Effective internal control systems and risk management activities are also critical, particularly in high-risk areas, such as financial management, information technology and public procurement. In a number of OECD countries, centralised internal audit functions with dedicated strategic integrity objectives have been created to oversee the fairness of public policy making across policy sectors and governmental organisations (see Chapter 7: Public sector integrity). Having a central internal audit function, particularly one that includes integrity among its strategic objectives, can strengthen the coherence of the government's response to integrity risks.

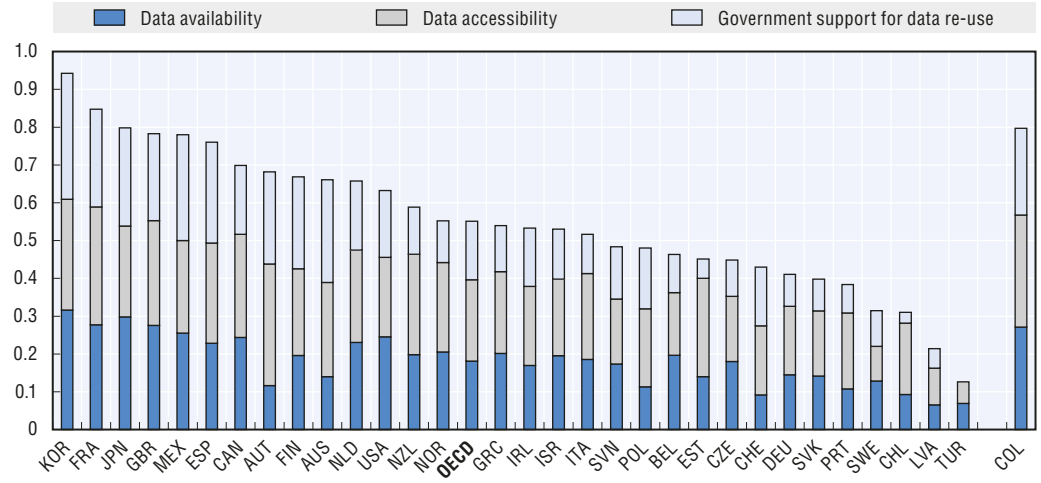
3.4 Open government data

Technology is having a profound impact on government openness. Over the past twenty years, rapid technological progress has led to a significant increase in the amount of data collected and produced in societies, including by government organisations. This helps make more information available for the purpose of government accountability. It also provides a wide range of users, both outside and inside government, with the tools to participate in policy discussions and generate value from this wealth of data.

The proactive release of open government data (OGD) is transforming public services in health care, education, transport, security and the environment (pollution, waste management) at the national and subnational levels. It contributes to better policy making by making data and evidence available across government departments and ministries, thus helping to break down silos. It also empowers businesses and civil society to contribute more actively to policy making. The proliferation of mobile phone applications using geospatial data is just one example of how data empower citizens and businesses by improving access and generating new services.

The OECD's OURdata Index 2016 measures government efforts in promoting data availability and accessibility and in stimulating data re-use outside and inside government. Based on the International Open Data Charter (IODC) and on the framework developed by the OECD, countries such as France, Great Britain and Korea are particularly advanced in their efforts to promote OGD to generate socio-economic impact. By contrast, Turkey has yet to introduce and implement some of the best practices identified at the international level with regards to OGD (see Chapter 10: Open government).

Figure 1.8. **Open-Useful-Reusable Government Data Index (OURdata), 2017**



Source: 2016 OECD Survey on Open Government Data

For more information see Government at a Glance 2017, Chapter 10: Open government

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This year's OURdata Index highlighted a number of key findings:

- Proactive support for the re-use of OGD could be strengthened: Governments have put a great deal of effort into setting up the formal requirements for disclosing a large quantity of datasets in open, unrestrictive and re-usable formats. However, few governments have a proactive approach to encouraging the re-use of data both outside the public sector

(through data awareness initiatives, hackathons and co-creation events) and inside the public sector (via information sessions and regular trainings to civil servants).

- Implementation gaps in late adopters of OGD policies and practices: A number of recent reformers in the area of OGD have yet to implement some of the policies introduced, for example, the Czech Republic, Latvia, the Slovak Republic and Slovenia,. By contrast, early reformers, such as Canada, France, Korea, the United Kingdom and the United States, have implemented their policies to a larger extent, in particular with regard to data availability and accessibility on a central/federal data portal.
- Consultation with stakeholders is commonly used to inform OGD policies, but few countries have put in place platforms where users can play an active role in monitoring the quality and increasing the completeness of available data.
- Few countries closely monitor the economic and social impact of OGD as well as its impact on public sector performance and productivity. Monitoring impact is necessary to support continuous improvement and better understand the impact of OGD reforms.

The OECD is looking at how countries can promote productivity and policy effectiveness through further re-use of data, but as the technological frontier expands, new issues are arising as to whether it is sufficient to make public datasets open or whether how that data is used – including through computer algorithms operated by governments and by service delivery partners – should also be more transparent as well.

4. Looking beyond national borders: the case for international regulatory co-operation

The most complex problems that countries face today transcend national borders. The threats posed by climate change, health epidemics, terrorism, tax evasion, illicit financial flows, as well as social and economic crises all have global causes and effects. More than ever, countries need to co-ordinate their approaches to address common challenges, manage global goods and ensure shared prosperity and security. International regulatory co-operation (IRC) provides an approach to more effectively address wicked problems that extend beyond national borders. This is recognised in Principle 12 of the *OECD Recommendation on Regulatory Policy and Governance* (OECD, 2012).

There is a wide range of instruments for international regulatory co-operation. The OECD (2013c) identifies 11 different mechanisms ranging from the harmonisation of rules and laws across countries to treaties and agreements, joint standard setting and mutual recognition agreements, and more informal tools such as soft law instruments like principles or guidelines and informal dialogue and information exchange. Governments usually use a combination of different tools to engage in IRC.

Successful cases show that there are great benefits to be reaped from IRC (see Box 1.3). At the same time, there is room for a more systematic application of IRC as part of good regulatory practices and for mainstreaming IRC into policy making processes. Guidance could be developed to help countries better understand when IRC may provide promising solutions to policy problems, as well as the benefits, costs and challenges of different IRC mechanisms.

International organisations (IOs) play a crucial role in promoting IRC. There is great diversity in the governance of IOs and in the ways in which they set international norms and standards. Most organisations focus to a large extent on non-legally binding

policy instruments and operate as a platform for developing guidance and exchange of information. IOs are most actively involved in the planning, design and development of international rules and standards, and collect inputs and feedback from stakeholders. Only a few IOs systematically track the implementation of their instruments or evaluate their policy outcomes. This is essentially due to methodological problems, a lack of resources and mandates, which generally accord this responsibility to members. Greater efforts in developing a culture of evaluation of IO instruments, and further co-ordination between IO secretariats and their constituency is crucial to increase the amount of evidence on the effectiveness of IO action for more effective international regulatory co-operation (OECD, 2016a).

Box 1.3. **Harmonisation of chemical safety tools and policies through the OECD's Environment, Health and Safety Programme**

OECD countries have comprehensive regulatory frameworks for preventing and/or minimising health and environmental risks posed by chemicals. These frameworks ensure that chemical products on the market are handled in a safe way, and that new chemicals are properly assessed before being placed on the market. However, different national chemical control policies can lead to duplication in testing. They may also create non-tariff or technical barriers to trade in chemicals; discourage research, innovation and growth; and increase the time it takes to introduce new products on the market.

The Mutual Acceptance of Data (MAD) system developed through the OECD's Environment, Health and Safety (EHS) Programme helps to minimise unnecessary divergences across regulatory frameworks and facilitate work-sharing by governments. Established in 1981, the MAD system is comprised of three OECD Council Decisions that are binding for all OECD countries and non-OECD adherents. They require the mutual acceptance of data on chemical safety generated according to OECD standards in any member country. Furthermore, regular meetings of government representatives and experts from the private sector and civil society in the context of the EHS Programme facilitate the development of new instruments, guidance documents and databases that support the harmonization of chemical programmes and facilitate work sharing.

The MAD system facilitates the reduction and avoidance of non-tariff trade barriers due to varying regulatory requirements. It also enables burden sharing in the testing of chemicals across member countries, which creates economic efficiencies and allows for better risk management, as the effects of chemical use may transcend national borders. The EHS Programme provides a platform for international exchange on technical and policy information that feeds into the development of new policies on chemical safety and helps to further streamline regulatory frameworks.

A 2010 OECD study estimates the net annual savings generated through the EHS Programme at 153 million Euros. Savings are mainly due to the redundancy of repeated testing in different countries and the use of standard formats for documentation and assessments. Furthermore, this estimate does not take into account important non-quantifiable benefits of the Programme, including health and environmental gains from better evaluation of chemicals, the avoidance of delays in marketing new products, and the bundling of expertise to develop more effective methods for assessing chemicals.

Source : OECD (2013b)

Conclusion

Public sector reform – while an important tool – is increasingly subject to the fragmenting forces of the modern world. It remains to be seen whether traditional reform strategies can be replaced by new approaches built around outcomes, measures and evidence, and working methods that allow for constant experimentation, adjustment and innovation. Countries' ability to adapt to an ever-changing world depends to a large extent on their ability to mobilise the machinery of government and the human capital within their public institutions. Strong leadership from policy makers and the CoG is crucial to ensure effective co-ordination and implementation across policy sectors, and to make sure that evidence-based reforms truly benefit all. Insights from a number of new working methods, such as systems approaches and behavioural sciences, can support new ways of working, drawing on the benefits of new technologies. An essential element of adaptability, however, is the capacity and willingness of governments to take risks, learn from the results, and adjust accordingly.

Laws and standards can support important enablers and drivers of change such as integrity, evidence-based policy making and openness, but experience also shows that, on their own, they might be insufficient for cultivating sustained adherence to values. The participation of citizens in policy making and co-delivery of services will need to be complemented and reinforced by resources such as open government data, as well as by awareness-raising initiatives such as those targeting youth in schools to embed values of civic participation and integrity. Strengthening the capacity of civil servants to act on the wealth of evidence produced through effective leadership from the top, culture change and regular training is also a key enabler of continuous change. Engaged civil servants are also more likely to embrace this culture of innovation, which means that greater consultation with staff is needed to support long-lasting change. Recent work carried out by the OECD on employee engagement addresses these issues.

Finally, evaluating the public sector results and communicating them to the general public is of crucial importance, particularly when a large portion of citizens no longer trust public authorities. Continuous change depends on the willingness of citizens and stakeholders to participate in public dialogues about the objectives of government, what is being done to achieve them, what are the results, and to reach a consensus on policy alternatives. Systematically publishing the results from policy evaluations and publicly announcing positive outcomes of government policies, including through social media platforms, can also support greater social cohesion, stimulate public policy debate and build tolerance for risk-taking, ultimately strengthening the ability to effect change.

Note

1. The term centre of government refers to the administrative structure that serves the Executive (President or Prime Minister, and the Cabinet collectively). It has a great variety of names across countries, such as General Secretariat, Cabinet Office, Chancellery, Office/Ministry of the Presidency, Council of Ministers Office, etc. In many countries the CoG is made up of more than one unit, fulfilling different functions. A unit that is shared by virtually all centres of government is the unit that serves specifically the head of the government. This too has a variety of names, such as the Cabinet of the Prime Minister or the Private Office (OECD, 2013a).

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2. PUBLIC FINANCE AND ECONOMICS

General government fiscal balance

The fiscal balance is the difference between general government revenues and expenditures showing how much in a given year government spending is financed by the revenues collected. A surplus occurs if, in a given year, government collects more revenues that it spends. Conversely, when the government spends more than it receives in revenues, there is a deficit. Consecutive deficits will lead to increasing debt levels and consequently to higher interest payments.

Overall fiscal balances among OECD countries have continued to stabilize following the international financial crisis. As the pressure for fiscal consolidation that accumulated at the outset of the crisis continues to subside, fiscal balances have improved: among OECD countries, the average balance in 2015 reached -2.8% of GDP, improving from the low of -8.4% in 2009. In 2015, Norway had the largest fiscal surplus, reaching 6% of GDP in tandem with the country's fiscal rules, followed by Luxemburg (1.4%), Korea (1.4%), Turkey (1.3%) and Chile (1.1%). In contrast, the largest fiscal deficit was in Greece (5.9%), as growth continued to falter, followed by Spain (5.1%), Portugal (4.4%), the United Kingdom (4.3%) and the United States (4.2%).

As for 2016, fiscal balances ranged from a -4.5% deficit in Spain to a 17.2% surplus in Iceland. Fiscal consolidation in Greece has yielded a surplus of 0.7% of GDP for the first time after reaching a trough in 2009 of 15.1% deficit of GDP. Iceland's large surplus was the product of extraordinary revenues stemming from estate contributions from banks involved in the country's financial crisis, which amounted to a 52% increase of overall fiscal revenues.

The primary balance – that is, the overall fiscal balance excluding net interest payments on public debt – is a particularly important feature of short-run sustainability, as it illustrates to what extent a government can honour its obligations without incurring additional debt. Side by side with net interest payments for debt servicing, which constitute an inflexible part of public budgeting, the primary balance provides a clearer picture of the state of fiscal management in a country.

In 2015, of the 2.8% of GDP deficit on average for OECD countries, 2% of GDP represented net interest payments, which resulted in an average primary balance of -0.8% of GDP. The largest primary deficit in 2015 was in Japan (3.1%), followed by Greece (2.6%), Finland (2.5%), Spain (2.4%) and the United Kingdom (2.3%), while the largest primary surpluses were in Norway (3.1%), Iceland (2.9%) and Turkey (2.9%). Net interest payments were the highest in Portugal (4.2%), Italy (4%), Iceland (3.8%) and Greece (3.4%). Also, from the available information for 2016, Iceland had the largest primary surplus among OECD countries with 20.6% of GDP, a consequence of the aforementioned increase in extraordinary revenues, and Greece registered a primary surplus of 3.8%, while the largest increases in net interest payments as a share of GDP between 2015 and 2016 were for Finland, Norway and the United Kingdom (0.1 p.p. for each).

For OECD accession countries in 2015, Colombia had the largest deficit, with 3.2% of GDP in 2015, followed by Costa Rica (1.5%) and Lithuania (0.2%).

Methodology and definitions

Fiscal balance data are derived from the *OECD National Accounts Statistics* (database), based on the *System of National Accounts* (SNA), a set of internationally agreed concepts, definitions, classifications and rules for national accounting. The updated 2008 SNA framework has been now implemented by all OECD countries (see Annex A for details on reporting systems and sources). Using SNA terminology, general government consists of central government, state government, local government and social security funds. Fiscal balance, also referred to as net lending (+) or net borrowing (-) of general government, is calculated as total government revenues minus total government expenditures. Revenues encompass taxes, net social contributions, and grants and other revenues. Expenditures comprise intermediate consumption, compensation of employees, subsidies, property income (including interest spending), social benefits, other current expenditures (mainly current transfers) and capital expenditures (i.e. capital transfers and investments). The primary balance is the fiscal balance excluding net interest payments on general government liabilities (i.e. interest payments minus interest receipts). Gross domestic product (GDP) is the standard measure of the value of goods and services produced by a country during a period.

Further reading

OECD (2015), *National Accounts at a Glance 2015*, OECD, Paris, *http://dx.doi.org/10.1787/na_glance-2015-en*

Statistics Iceland (2017), "General government finances 2016", Statistics Iceland, Reykjavik, *http://www.statice.is/publications/publication-detail?id=57984*

Figure notes

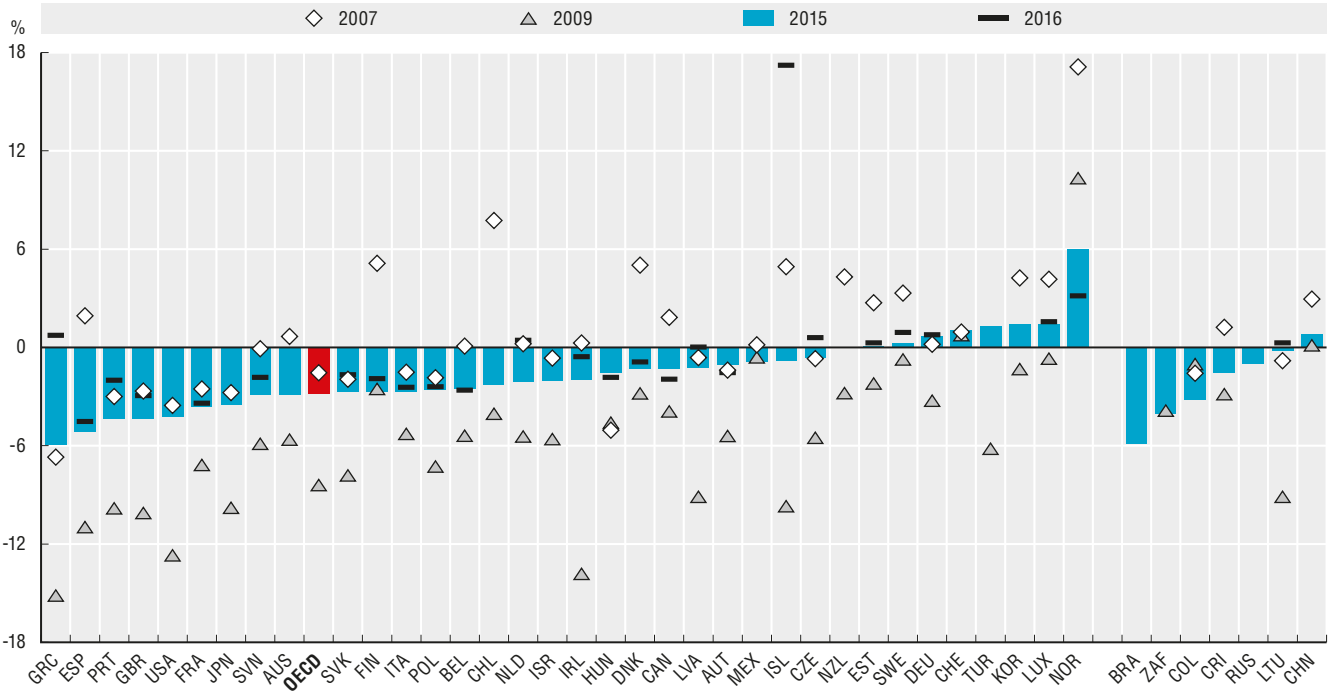
Data for Brazil, Costa Rica and South Africa are for 2014 rather than 2015.

2.1: Data for Chile and Turkey and are not included in the OECD average because of missing time series or main non-financial government aggregates. Data for China and Russia are for 2014 rather than 2015.

2.2: Data for Chile are not available. Data for Turkey and are not included in the OECD average because of missing time series. The value of the primary balance for Iceland of 20.6 of GDP in 2016 is not displayed in the graph.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

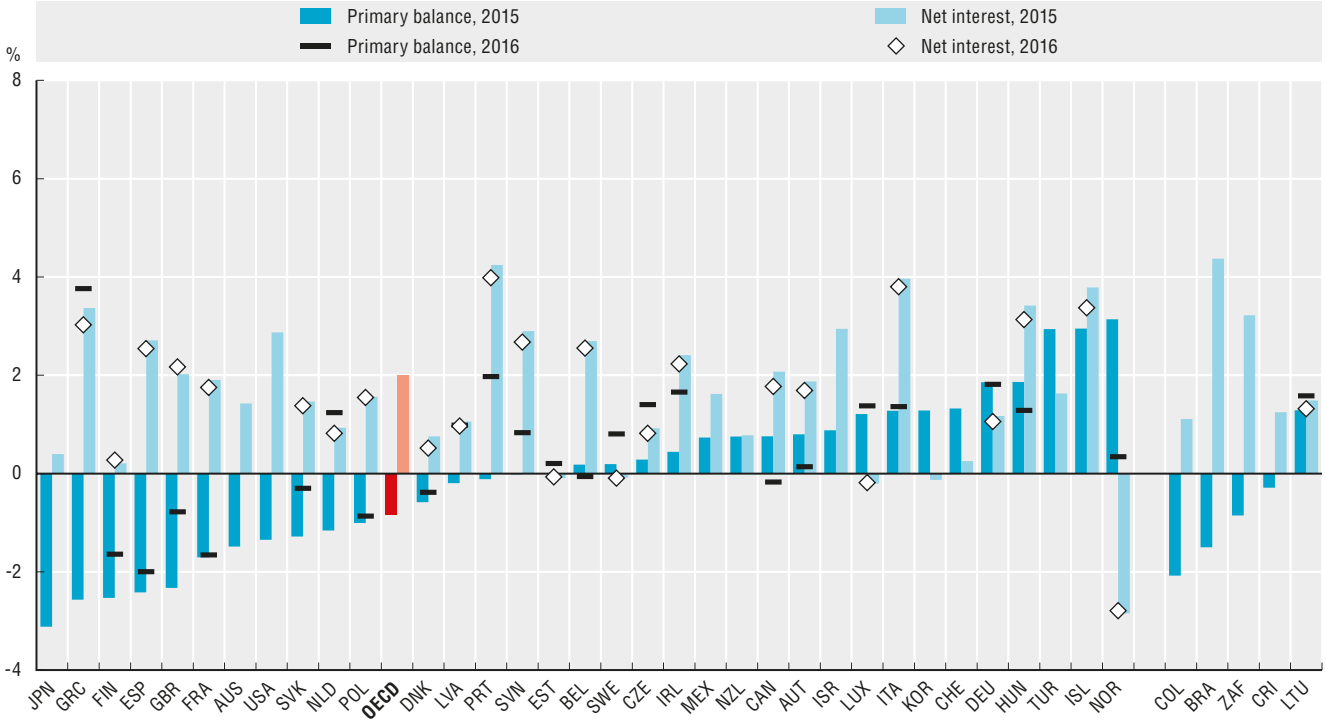
2.1. General government fiscal balance as a percentage of GDP, 2007, 2009, 2015 and 2016



Source: OECD National Accounts Statistics (database). Data for the other major economies of India and Indonesia are from the *IMF Economic Outlook* (April 2017).

StatLink http://dx.doi.org/10.1787/888933531364

2.2. General government primary balance and net interest spending as a percentage of GDP, 2015 and 2016



Source: OECD National Accounts Statistics (database).

StatLink http://dx.doi.org/10.1787/888933531383

General government net saving

Net saving arises, and accrues over time, when revenues exceed expenditures without taking into account capital expenditures, such as public investment, transfers to publicly-owned enterprises or transfers to financial institutions (for instance, rescuing them during the financial crisis).

Government net saving is also associated with the "golden rule" concept, whereby government current revenues should, on average, cover current expenditures during the course of an economic cycle. Following this rule can help fiscal balances from becoming unsustainable and compromising long-term growth to the extent that any deficit-financed capital expenditure is invested in carefully-evaluated, growth-promoting investment.

For 2015, OECD countries on average reached a net saving of -2.2% of GDP, improving from -6.2% in 2009, but not yet reverting to the pre-crisis level of -0.1% in 2007. Spain had the largest negative net saving in 2015, amounting to -5.2% of GDP. Conversely, Norway had the highest positive net saving, reaching 7.7% of GDP.

With the available data for 2016, eight of the thirty four OECD countries had positive net saving in 2016; from those Iceland (19.2%), Norway (5.1%), Luxemburg (3.7%), Sweden (2.3%), Estonia (1.7%) and Germany (1.2%) reported the highest figures. The largest negative net saving for this year was in Spain (-4.6%), Portugal (-3.4%), France (-2.6%), Belgium (-2.4%), the Slovak Republic (-2.3%) and Italy (-2%).

Comparing 2015 to 2007, the last year before the financial and economic crisis broke, the largest changes in net saving happened in Norway, decreasing from 18.3% of GDP in 2007 to 7.7% but remaining positive in 2015; Spain had the second-highest change in this period, from 5.2% of GDP positive net saving in 2007 turned to negative 5.2% in 2015. Linking net saving in 2015 to that of 2009, Greece had the largest reduction in net saving, going from -13.2% to -4%, followed by Ireland with a reduction in net saving from -9.1% to -0.6%, and Iceland, which increased net saving from -6.6% to 1.5%.

Net borrowing, or lending, is equivalent to net saving when the capital expenditures are taken into account. As a result, differences between the two balances could show either investment expenditures or an outflow of capital transfers. On average across OECD countries the deficit (net lending/borrowing) was 0.6 p.p. higher than the net savings in 2015. The largest negative differences occurred in Greece (2 p.p.) and the United Kingdom (1.5 p.p.). In the case of Greece the difference is partly due to capital transfers (0.9% of GDP) mainly explained by the bank capitalization that took place on that year. In the case of the United Kingdom, where a similar pattern is observed, it partially corresponds to some outstanding support to banks in the form of cash outlays. According to the 2016 data the situation of both countries is evolving, while in Greece the difference between net lending/borrowing almost balanced due to a positive net capital transfer (1.4% of GDP) it decreased slightly in the United Kingdom (1.4 p.p.). Yet, in the case of the latter the size of the net capital transfers remained constant (0.5% of GDP).

Methodology and definitions

Data are derived from the *OECD National Accounts Statistics* (database), based on the *System of National Accounts* (SNA), a set of internationally agreed concepts, definitions, classifications and rules for national accounting. The updated 2008 SNA framework has been now implemented by all OECD countries (see Annex A for details on reporting systems and sources). Government net saving represents current revenues minus current expenditures including depreciation. In the case of gross saving, the costs of depreciation have not been deducted from current expenditures. Gross saving plus net capital transfers (i.e. capital transfers received minus paid) minus government investments (i.e. gross capital formation and acquisitions less disposals of non-produced non-financial assets) equals the fiscal balance of net lending/borrowing. (For additional information on government fiscal balance, see the "methodology and definitions" section of this indicator). In this respect, net lending/borrowing reflects the fiscal position after accounting for capital expenditures: net lending, or government surplus, means that government is providing financial resources to other sectors, whereas net borrowing, or government deficit, signifies that government on balance requires financial resources from other sectors to finance part of its expenditures. As compared to net lending/borrowing, net saving has the advantage of avoiding possible one-off distortions coming from extra-ordinary and possibly very large capital transfers. It also avoids putting too much pressure on government investments in times of austerity programmes and increasing deficits. Figure 2.5, Net capital transfers as percentage of GDP is available online in Annex F.

Further reading

OECD (2015), *National Accounts at a Glance 2015*, OECD, Paris, *http://dx.doi.org/10.1787/na_glance-2015-en*

Figure notes

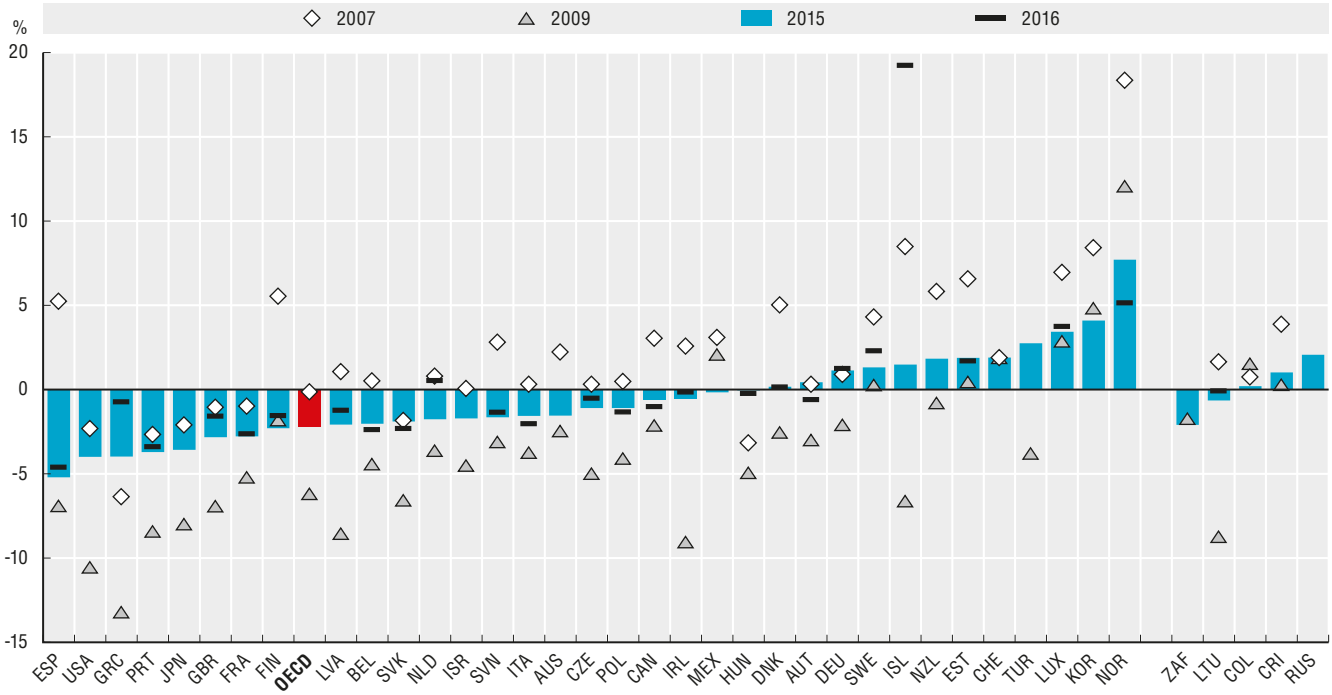
Data for Chile are not available. Data for Turkey and are not included in the OECD average because of missing time series.

2.3: Data for Colombia and Russia are for 2012 rather than 2013

2.4: The values for Iceland in 2016 are not displayed in the graph (net saving and net borrowing recording 19.2% and 17.2% of GDP respectively). Data for Costa Rica, Russia and South Africa are for 2014 rather than 2015.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

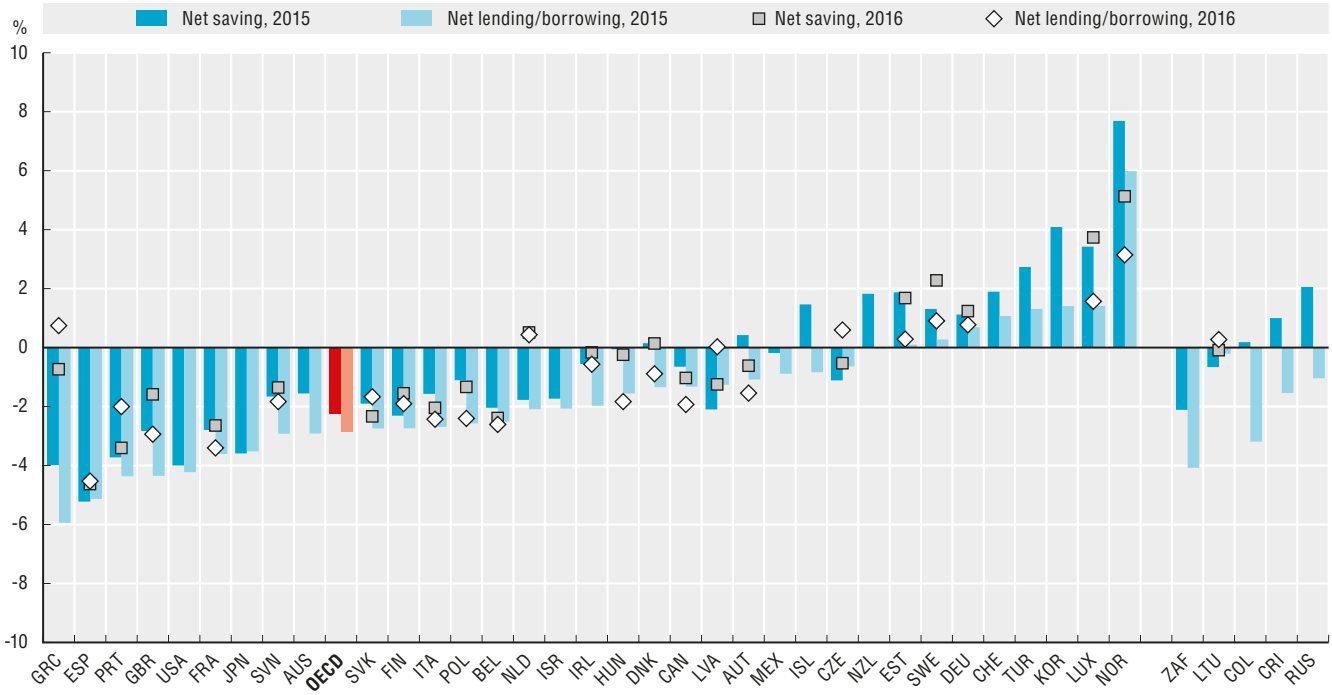
2.3. General government net saving as a percentage of GDP, 2007, 2009, 2015 and 2016



Source: OECD National Accounts Statistics (database).

StatLink http://dx.doi.org/10.1787/888933531402

2.4. General government net saving versus net lending/borrowing as a percentage of GDP, 2015 and 2016



Source: OECD National Accounts Statistics (database).

StatLink http://dx.doi.org/10.1787/888933531421

General government structural balance

General government spending and revenues are highly sensitive to cycles in economic activity. Government revenues (particularly tax revenues) tend to decline during economic downturns, at the same time as public spending may increase given that more people become unemployed and qualify for social assistance or unemployment benefits. On the other hand, during upturns public finances improve, as tax revenues rise and the number of those receiving social benefits usually declines. These fluctuations in revenue and public expenditure –in the absence of any discretionary change in policy– make it difficult to assess whether fiscal policy is expansionary, neutral or restrictive during a given period, and to judge whether fiscal balances are sustainable in the long-run.

These factors are considered in the calculation of the government's structural balance, which results from subtracting the aforementioned cyclical effects in the economy, as well as one-off events, from both government expenditures and revenues. Separating the structural from the cyclical components of the fiscal balance provides a clearer picture of the underlying soundness and sustainability of fiscal policy.

In order to estimate the structural balance, the structural and cyclical components of both the fiscal balance and output (i.e. potential GDP) need to be estimated. In the case of fiscal accounts, structural spending and revenues are separated from discretionary spending and revenues, respectively. For potential GDP, a long-term output trend is estimated to distinguish between structural and cyclical output.

Even though structural fiscal balances deteriorated in the advent of the financial crisis, as of 2015 the magnitude of structural deficits decreased across OECD countries: on average, OECD countries experienced a structural balance of -2.4% of potential GDP in 2015, improving from -6.3% in 2009 and -3.2% in 2007. A comparison between 2009 and 2016 is stark: only Finland and Hungary had a deterioration of their structural balances, which resulted in structural deficits of 0.1% and 3.0% respectively in 2016, while all other OECD countries improved their structural balance. In 2016, the largest structural deficit was in Japan (4.8%), followed by the United States (4.3%) and the United Kingdom (4.1%). Conversely, the largest structural surpluses were in Greece (6.1%), where it was mainly due to a fall in potential GDP, Korea (2.5%), Luxemburg (1.6%) and Estonia (1.5%).

The estimated structural balance is best understood vis-à-vis the fiscal balance and net lending/borrowing positions, as the contrast helps gauge the differences between short-run and long-term sustainability of public finances. Between 2007 and 2015, even though the average structural deficit across OECD countries shrank from 3.2% to 2.4% of GDP, while the observed fiscal deficit increased from 1.8% to 2.8% of GDP, both levels are converging as the economies approximate their long-term output levels after the crisis. For example, Ireland had a deficit of 13.8% of GDP in 2009 and a structural deficit of 8.7% of potential GDP for that year, yet in 2015 the observed deficit decreased to 2% of GDP while structural deficit reached 1.2%.

As structural fiscal balances weight the long-term trends more than short-term fluctuations, they can be more easily combined with other macroeconomic projections into the near future. Based on OECD estimates, fiscal consolidation has come to an halt as structural primary balances are expected to deteriorate between 2016 and 2018 for most OECD countries by an average -0.4 p.p. of GDP. For this period, the largest projected changes are for Greece (-2.7 p.p.) Hungary (-2.2 p.p.), and Luxembourg (-2.1 p.p.).

Methodology and definitions

Data are drawn from the *OECD Economic Outlook*, No. 101 (database). The structural fiscal balance, or underlying balance, represents the fiscal balance as reported in the *System of National Accounts* (SNA) framework adjusted for two factors: the state of the economic cycle (as measured by the output gap) and one-off fiscal operations. The structural primary balance adjusted also for the impact of net interest payments on general government liabilities (i.e. interest payments minus interest receipts). The output gap measures the difference between actual and potential GDP, the latter being an estimate of the level of GDP that would prevail if the economy were working at full capacity. Potential GDP is not directly observable and estimates are subject to substantial margins of error. One-off factors include both exceptional and irregular fiscal transactions as well as deviations from trend in net capital transfers. For more details, see *OECD Economic Outlook* "Sources and Methods" (*www.oecd.org/eco/sources-and-methods*).

Further readings

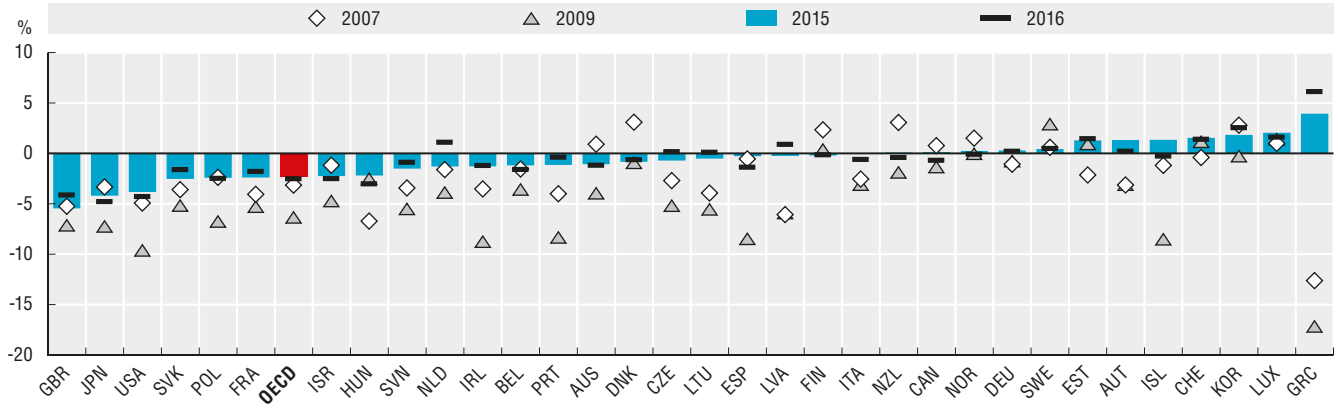
OECD (2017), *OECD Economic Outlook*, Volume 2017 Issue 1, OECD, Paris, *http://dx.doi.org/10.1787/eco_outlook-v2017-1-en*

Figure notes

Data for Chile, Mexico and Turkey are not available.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

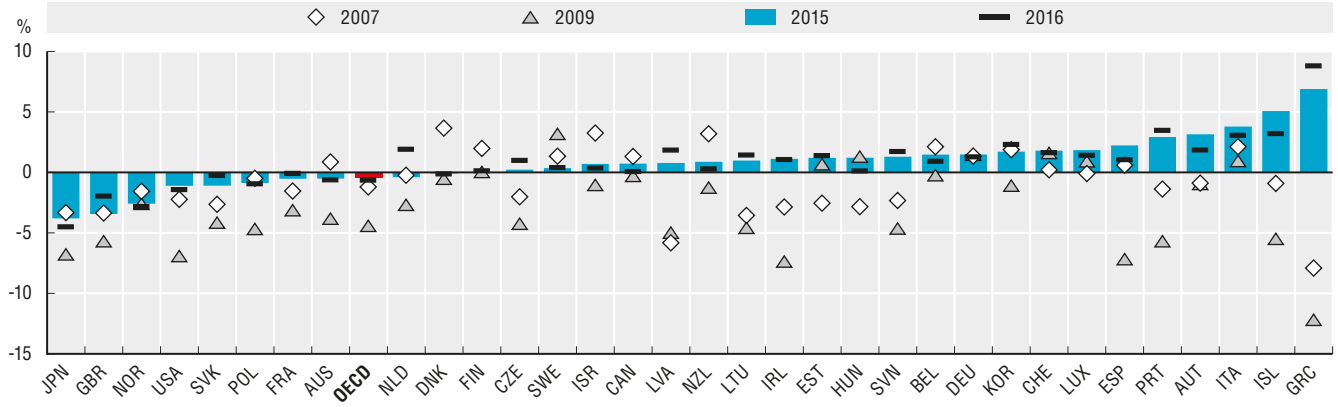
2.6. General government structural balance as a percentage of potential GDP, 2007, 2009, 2015 and 2016



Source: OECD Economic Outlook, No 101, June 2017

StatLink http://dx.doi.org/10.1787/888933531440

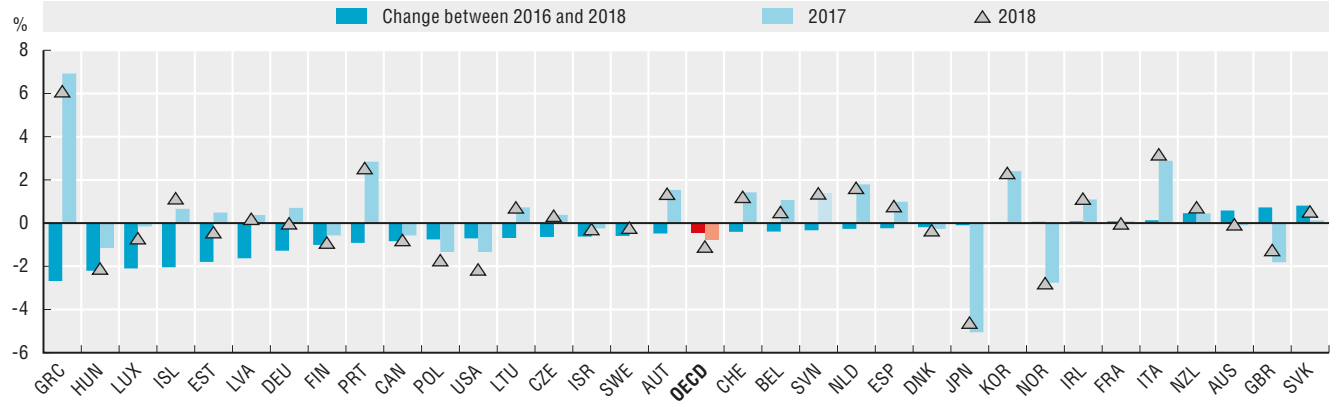
2.7. General government structural primary balance as a percentage of potential GDP, 2007, 2009, 2015 and 2016



Source: OECD Economic Outlook, No 101, June 2017

StatLink http://dx.doi.org/10.1787/888933531459

2.8. General government projected structural primary balance as a percentage of potential GDP in 2017 and 2018 and change since 2016



Source: OECD Economic Outlook, No 101, June 2017

StatLink http://dx.doi.org/10.1787/888933531478

General government gross debt

Gross government debt denotes all accrued external financial obligations. Governments accumulate debt to finance expenditures above their revenues. Sovereign debt, in the long-run, can help the accumulation of physical capital, especially when interest rates are low; but it can hinder capital accumulation when interest rates increase. If a large share of current revenues needs to be used to service interest payments on the debt, fiscal policy becomes constrained. Therefore, public debt levels can be critical for the stability of the economy.

In 2015, across OECD countries the average level of gross public debt reached 112% of GDP, rising from 73% in 2007 before the financial crisis. During this period, gross debt levels increased the most in Spain (75.1 p.p.), Slovenia (73 p.p.), Portugal (71.1 p.p.) and Greece (68.8 p.p.). After Greece's crisis unfolded, debt levels rapidly rose as yields increased in 2010, when the first bailout was announced. In 2011, yields in Portugal and Spain also increased, as Portugal requested a bailout in 2011 and Spain had a concurrent banking and sovereign debt crisis. In Slovenia, GDP growth was negative in 2009 and 2012, after briefly recovering in 2010 and 2011, so as bank recapitalisations were carried out, debt levels increased.

From 2007 to 2015, debt levels have only fallen in Norway (-16.7 p.p.), Switzerland (-5.2 p.p.) and Israel (-2.1 p.p.). The country with the highest public debt throughout this period is Japan, reaching 221.8% of GDP in 2015, followed by Greece (181.6%), Italy (157.5%) and Portugal (149.2%). While high debt levels create a drag on the economy, debt ownership matters: if debt is owned by outside investors it can be subject to a downgrade in the credit rating of the country's debt, and to an increase in interest rates, but if debt is owned by the population, like in Japan, this risk is less likely. Conversely, the OECD countries with the lowest levels of public debt were in Estonia (13%), Chile (24.5%), Turkey (27.4%) and Luxembourg (30.7%).

Per capita gross debt reached on average USD 50 245 PPP in 2015, increasing at an annual rate of 5.9% since 2007 in terms of real government debt per capita. The range of per capita gross debt among OECD countries is wide, as the highest levels are almost thirty-times the lowest: in 2015, per capita gross debt in Japan reached an estimated USD 90 345 PPP, while the per capita gross debt in Estonia was USD 3 761 PPP. Most government gross debt across OECD countries in 2015 is held in debt securities, which represent on average 83% of all public debt, ranging from 92% in the United States to 8.7% in Estonia. Loans represent 8.9% on average across OECD countries, but are a much more significant part of the liability composition in countries like Greece (79.2%) and Estonia (67.3%).

Methodology and definitions

Data are derived from the *OECD National Accounts Statistics* (database) and *Eurostat Government finance statistics* (database), which are based on the *System of National Accounts* (SNA). The updated 2008 SNA framework has been now implemented by all OECD countries (see Annex A for details on reporting systems and sources). Debt is a commonly used concept, defined as a specific subset of liabilities identified according to the types of financial instruments included or excluded. Generally, it is defined as all liabilities that require payment or payments of interest or principal by the debtor to the creditor at a date or dates in the future. All debt instruments are liabilities, but some liabilities such as shares, equity and financial derivatives are not debt. Debt is thus obtained as the sum of these liability categories, whenever available/applicable in the financial balance sheet of the general government sector: currency and deposits; debt securities; loans; and other liabilities (i.e. insurance, pension and standardised guarantee schemes, other accounts payable as well as, in some cases special drawing rights -SDRs). According to the SNA, most debt instruments are valued at market prices, when appropriate (although some countries might not apply this valuation, in particular for debt securities).

The treatment of government liabilities in respect of their employee pension plans varies across countries, making international comparability difficult. Some OECD countries, such as Australia, Canada, Iceland, Sweden and the United States, record employment-related pension liabilities, funded or unfunded, in government debt data. For those countries, an adjusted government debt ratio is calculated by excluding from the debt these unfunded pension liabilities. Additional information on this context is provided in the StatLinks. Government debt here is recorded on a gross basis, not adjusted by the value of government-held assets. The SNA debt definition differs from the definition applied under the Maastricht Treaty, which is used to assess EU fiscal positions. For information on the calculation of government debt per capita see the section of the government revenues indicator. Figure 2.12, "Annual average growth rate of real government debt per capita" is available online in Annex F.

Figure notes

Data for Australia, Canada, Iceland, Sweden and the United States are reported on an adjusted basis (i.e. excluding unfunded pension liabilities).

Data for New Zealand are not available.

Data for Turkey and Mexico and are not included in the OECD average due to missing time-series or statistical discrepancies in the recording of financial instruments.

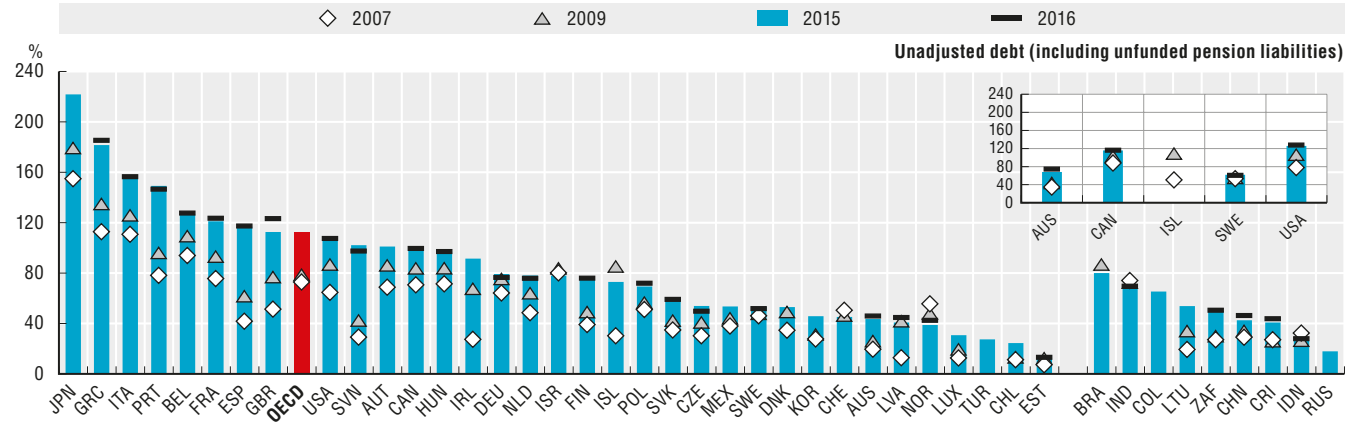
Data for Brazil are for 2014 rather than 2015.

2.9 and 2.10: Data for 2015 for Iceland are based on OECD estimates. Data for 2007 for Korea are based on OECD estimates.

2.11: Data for Iceland are not available.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

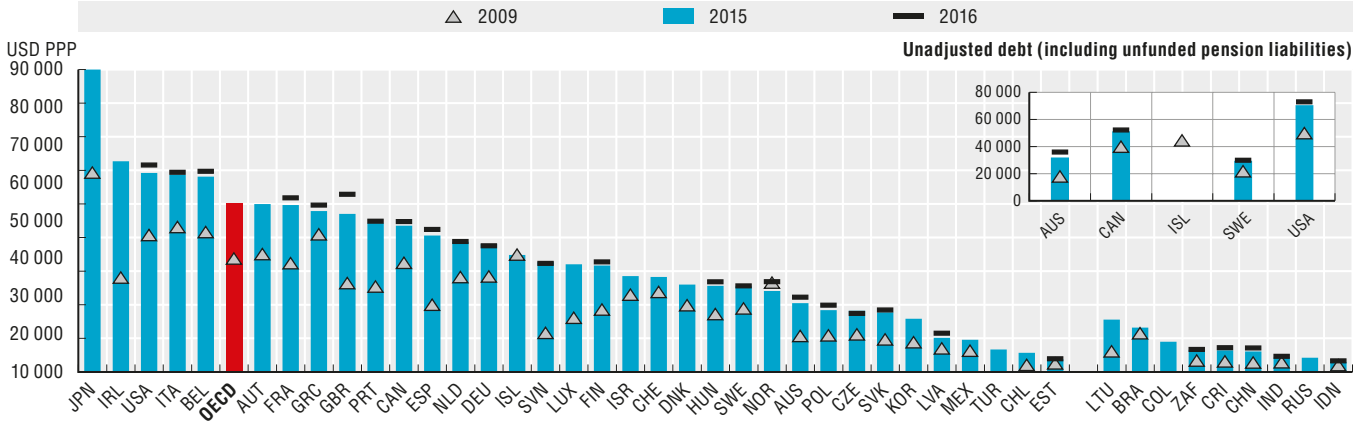
2.9. General government gross debt as a percentage of GDP, 2007, 2009, 2015 and 2016



Sources: OECD National Accounts Statistics (database); *Eurostat Government finance statistics* (database). Data for the other major economies (apart from Brazil) and for Costa Rica are from the *IMF Economic Outlook* (April 2017).

StatLink http://dx.doi.org/10.1787/888933531497

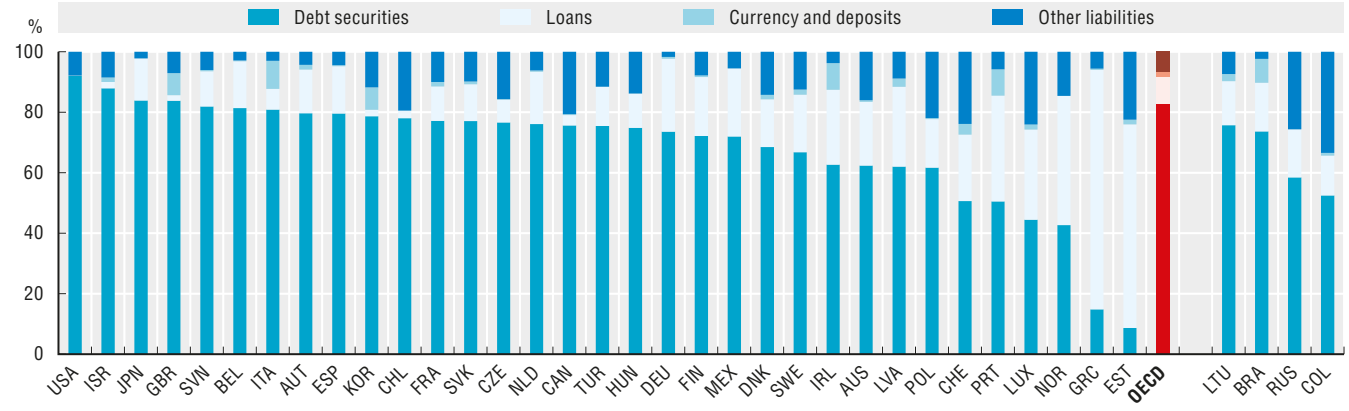
2.10. General government gross debt per capita, 2009, 2015 and 2016



Sources: OECD National Accounts Statistics (database); *Eurostat Government finance statistics* (database). Data for the other major economies (apart from Brazil) and for Costa Rica are from the *IMF Economic Outlook* (April 2017).

StatLink http://dx.doi.org/10.1787/888933531516

2.11. Structure of government gross debt by financial instruments, 2015



Sources: OECD National Accounts Statistics (database); *Eurostat Government finance statistics* (database).

StatLink http://dx.doi.org/10.1787/888933531535

Financial net worth of general government

The differences between all assets and outstanding liabilities held by government constitute its financial net worth, which summarises the government's ability to fully honour its obligations – as assets complement expected future revenues that could be sold and used to pay down outstanding debts (also viewed as a broad description of net government debt). Positive net financial worth means that the health of public finances doesn't imperil fiscal sustainability, while worsening of financial net worth is a sign of a fragile fiscal position that requires either tax increases, reductions in expenditures, or a combination of both.

In 2015, the financial net worth of general government across OECD countries averaged a negative 72% of GDP, meaning that for every 1% of GDP in government assets, governments owed 1.72% of GDP. The country with the lowest financial net worth in 2015 was Greece with -148.1% of GDP, followed by Italy (-132.5%), Japan (-126.1%) and Portugal (-109.4%), while seven countries registered a positive financial net worth; among them Norway (284.4%), Finland (53.5%), Luxembourg (49.5%), Estonia (42%) and Sweden (27.6%) reported the highest figures.

Since the financial crisis, the financial net worth deteriorated across OECD countries, decreasing 31.7 p.p. between 2007 and 2015 reflecting the combination of negative growth, larger deficits and higher public debt. The largest decrease was Greece (-67 p.p.), followed by Spain (-64.3 p.p.), while the largest increase was in Norway, which went from positive 139.8% in 2007 to 284.4% in 2015. Apart from Norway, only three countries have improved their financial net worth levels since 2007: Estonia (+13.5 p.p.), Sweden (+6.6 p.p.) and Switzerland (+2.9 p.p.).

Between 2015 and 2016, the most noteworthy changes were in United Kingdom, where the financial net worth moved from -82.4% to -92.8% of GDP, followed by Slovenia (-3.4 p.p.), Portugal (+4.9 p.p.) and Norway (+4.7 p.p.). The larger negative financial net worth in the United Kingdom and Slovenia was due to the relevant impact on debt securities for the first and to the reduction in assets in the latter, whereas higher positive financial net worth in Portugal and Norway was caused by increases in assets held by governments.

Finally, financial net worth per capita averaged USD -32 692 PPP in 2015 among OECD countries, which worsened as compared to the 2009 level (USD -20 637 PPP). Japan had the largest negative per capita financial net worth in 2015 with USD -51 359 PPP, while the country with the highest positive per capita net worth is Norway with USD 176 378 PPP.

Methodology and definitions

Data are derived from the *OECD National Accounts Statistics* (database) and *Eurostat Government finance statistics* (database), which are on the *System of National Accounts* (SNA), a set of internationally agreed concepts, definitions, classifications and rules for national accounting. The updated 2008 SNA framework has been now implemented by all OECD countries (see Annex A for details on reporting systems and sources). The financial net worth of the general government sector is the total value of its financial assets minus the total value of its outstanding liabilities. The SNA defines the financial assets and the corresponding liabilities where applicable/available in the financial balance sheet of the institutional sector: monetary gold and SDRs; currency and deposits; debt securities; loans; equity and investment fund shares; insurance, pension and standardised guarantee schemes; financial derivatives and employee stock options; and other accounts receivable/payable. According to the SNA, stocks of financial assets and liabilities are valued at market prices, when appropriate (although some countries might not apply this valuation, in particular for debt securities). Data are based on consolidated financial assets and liabilities except for Chile, Brazil and Russia. This indicator can be used as proxy measure for net government debt as, similarly to the definition of gross debt, the net debt can be restricted to gross debt minus financial assets corresponding to debt instruments (concept as defined in the *Public Sector Debt Statistics: Guide for Compilers and Users*). The institutional set-up of recording unfunded liabilities of government employees can have an impact on financial net worth of general government in diverse countries, making international comparability difficult. This is the case for some OECD countries such as Australia, Canada, Iceland, Sweden and the United States. For that reason, in analogy to the government gross debt an adjusted financial net worth is calculated for these countries. For information on the calculation of financial net worth per capita please see the section of government revenues indicator.

Further readings

OECD (2015), *National Accounts at a Glance 2015*, OECD, Paris, *http://dx.doi.org/10.1787/na_glance-2015-en*

Figure notes

Data for Australia, Canada, Sweden and the United States are reported on an adjusted basis (i.e. excluding unfunded pension liabilities).

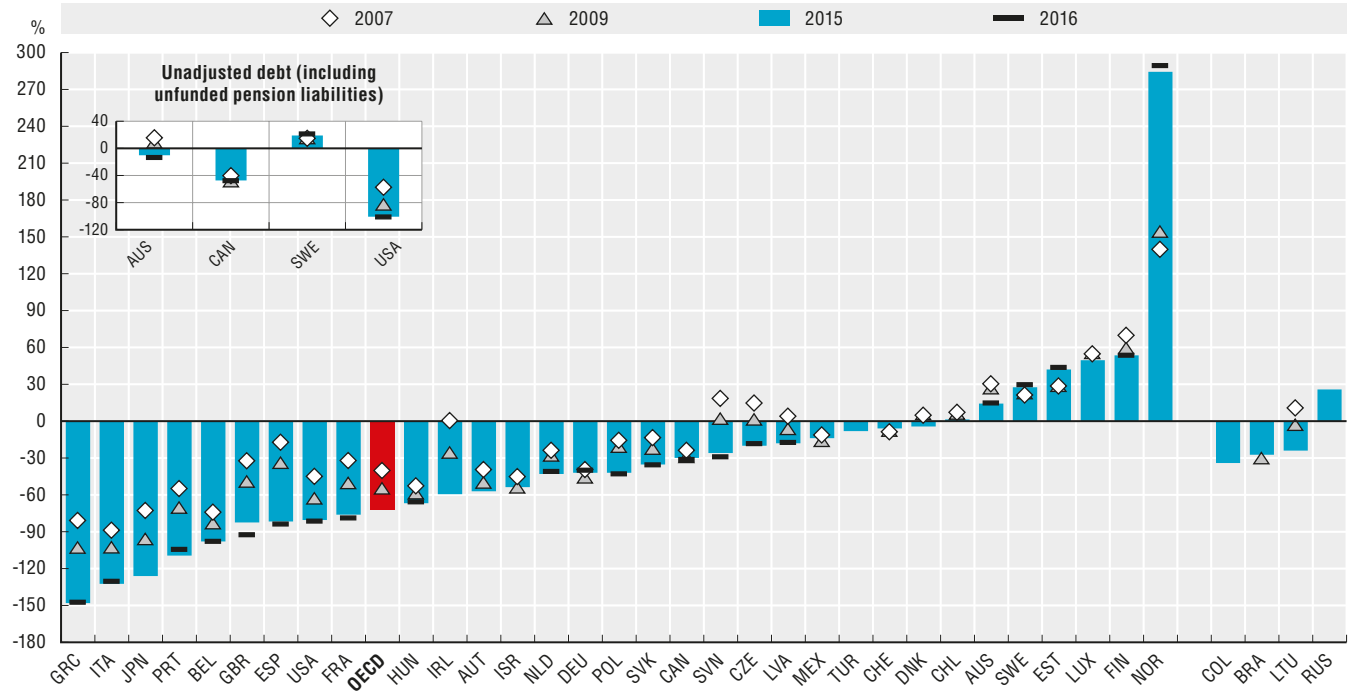
Data for Iceland and Korea and New Zealand are not available.

Data for Turkey and Mexico and are not included in the OECD average due to missing time-series or statistical discrepancies in the recording of financial instruments.

Data for Brazil are for 2014 rather than 2015.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

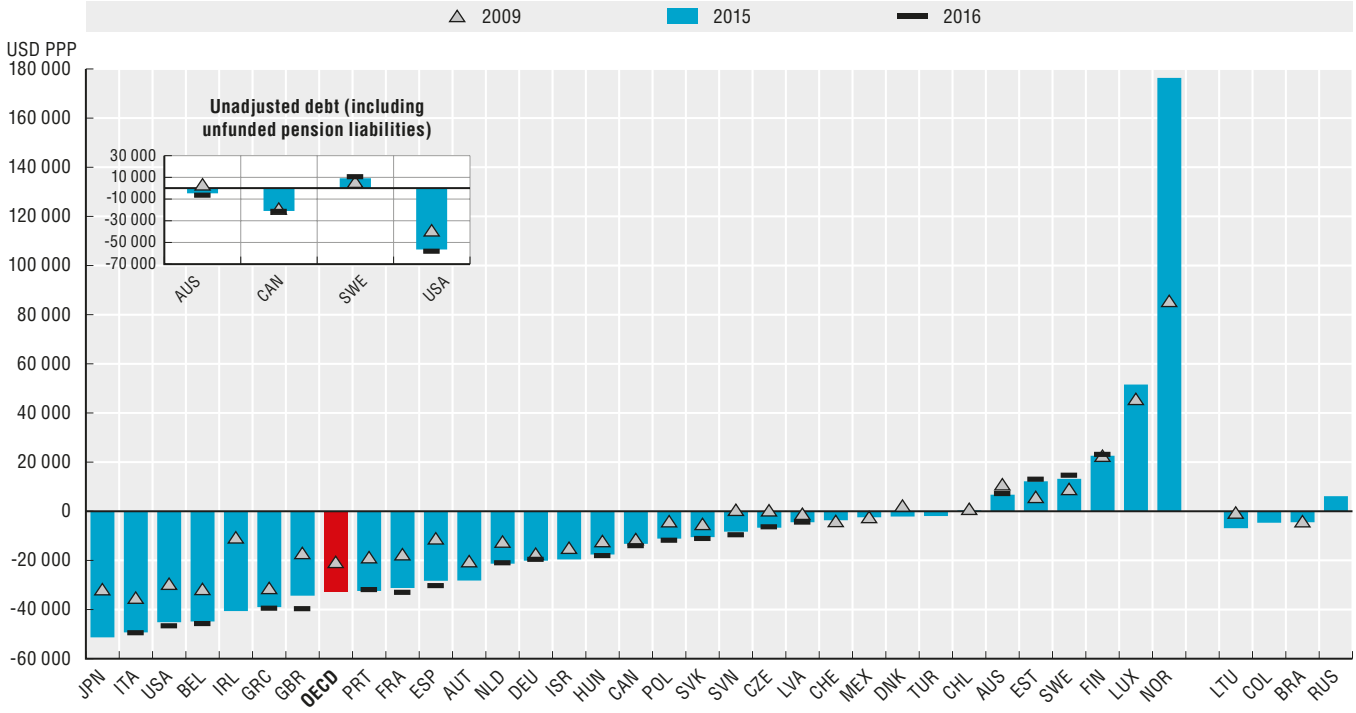
2.13. General government financial net worth as a percentage of GDP, 2007, 2009, 2015 and 2016



Sources: OECD National Accounts Statistics (database); *Eurostat Government finance statistics* (database).

StatLink http://dx.doi.org/10.1787/888933531554

2.14. General government financial net worth per capita, 2009, 2015 and 2016



Sources: OECD National Accounts Statistics (database); *Eurostat Government finance statistics* (database).

StatLink http://dx.doi.org/10.1787/888933531573

Fiscal balance and debt by level of government

Most countries have multiple jurisdictions that jointly determine the overall fiscal balance. Depending on the degree of fiscal decentralisation of both government expenditures and revenues, the fiscal balance of different levels of government need not be the same, even though they all add up to the overall fiscal balance. This can introduce volatility to government liabilities; for instance, if expenditures exceed revenues at the local level for many municipalities, which in turn finance the deficit by issuing additional debt, overall debt levels can rise quickly as more municipalities respond in the same way. For this reason, sub-central governments operate often with more binding debt constraints than central governments.

A decomposition of the fiscal balance by levels of government shows how national fiscal decentralisation relates to the overall fiscal balance. Across OECD countries, central governments had an average fiscal deficit of 2.6% of GDP in 2015, while sub-central governments recorded a deficit of 0.5% in the same year. Central governments balances ranged from a Greece's deficit of 5.9% to a Norway's surplus of 6.4%. Among OECD federal countries, Austria, Germany, Mexico and Switzerland ran surpluses of state governments of 0.07%, 0.15%, 0.23% and 0.34% respectively as a share of GDP in 2015. The largest deficit among state governments in 2015 was in Spain, reaching 1.7% of GDP, followed by Canada with 1.6% and Belgium with 1.4%. At the local level, all surpluses and deficits remained between 0.5% surplus and -0.6% deficit across OECD countries, as restrictions for accumulating debt at the local level are often binding.

On average in 2015, central governments in OECD countries held 97.1% gross debt as a share of GDP, while sub-central governments recorded a gross debt of 21.5% of GDP. The countries with the largest central government gross debt levels are also the countries with the largest overall general government debt levels: Japan (197.8%) and Greece (184%). At the sub-central level, the largest state government debts in 2015 were in Canada (47%) and in Spain (27%), while the largest local government gross debt levels were in Japan (34%).

With respect to the composition of debt levels, in 2015 central governments held the largest share of government gross debt, averaging 80.5% in 2015, while state governments represented 11.4%, local governments 6.4% and social security 1.7%. Countries like Hungary and Greece have over 98% of their debt in central governments, while others like Canada and Norway, have 45% of their debt in state governments and 43.1% in local governments, respectively. This composition has shifted towards higher debt in the central government since 2007, before the crisis, when average gross debt held by the central government among OECD countries was 73%, given that debt grew significantly across OECD countries through this period in response to the financial crisis.

Methodology and definitions

Data are derived from the *OECD National Accounts Statistics* (database) and *Eurostat Government finance statistics* (database), which are based on the *System of National Accounts* (SNA), a set of internationally agreed concepts, definitions, classifications and rules for national accounting. The updated 2008 SNA framework has been now implemented by all OECD countries (see Annex A for details on reporting systems and sources). Using SNA terminology, general government consists of central, state and local governments, and social security funds. State government is only applicable to the nine OECD countries that are federal states: Australia, Austria, Belgium, Canada, Germany, Mexico, Spain (considered a quasi-federal country), Switzerland and the United States. Fiscal balance also referred to as net leading (+) or net borrowing (-) of general government, is calculated as total government revenues minus total government expenditures. For additional information on debt, see the section of the government gross debt indicator.

Further reading

OECD (2015), *National Accounts at a Glance 2015*, OECD, Paris, *http://dx.doi.org/10.1787/na_glance-2015-en*

Figure notes

Data for Chile and Turkey are not included in the OECD average due to missing time-series. Local government is included in state government for Australia and the United States. Australia does not operate government social insurance schemes. For Japan data for sub-sectors of general government refer to fiscal year. Social security funds are included in central government in Norway, the United Kingdom and the United States.

2.15: Data for Costa Rica are for 2014 rather than 2015. See also StatLinks for additional notes.

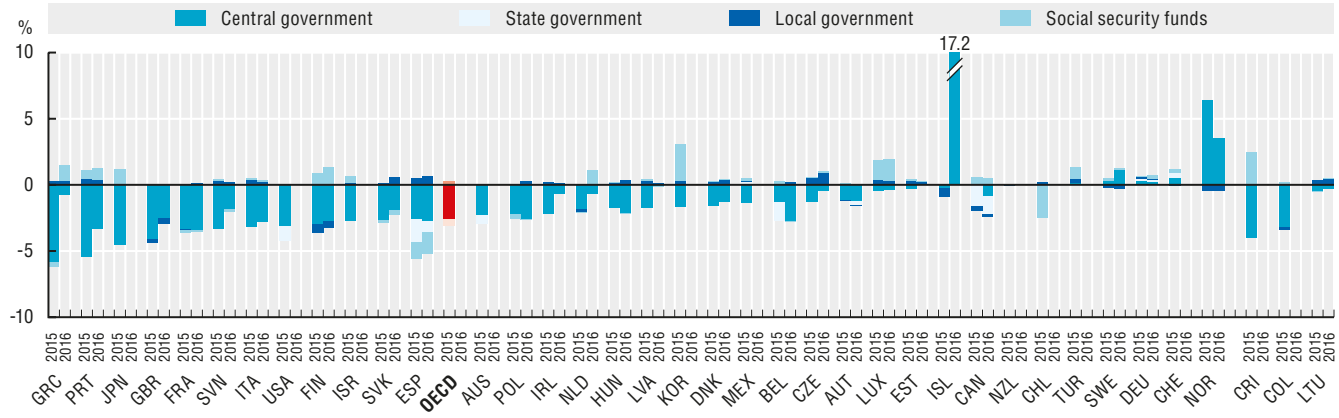
2.16: Data for Iceland are not available. Data for 2015 for Switzerland for local and state government are based on OECD estimations.

2.16 and 2.17: Data for Korea, Mexico and New Zealand are not available. Data for Australia, Canada, Sweden and the United States are reported on an adjusted basis (i.e. excluding unfunded pension liabilities). Data for Switzerland and the United States are reported on a non-consolidated basis.

2.17: Data are consolidated within the subsectors of general government. However, at the level of general government, flows between levels of government are included. Data for 2015 for Switzerland for local and state government are based on OECD estimations.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

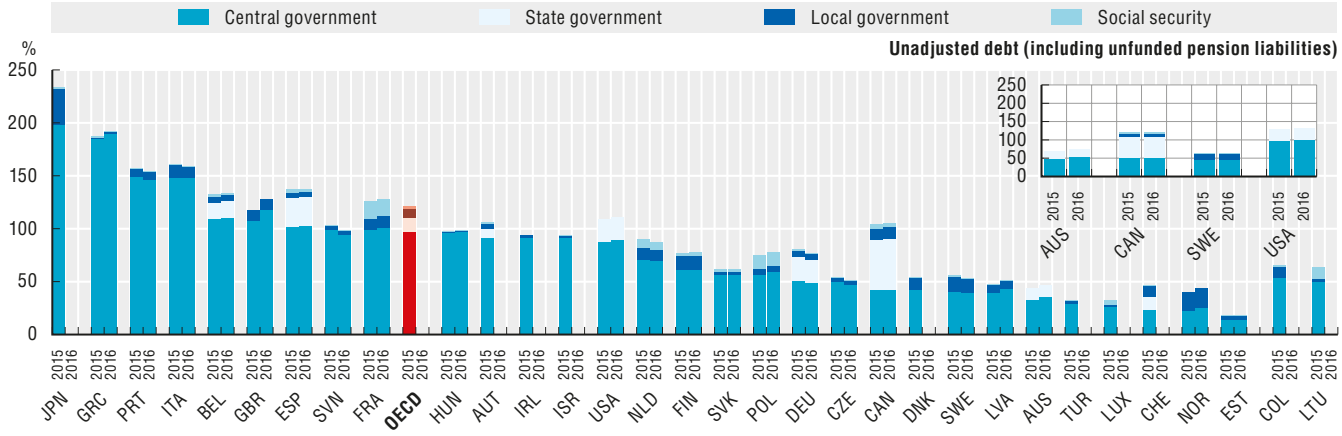
2.15. Government fiscal balances across levels of government as percentage of GDP, 2015 and 2016



Source: OECD National Accounts Statistics (database).

StatLink http://dx.doi.org/10.1787/888933531592

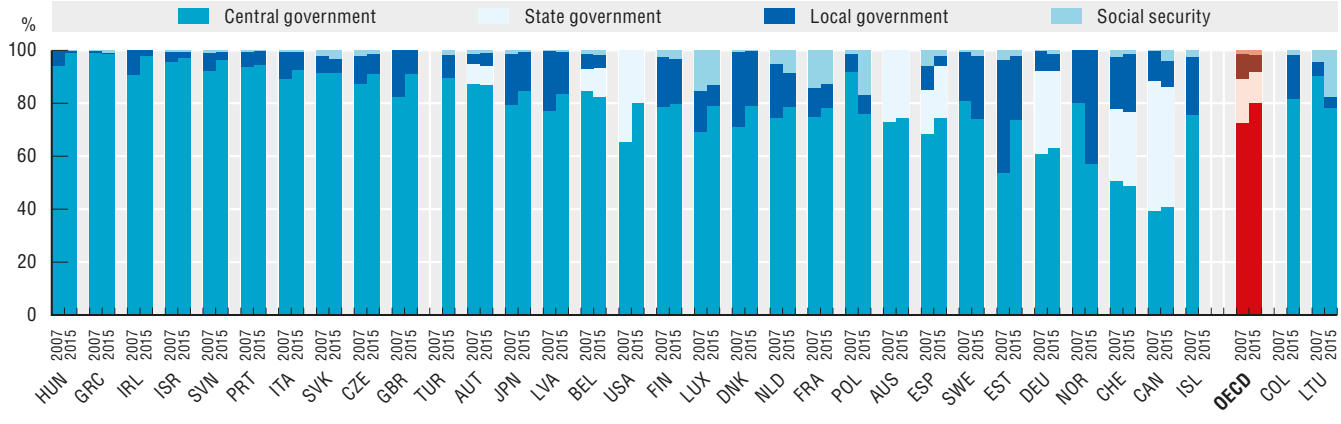
2.16. Government gross debt across levels of government as percentage of GDP, 2015 and 2016



Sources: OECD National Accounts Statistics (database); *Eurostat Government finance statistics* (database).

StatLink http://dx.doi.org/10.1787/888933531611

2.17. Distribution of government gross debt across levels of government, 2007 and 2015



Sources: OECD National Accounts Statistics (database); *Eurostat Government finance statistics* (database).

StatLink http://dx.doi.org/10.1787/888933531630

General government revenues

Government revenues finance the goods and services provided by government and allow the state to carry out its redistributive role, as the two main sources of revenues are taxes and social contributions. Based on historical and current policy choices, as well as fluctuations from business cycles, there are major differences between countries in how and to what extent their governments fulfil these two fundamental functions and, as a result, the amount of government revenues they raise is also very different.

Across OECD countries, with a few exceptions, general government revenues as a share of GDP have recovered to levels experienced before the financial crisis: on average, revenues were 37.3% of GDP in 2007, decreased to 35.8% in 2009, and rose to 38.1% in 2015. Government revenues represent at least half of GDP for seven of the thirty-four OECD countries in 2015: Norway (54.8%), Finland (54.2%), Denmark (53.5%), France (53.4%), Belgium (51.4%), Austria (51.6%) and Sweden (50.5%), while only two countries have fiscal revenues lower than one-third of total yearly national income: Ireland (27.6%) and Mexico (23.7%). Greece's revenues have increased beyond pre-crisis levels, going from 40.4% in 2007 to 48.3% in 2015; however, the revenue level also involves the large decrease in GDP that followed from the crisis, as nominal GDP in Greece in 2015 was 76% of the country's own 2007 GDP. For the same period, among OECD accession countries Colombia had increased fiscal revenues the most over the period 2007-15, from 31.1% of GDP to 34.1%, as oil revenues, tax enforcement and consecutive reforms yielded higher revenues.

Between 2015 and 2016, among countries for which data are available, the largest increases in revenues occurred in Iceland where government revenues as share of GDP increased from 42.2% to 58.4%, due to extraordinary revenues from the stability contribution from estates of fallen banks, whereas revenues as a share of GDP decreased the most in the Slovak Republic (-2.9 p.p.) and Hungary (-2.9 p.p.), as both countries have been slow in spending EU funds due to the start of a new programming period.

Government revenues per capita have fared similarly to general revenues, increasing evenly across OECD countries as the crisis waned. On average, revenues per capita increased from 2009 to USD 16 094 PPP in 2015. The countries with the largest revenues per capita retain their position since 2009: Luxembourg (USD 44 485 PPP), Norway (USD 33 977 PPP) and Denmark (USD 26 203 PPP). In the case of Luxembourg this could be explained by the tax contribution of cross-borders workers who are not counted as residents, whereas in the case of Norway this is due to the impact of oil revenues. On the other end, in Latvia, Mexico and Turkey revenues per capita are lower than USD 10 000 PPP.

Between 2007 and 2015, the annual average growth rate of real government revenues per capita was 0.6% on average across the OECD countries, but 2.3% over the period 2009-15. The countries where real per capita revenues increased the most during this period were Turkey (+5.9%), the Slovak Republic (+5.8%), Japan and Latvia (both +4.2%). In contrast, the average rate of growth of real per capita revenues was negative for the period 2009-15 for Greece (-0.3%) and Norway (-0.2%).

Methodology and definitions

Revenues data are derived from the *OECD National Accounts Statistics* (database), which are based on the *System of National Accounts* (SNA), a set of internationally agreed concepts, definitions, classifications and rules for national accounting. The updated 2008 SNA framework has been now implemented by all OECD countries (see Annex A for details on reporting systems and sources). Using SNA terminology, general government consists of central government, state government, local government and social security funds. Revenues encompass taxes, net social contributions, and grants and other revenues. Gross domestic product (GDP) is the standard measure of the value of goods and services produced by a country during a period. Government revenues per capita were calculated by converting total revenues to USD using the OECD/Eurostat purchasing power parities (PPP) for GDP and dividing them by population. For the countries whose data source is the IMF Economic Outlook an implied PPP conversion rate was used. PPP is the number of units of country B's currency needed to purchase the same quantity of goods and services in country A.

Further readings

OECD (2015), *National Accounts at a Glance 2015*, OECD, Paris, *http://dx.doi.org/10.1787/na_glance-2015-en*

OECD (2016), *OECD Factbook 2015-2016: Economic, Environmental and Social Statistics*, OECD, Paris, *http://dx.doi.org/10.1787/factbook-2015-en*

Statistics, Iceland (2017), "General government finances 2016", Statistics Iceland, Reykjavik, *http://www.statice.is/publications/publication-detail?id=57984*

Figure notes

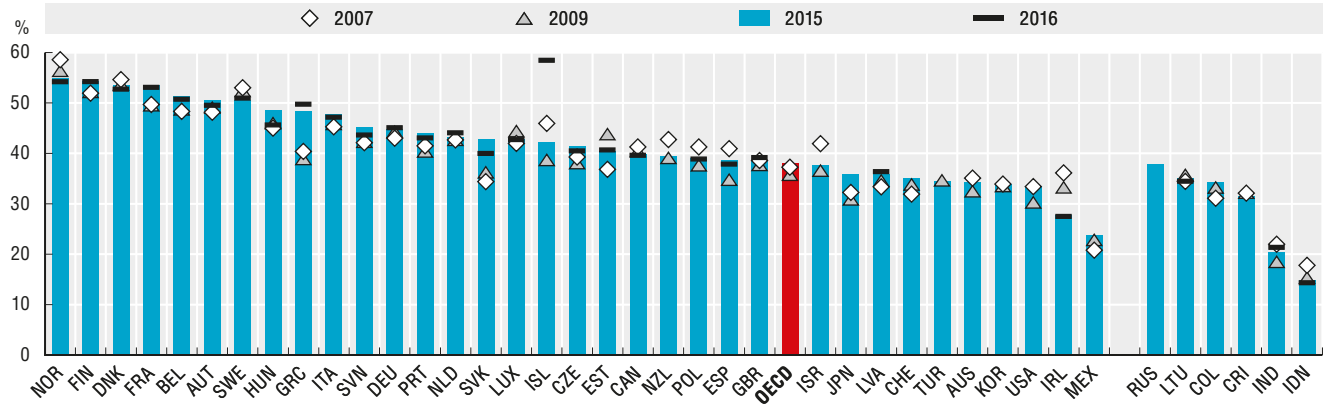
Data for Chile are not available.

Data for Turkey are not included in the OECD average because of missing time series.

Data for Costa Rica and Russia are for 2014 rather than 2015.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

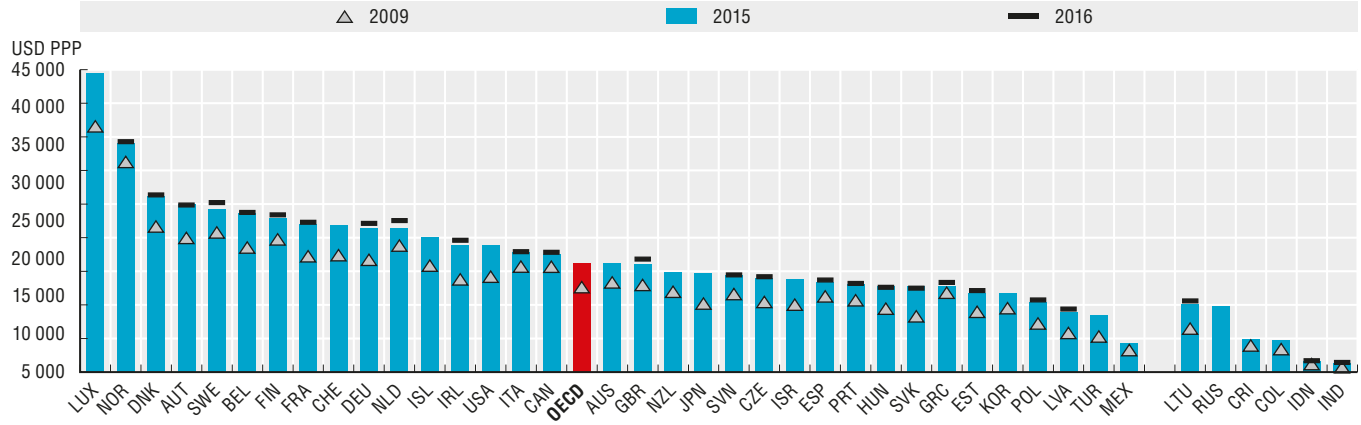
2.18. General government revenues as a percentage of GDP, 2007, 2009, 2015 and 2016



Source: OECD National Accounts Statistics (database). Data for the other major economies of India and Indonesia are from the *IMF Economic Outlook* (April 2017).

StatLink http://dx.doi.org/10.1787/888933531649

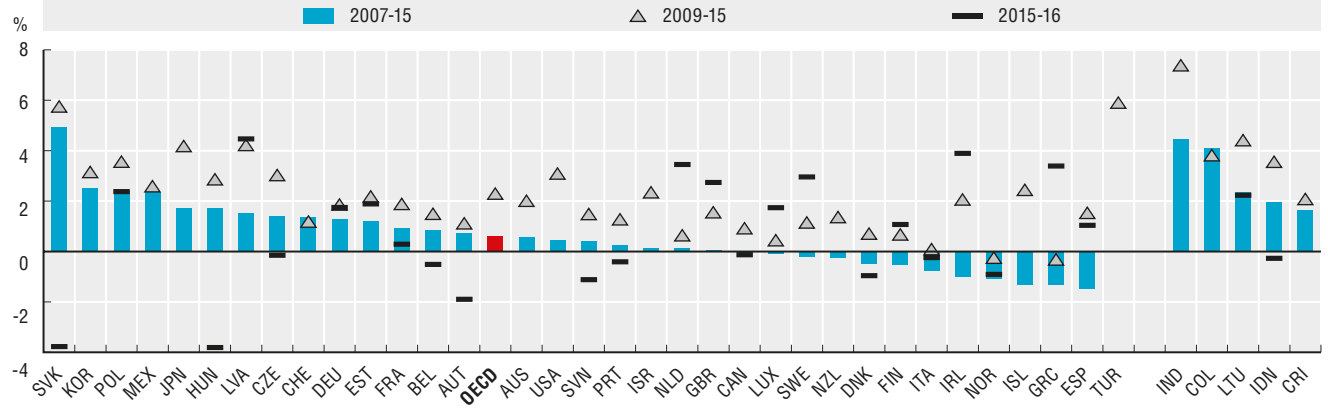
2.19. General government revenues per capita, 2009, 2015 and 2016



Source: OECD National Accounts Statistics (database). Data for the other major economies of India and Indonesia are from the *IMF Economic Outlook* (April 2017).

StatLink http://dx.doi.org/10.1787/888933531668

2.20. Annual average growth rate of real government revenues per capita, 2007-15, 2009-15 and 2015-16



Source: OECD National Accounts Statistics (database). Data for the other major economies of India and Indonesia are from the *IMF Economic Outlook* (April 2017).

StatLink http://dx.doi.org/10.1787/888933531687

Structure of general government revenues

The structural breakdown of government revenues shows how revenues are raised and helps identify the relative contribution of citizens and/or sectors of the economy to paying for public expenditures.

Across OECD countries, taxes represented the largest part of all government revenues, with an average of 59.3% in 2015, while one quarter were collected through net social contributions, with the remaining revenues distributed between grants (8.5%) and sales (7.3%). The share of revenues collected from taxes range from 87.8% in Denmark to 42.4% in the Slovak Republic, while net social contributions represent 37% in Germany to 1.9% in Denmark. Revenues derived from sales ranged from 14% in Switzerland to 0.3% in Mexico; Mexico, in turn, received the largest share of revenues from grants and other revenues with 33.2%, while France only collects 2.9% of its revenues from these sources.

Between 2007 and 2015, on average, taxes represented -1.2 p.p. less within all government revenues, counterbalanced by increases in net social contributions (0.6 p.p.), sales (0.3 p.p.) and grants and other revenues (0.2 p.p.). During this period the ratio of taxes vis-à-vis non tax revenues were reduced the most by the Slovak Republic (8.1 p.p.), replaced by increased sales (1.7 p.p.) and grants and other revenues (7.5 p.p.). In contrast, Mexico increased taxes in almost a similar proportion as for the reduction of grants and other revenues between 2007 and 2015 (+8.1 p.p. and -7.3 p.p. respectively).

Many policy makers define taxes to include social security contributions. Indeed this is the basis of tax revenue measures in the OECD Revenue Statistics (see "Methodology and definitions"). In 2014, income and profit taxes accounted on average (unweighted) for 33.7% of tax revenues, taxes on goods and services, such as value added tax (VAT), represented 32.6%, social security 26.2% and the remaining 7.4% distributed between payroll, property and other taxes. The countries that collected most of their taxes through income and profit taxation were Denmark (64.9%), Australia (57.9%) and New Zealand (55.4%), while the ones that collected the lowest proportion were Hungary (17.7%) and Slovenia (17.9%). In contrast, the countries with the highest share of tax revenue collected from goods and services were Chile (55.3%), Hungary and Turkey (around 44%) and the lowest was the United States (17.4%).

Comparing 2007 with 2014, on average income and profit taxes decreased by 2.3 p.p., while increases occurred in social security (1.4 p.p.) and goods and services (0.7 p.p.). The largest changes during this period occurred in Chile, where income and profit taxes decreased by 12.7 p.p. and goods and services taxes increased by 11.5 p.p. With regards to social security, Korea and Turkey increased by 6.1 p.p. and 6.8 p.p. respectively their share of total tax revenues.

Methodology and definitions

Revenues data are derived from the *OECD National Accounts Statistics* (database), which are based on the *System of National Accounts* (SNA), a set of internationally agreed concepts, definitions, classifications and rules for national accounting. The updated 2008 SNA framework has been now implemented by all OECD countries (see Annex A for details on reporting systems and sources). Revenues encompass taxes (e.g. taxes on consumption, income, wealth, property and capital), net social contributions (e.g. contributions for pensions, health and social security; net means after deduction of social insurance scheme service charges, where applicable), sales of goods and services (e.g. market output of establishments in government, entrance fees) and grants and other revenues (e.g. current and capital grants, property income and subsidies). These aggregates were constructed using sub-account line items (see Annex B). The data presented in Figure 2.23 are from OECD Revenue Statistics. The OECD Revenue Statistics and the SNA differ in their definitions of tax revenues. In the SNA, taxes are compulsory unrequited payments, in cash or in kind, made by institutional units to the government. Net social contributions are actual or imputed payments to social insurance schemes to make provision for social benefits to be paid. These contributions may be compulsory or voluntary and the schemes may be funded or unfunded. *OECD Revenue Statistics* treat compulsory social security contributions as taxes whereas the SNA considers them net social contributions because the receipt of social security benefits depends, in most countries, upon appropriate contributions having been made, even though the size of the benefits is not necessarily related to the amount of the contributions.

Further readings

OECD (2016), *Revenue Statistics 2016*, OECD, Paris, *http://dx.doi.org/10.1787/rev_stats-2016-en-fr*

Figure notes

2.21 and 2.22: Data for Chile are not available. Australia does not collect revenues via social contributions because it does not operate government social insurance schemes. Data for Costa Rica and Russia are for 2014 rather than 2015.

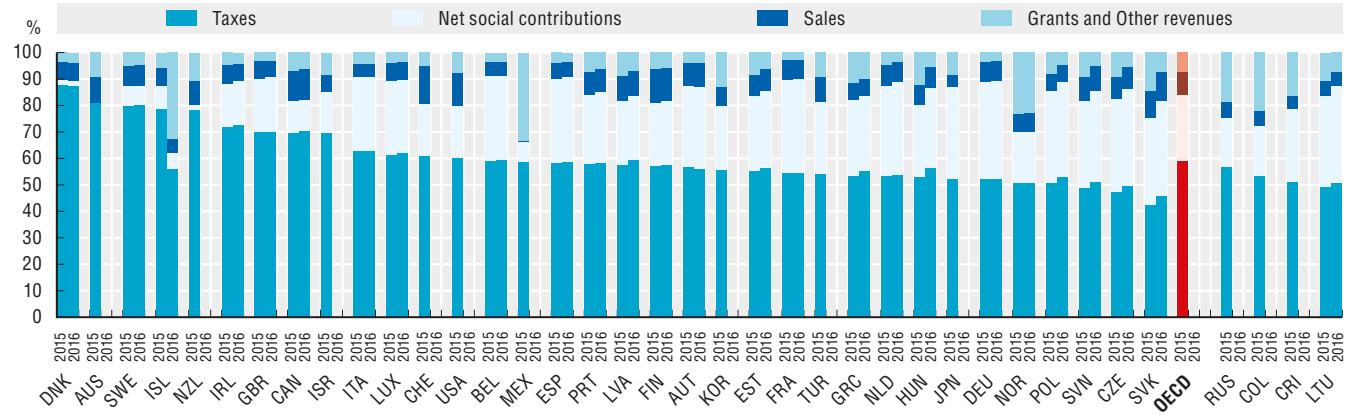
2.21: Data for Turkey and are not included in the OECD average due to missing time-series.

2.22: Data for Turkey are not available.

2.23: For the OECD countries part of the European Union total taxation includes custom duties collected on behalf of the European Union. 2014 is the latest available year for which data are available for all OECD countries. OECD average is unweighted.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

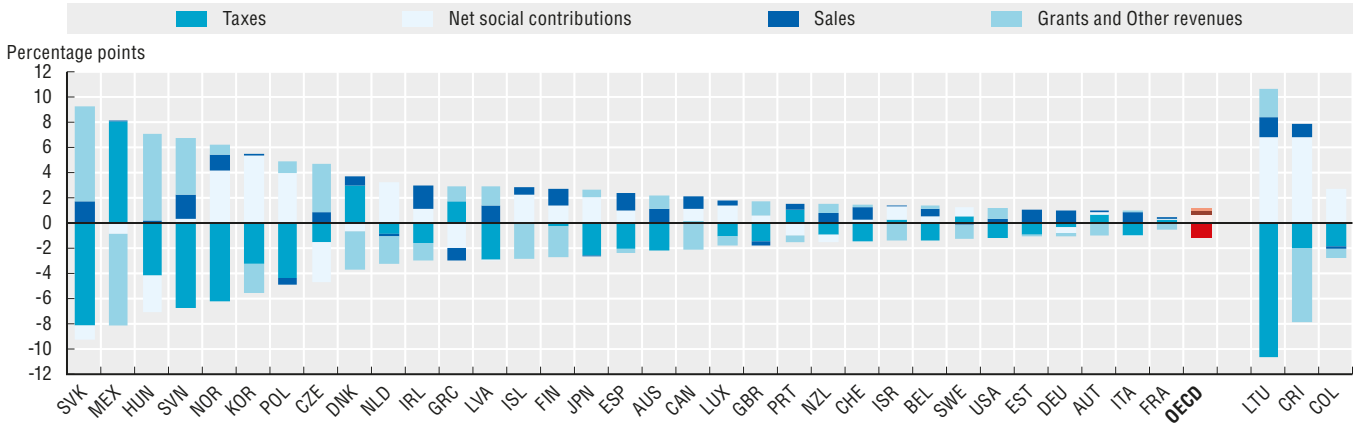
2.21. Structure of general government revenues, 2015 and 2016



Source: OECD National Accounts Statistics (database).

StatLink http://dx.doi.org/10.1787/888933531706

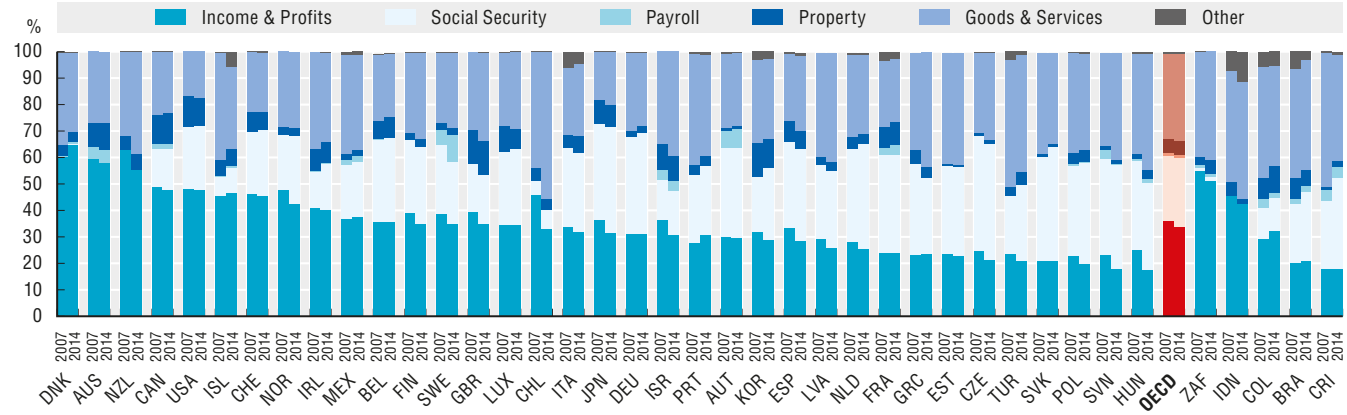
2.22. Change in the structure of general government revenues, 2007 to 2015



Source: OECD National Accounts Statistics (database).

StatLink http://dx.doi.org/10.1787/888933531725

2.23. Breakdown of tax revenues as a percentage of total taxation, 2007 and 2014



Source: OECD Revenue Statistics (2016)

StatLink http://dx.doi.org/10.1787/888933531744

Revenue structure by level of government

Government revenues are collected by central, state and local governments depending on the degree of fiscal federalism in a country. Together with other types of revenues, tax levying is also carried out by all levels of government depending on the economic nature and type of tax base, administrative advantages and allocation autonomy. However, in many countries there are legislative limits on the ability of sub-central governments to set their own local tax bases, rates and reliefs thereby reducing their power to generate their own revenue sources and, potentially, their ability to provide more tailored public goods and services. At the same time, some of these limits aim to reduce tax competition among regions, thereby reducing further inequalities among them.

Central governments collect on average slightly more than half (52.5%) of general government revenues, in 2015. Social security funds 17.7%, while state governments 19.1% and local governments 10.7%. The countries where central governments concentrate the largest share of revenues are Ireland (95%), the United Kingdom (90.9%) and New Zealand (89%), whereas state and local revenues together represent the largest shares of government revenue in Canada (55.5%) and Chile (48.5%).

Between 2007 and 2015 the composition of revenues indicate some minor changes across OECD countries: on average, central government revenues decreased by -0.4 p.p., state governments -0.6 p.p. and local governments -0.1 p.p., while social security funds increased by 1.1 p.p. During this period, the proportion of central government revenues shifted the most towards other levels of government in Mexico and Korea (-4.6 p.p. and -4.5 p.p. respectively). State revenues increased in Mexico by 4.6 p.p. whereas both social security and local government revenues increased in Korea by 4.5 p.p.. By contrast, Greece and Hungary experienced highest increases in the proportion of central government revenues by 4.7 p.p. and 4.2 p.p. respectively, with large decreases in the share of social security (-5.0 p.p.) for the former and in the proportion of local government revenues (-4.1 p.p.) for the latter over the same period.

For OECD countries in 2015, central government revenues were mostly financed by taxes: on average, 72.5% of total central government revenues originate in taxation, ranging from 47.6% in Norway to 91% in Belgium. On average, net social contributions for social security represented 16.1%, the highest of which were the United States (33.7%) and the Czech Republic (30.9%). Sales represented 3.5% of revenue, and the remaining 7.9% was accounted for grants and other revenues. Grants and other revenue vary significantly across OECD countries in 2015, from 2.8% of central government revenues in Belgium to 26.1% in Norway.

Methodology and definitions

Revenues data are derived from the *OECD National Accounts Statistics* (database), which are based on the *System of National Accounts* (SNA), a set of internationally agreed national accounting. The updated 2008 SNA framework has been now implemented by all OECD countries (see Annex A for details on reporting systems and sources). Using SNA terminology, general government consists of central, state and local governments, and social security funds. State government is only applicable to the nine OECD countries that are federal states: Australia, Austria, Belgium, Canada, Germany, Mexico, Spain (considered a quasi-federal country), Switzerland and the United States. Data in Figures 2.24 and 2.25 exclude transfers between levels of government in order to see the contribution of each sub-sector in general government total revenues, which are at this level consolidated. However, data on the structure of revenues at the central, state and local levels include transfers between levels of government. Figures 2.27 and 2.28 (structure of state and local government revenues), are available online in Annex F. Revenues encompass taxes (e.g. taxes on consumption, income, wealth, property and capital), net social contributions (e.g. contributions for pensions, health and social security; net means after deduction of social insurance scheme service charges, where applicable), sales of goods and services (e.g. market output of establishments in government, entrance fees) and grants and other revenues (e.g. current and capital grants, property income and subsidies). These aggregates were constructed using sub-account line items (see Annex B).

Figure notes

Data for Chile are not available.

Data for Turkey and are not included in the OECD average due to missing time-series.

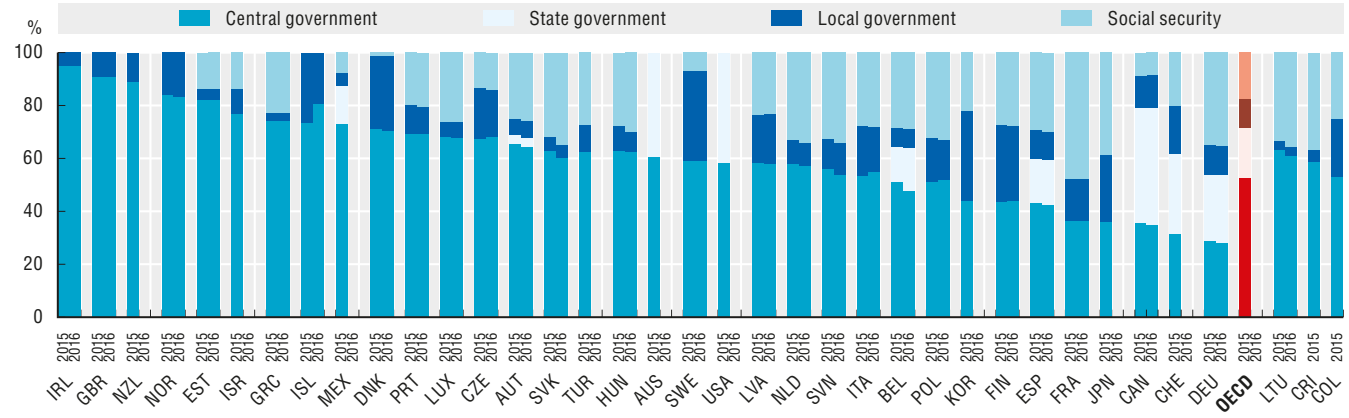
Australia does not operate government social insurance schemes.

2.24 and 2.25: Flows between levels of government are excluded (apart from Australia, Korea, Turkey and Costa Rica). For Japan data for sub-sectors of general government refer to fiscal year. Local government is included in state government for Australia and the United States. Social security funds are included in central government in Ireland, New Zealand, Norway, the United Kingdom and the United States.

2.24 and 2.26: Data for Costa Rica are for 2014 rather than 2015

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

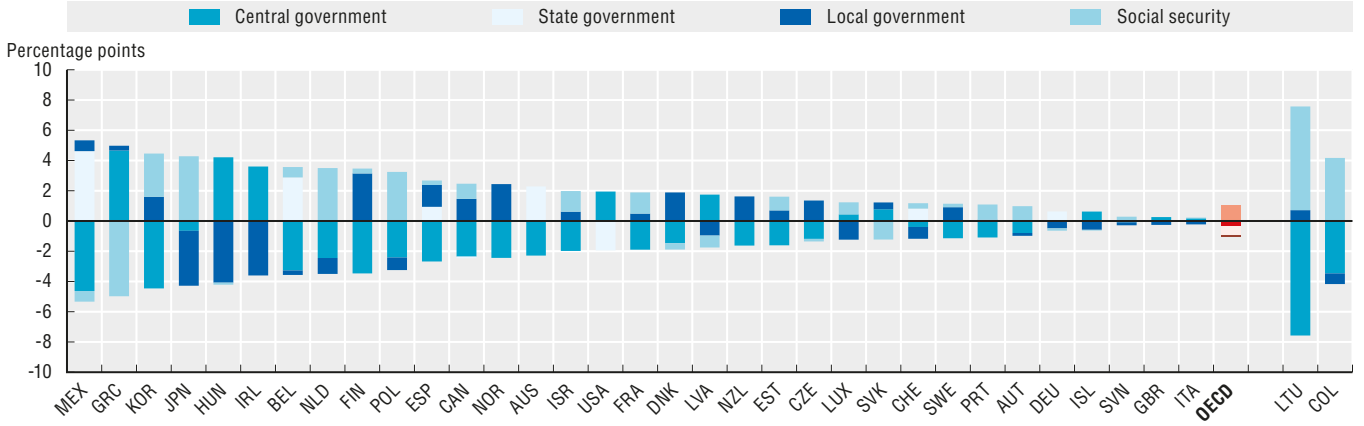
2.24. Distribution of general government revenues across levels of government, 2015 and 2016



Source: OECD National Accounts Statistics (database).

StatLink http://dx.doi.org/10.1787/888933531763

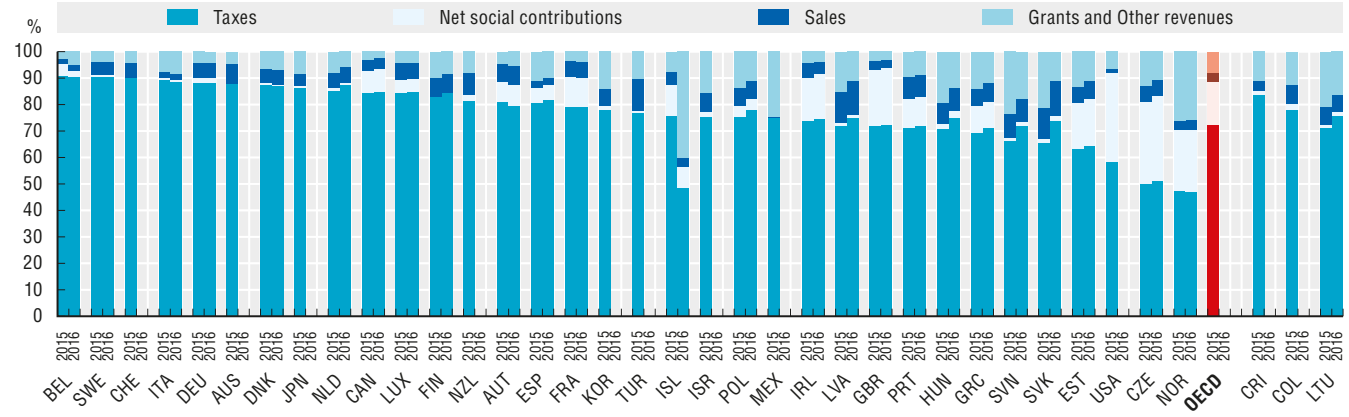
2.25. Change in the distribution of general government revenues across levels of government, 2007 to 2015



Source: OECD National Accounts Statistics (database).

StatLink http://dx.doi.org/10.1787/888933531782

2.26. Structure of central government revenues, 2015 and 2016



Source: OECD National Accounts Statistics (database).

StatLink http://dx.doi.org/10.1787/888933531801

General government expenditures

Public expenditures provide the means to implementing the broad array of government objectives and delegated mandates, from the uniquely publicly-provided services, such as justice or voting logistics, to paying for wages of civil servants and transportation infrastructure, among many other government activities. General government expenditures provide an indication for the government size as they finance, for example, the costs of policing, occupational licensing, business registration, the provision of public transportation, health care, pensions, unemployment benefits etc. Although government expenditures are usually less flexible than government revenues, they are also sensitive to the economic cycle and follow from past, as well as current, policy decisions.

Government expenditures in 2015 represented 40.9% of GDP on average across OECD countries. This level of expenditure increased from 38.8% in 2007 before the financial crisis, and decreased from 44.2% in 2009 when expansionary fiscal policy took place in response to the crisis, as the recovery of GDP growth outpaced the rate of growth of government expenditures. The highest government expenditures levels, as a share of GDP in 2015, were in Finland and France (both 57%), followed by Denmark (54.8%), Greece (54.2%), Belgium (53.9%) and Austria (51.7%). France remained the country with the largest general government expenditures level since 2007, while Finland became the highest in 2015, in the latter case due to expenditures increasing faster than GDP growth. The lowest government expenditure levels in 2015 were in Mexico (24.5%), Ireland (29.5%), Korea (32.4%), Turkey (33.1%) and Chile (33.9%).

While government expenditures as share of GDP decreased on average by 3.3 p.p. across OECD countries between 2009 and 2015, there was high variation between countries. Government expenditure increased the most in Norway (2.7 p.p.); in contrast, the largest decreases between 2009 and 2015 were in Ireland (-17.6 p.p.), Turkey (-7.7 p.p.) and Latvia (-6.7 p.p.). The decrease in the expenditure ratio in Ireland was primarily due to exceptionally high GDP growth in 2015 (+32% as compared to 2014, in nominal terms), stemming from transfers of intangible assets from multinational enterprises, as expenditure levels only decreased 5% between 2009 and 2015.

With the data available for 2016, government expenditure as a share of GDP decreased with respect to 2015 by -5.2 p.p. in Greece as fiscal consolidation continued and -3.9 p.p. in the Slovak Republic from lower absorption of EU funds. During the same period, the largest increases in government expenditure levels were by 2.3 p.p. in Norway, followed by 0.5 p.p. in Canada.

In terms of government expenditures per capita, on average across OECD countries spending represented USD 17 353 PPP per capita in 2015. Nevertheless, it's important to notice that levels of government expenditure per capita vary significantly among countries, ranging in 2015 from USD 43 010 PPP in Luxemburg to USD 4 391 PPP in Mexico.

Comparing annual average growth rates of real government expenditure per capita since the financial crisis, between 2009 and 2015 expenditures per capita grew the fastest in the Slovak Republic with 3.5% on average per year, followed by 2.8% in Mexico and 2.4% in Turkey, while for the same period, average growth was negative in Greece (-3.8% average per year) and Ireland (-2.6%).

Among OECD accession countries, Colombia had the highest expenditure levels in 2015 with 37.5% of GDP, followed by Lithuania (35.1%) and Costa Rica (32.9%).

Methodology and definitions

Expenditures data are derived from the *OECD National Accounts Statistics* (database), which are based on the *System of National Accounts* (SNA), a set of internationally agreed concepts, definitions, classifications and rules for national accounting. The updated 2008 SNA framework has been now implemented by all OECD countries (see Annex A for details on reporting systems and sources). In SNA terminology, general government consists of central, state and local governments and social security funds. Expenditures encompass intermediate consumption, compensation of employees, subsidies, property income (including interest spending), social benefits, other current expenditures (mainly current transfers) and capital expenditures (i.e. capital transfers and investments). Gross domestic product (GDP) is the standard measure of the value of the goods and services produced by a country during a period. Government expenditures per capita were calculated by converting total government expenditures to USD using the OECD/ Eurostat purchasing power parities (PPP) for GDP and dividing by population (for the countries whose data source is the IMF Economic Outlook an implied PPP conversion rate was used). PPP is the number of units of country B's currency needed to purchase the same quantity of goods and services in country A.

Further readings

OECD (2015), *National Accounts at a Glance 2015*, OECD, Paris, *http://dx.doi.org/10.1787/na_glance-2015-en*

OECD (2016), *OECD Insights: Are the Irish 26.3% better off?*, OECD, Paris. *http://www.oecd.org/std/na/Irish-GDP-up-in-2015-OECD.pdf*

Figure notes

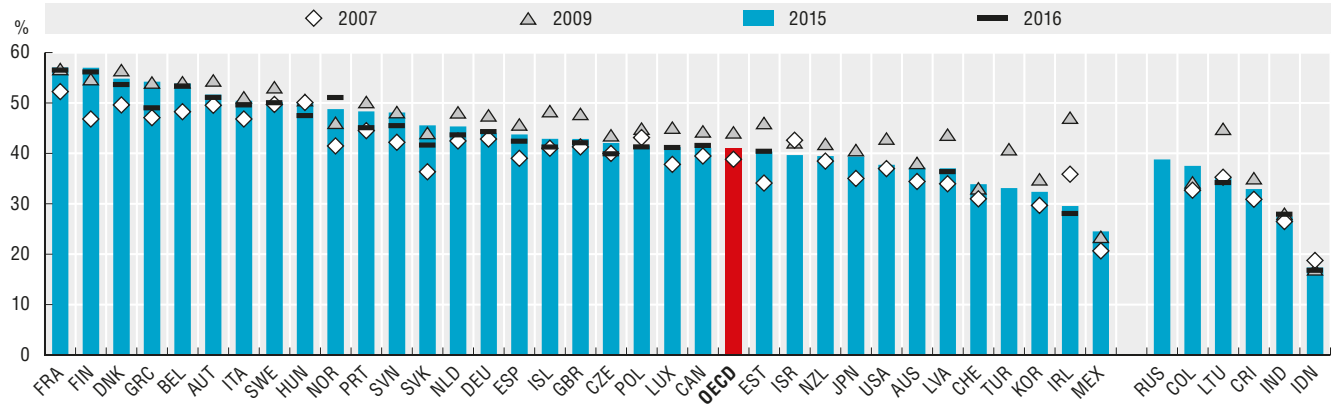
Data for Chile are not available.

Data for Turkey are not included in the OECD average because of missing time series.

Data for Costa Rica and Russia are for 2014 rather than 2015.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

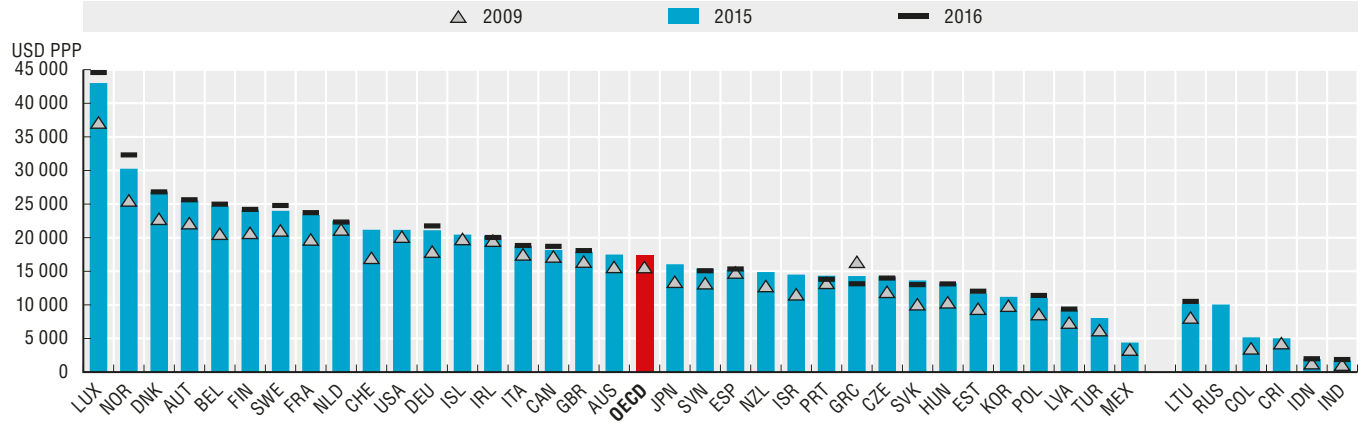
2.29. General government expenditures as a percentage of GDP, 2007, 2009, 2015 and 2016



Source: *OECD National Accounts Statistics* (database). Data for the other major economies of India and Indonesia are from the *IMF Economic Outlook* (April 2017).

StatLink http://dx.doi.org/10.1787/888933531820

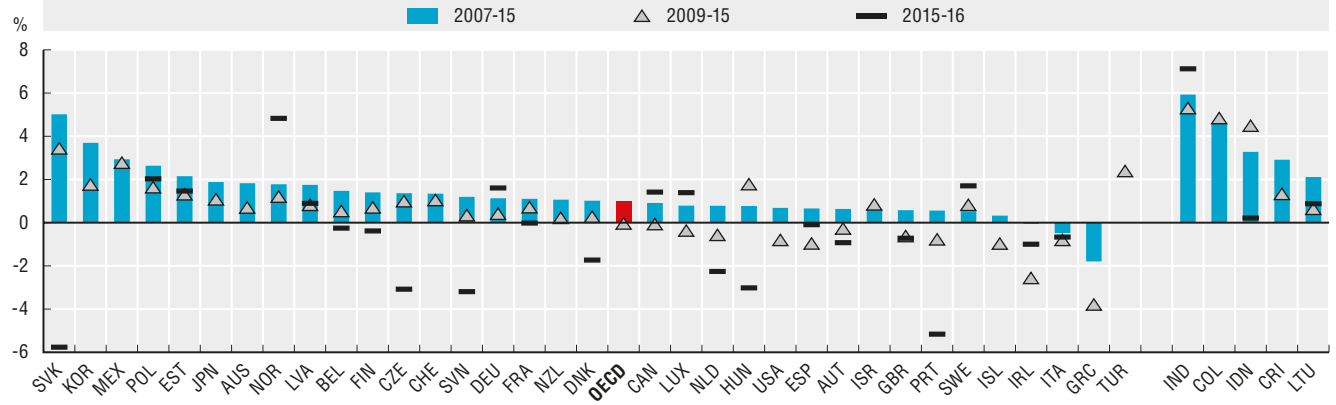
2.30. General government expenditures per capita, 2009, 2015 and 2016



Source: OECD National Accounts Statistics (database). Data for the other major economies of India and Indonesia are from the *IMF Economic Outlook* (April 2017).

StatLink http://dx.doi.org/10.1787/888933531839

2.31. Annual average growth rate of real government expenditures per capita, 2007-15, 2009-15 and 2015-16



Source: OECD National Accounts Statistics (database). Data for the other major economies of India and Indonesia are from the *IMF Economic Outlook* (April 2017).

StatLink http://dx.doi.org/10.1787/888933531858

Structure of general government expenditures by function (COFOG)

Governments' expenditures by function reveal how much governments spend on key areas, such as education, health, defence, social protection or public order and safety. These different functions aggregate expenditures according to predefined categories, enabling informative comparisons of national priorities across governments.

In 2015, social protection represented the largest share of government expenditure across OECD countries, averaging 32.6%, ranging from 44.9% in Finland to 19.4% in Korea. Pensions reached on average more than half of all social protection expenditures in 2015 (see the indicator on structure of expenditures of social protection).

Health care represented the second highest share reaching 18.7% of government expenditures on average for the same year, ranging from 24.2% in the United States to 6.5% in Switzerland. The relative low level of government health spending in Switzerland resulted by the system of private coverage of health risks in this country.

General public services –which include debt servicing– accounted for 13.2% of government expenditure, while education represented 12.6%. Defence, together with public order and safety, represented an average 9.4% of government expenditure among OECD countries for 2015; defence spending was the largest as a proportion in Israel (14.9%), the United States (8.8%) and Korea (7.8%), while expenditures on public order and safety were the largest in Latvia and the United States (both 5.4%).

Economic affairs in 2015, reached 9.3% of public spending on average across OECD countries, from 17.3% in Hungary to 5.9% in Israel. Within economic affairs, transportation represents on average the highest share with 47.6% of these expenditures, followed by general economic, commercial and labour affairs with 22%.

The share of government expenditures is relatively low on the other functions such as in recreation, culture and religion which averaged 1.5% in 2015, ranging from 7.5% in Iceland to 0.7% in the United States. Environmental protection averaged 1.3% of government expenditure, the highest of which was 3.2% in the Netherlands, while housing and community amenities represented, on average, 1.4% of government spending: from 2.6% in Korea and Latvia, to 0.1% in Israel.

Medium- or long-term comparisons of government expenditures by function show, to a certain extent, re-compositions among expenditures. Across OECD countries, changes of expenditures have occurred between 2007 and 2015, as the shares of spending in general public services, defence, public order and safety, economic affairs, education, and recreation, culture and religion have decreased, while the shares of health and social protection have increased. The largest increase was in social protection (+2.6 p.p.), and the largest decrease occurred in general public services (-1.2 p.p.). Among the OECD countries, the largest changes in social protection involved increases in Latvia (7.6 p.p.) and Spain (6.2 p.p.), while the largest decreases occurred in general public services for Greece (-6.9 p.p.).

Among OECD accession countries, Costa Rica had the highest proportion of expenditures in both education (23.3%) and health care (19.3%), while Lithuania had the highest proportion in social protection (31.7%). Colombia and Costa Rica spent a larger proportion than the average OECD country in public order and safety, with 6.8% and 8% respectively, while the later has no defence expenditure, like Iceland, as they abolished their armed forces in 1948.

Methodology and definitions

Expenditures data are derived from the *OECD National Accounts Statistics* (database) and *Eurostat Government finance statistics* (database), which are based on the *System of National Accounts* (SNA), a set of internationally agreed concepts, definitions, classifications and rules for national accounting. The updated 2008 SNA framework has been now implemented by all OECD countries (see Annex A for details on reporting systems and sources). Data on expenditures are disaggregated according to the Classification of the Functions of Government (COFOG), which divides expenditures into ten functions: general public services; defence; public order and safety; economic affairs; environmental protection; housing and community amenities; health; recreation, culture and religion; education; and social protection. Further information about the types of expenditures included is available in Annex C. Figure 2.34 and 2.35, General government expenditures by function as percentage of GDP and the change from 2007 to 2015, are available online in Annex F. Structure of governments by selected COFOG II level priority functions are shown in indicator of expenditures in social protection and health and in Table 2.36 (general public services), Table 2.37 (public order and safety), Table 2.38 (economic affairs) and Table 2.39 (education). These tables are available on line in Annex F.

Figure notes

Data are not available for Canada, Chile, Mexico, New Zealand and Turkey. Data for Korea refer to 2014 rather than 2015.

2.32: Data for Iceland are not included in the OECD average due to missing time-series. Data for Colombia and Costa Rica refer to 2014 rather than 2015.

Data for Iceland are not included in the OECD average due to missing time-series.

Data are not available for Canada, Chile, Iceland, Mexico, New Zealand and Turkey.

Data for Korea refer to 2014 rather than 2015.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

2.32. Structure of general government expenditures by function, 2015

	General public services	Defence	Public order and safety	Economic affairs	Environmental protection	Housing and community amenities	Health	Recreation, culture and religion	Education	Social protection
Australia	12.5	4.4	4.9	10.0	2.4	1.6	19.4	2.0	14.6	28.2
Austria	13.3	1.1	2.7	11.9	0.9	0.7	15.5	2.4	9.6	42.0
Belgium	15.1	1.6	3.3	12.0	1.6	0.6	14.2	2.2	11.9	37.5
Czech Republic	10.3	2.2	4.4	15.6	2.6	1.6	18.2	3.2	11.8	30.1
Denmark	13.5	2.0	1.8	6.7	0.8	0.4	15.6	3.2	12.8	43.0
Estonia	10.6	4.7	4.5	11.8	1.7	0.9	13.7	4.9	15.1	32.1
Finland	14.9	2.4	2.2	8.3	0.4	0.7	12.6	2.6	11.0	44.9
France	11.0	3.1	2.9	10.0	1.8	1.9	14.3	2.3	9.6	43.1
Germany	13.5	2.3	3.6	7.1	1.4	0.9	16.3	2.3	9.6	43.1
Greece	17.8	4.9	3.8	16.0	2.7	0.4	8.2	1.3	7.8	37.0
Hungary	17.8	1.1	4.1	17.3	2.5	2.2	10.6	4.3	10.3	29.9
Iceland	18.0	0.0	3.6	11.6	1.3	1.1	17.4	7.5	17.4	22.1
Ireland	13.9	1.2	3.7	11.5	1.4	2.0	19.3	2.0	12.4	32.7
Israel	13.6	14.9	3.9	5.9	1.2	0.1	12.7	3.5	17.1	27.0
Italy	16.6	2.4	3.7	8.1	1.9	1.2	14.1	1.5	7.9	42.6
Japan	10.4	2.3	3.2	9.5	2.9	1.7	19.4	0.9	8.7	40.7
Korea	16.6	7.8	4.0	16.1	2.5	2.6	12.5	2.1	16.3	19.4
Latvia	14.0	2.7	5.4	11.5	1.9	2.6	10.3	4.4	16.2	31.0
Luxembourg	10.5	0.7	2.4	11.9	2.6	1.2	10.9	2.8	12.4	44.8
Netherlands	11.1	2.5	4.0	8.8	3.2	0.7	17.7	3.1	12.0	36.8
Norway	9.6	3.1	2.2	10.5	1.8	1.5	17.2	3.0	11.2	39.8
Poland	11.8	3.8	5.3	11.1	1.5	1.7	11.2	2.7	12.6	38.3
Portugal	16.8	2.2	4.3	10.5	0.8	1.0	12.7	1.6	12.4	37.8
Slovak Republic	14.2	2.3	5.2	13.9	2.3	1.9	15.7	2.3	9.3	33.0
Slovenia	14.2	1.8	3.2	12.4	2.1	1.3	14.0	3.4	11.6	36.1
Spain	14.9	2.2	4.6	10.0	2.0	1.1	14.2	2.6	9.3	39.1
Sweden	14.1	2.3	2.6	8.4	0.6	1.5	13.8	2.2	13.0	41.6
Switzerland	12.6	2.8	5.0	11.0	2.1	0.6	6.5	2.4	17.2	39.9
United Kingdom	10.6	5.0	4.7	7.1	1.8	1.1	17.8	1.5	12.0	38.4
United States	13.8	8.8	5.4	8.7	0.0	1.4	24.2	0.7	16.2	20.8
OECD	**13.2**	**5.1**	**4.3**	**9.3**	**1.3**	**1.4**	**18.7**	**1.5**	**12.6**	**32.6**
Colombia	14.1	5.0	6.8	11.9	1.4	1.7	15.2	2.3	14.3	27.2
Costa Rica	10.4	0.0	8.0	8.8	1.4	2.6	19.3	0.8	23.3	25.4
Lithuania	12.5	3.8	4.5	10.4	1.5	0.9	16.5	2.7	15.4	31.7

Source: OECD National Accounts Statistics (database); *Eurostat Government finance statistics* (database). Data for Australia are based on *Government finance statistics* provided by the Australian Bureau of Statistics.

StatLink http://dx.doi.org/10.1787/888933534784

2.33. Change in the structure of general government expenditures by function, 2007 to 2015

	General public services	Defence	Public order and safety	Economic affairs	Environmental protection	Housing and community amenities	Health	Recreation, culture and religion	Education	Social protection
Australia	1.9	0.1	-0.2	-2.0	0.3	-0.6	0.5	-0.4	0.3	0.3
Austria	-2.1	-0.4	0.0	-0.1	-0.1	-0.1	0.5	-0.5	0.1	2.6
Belgium	-3.0	-0.5	-0.2	0.5	0.2	-0.3	0.4	-0.3	0.5	2.8
Czech Republic	-0.5	-0.6	-0.4	-0.3	0.2	-0.8	1.7	0.3	0.0	0.3
Denmark	0.0	-0.8	0.0	0.8	-0.2	-0.2	0.2	-0.2	0.9	-0.3
Estonia	0.8	1.0	-1.8	-0.9	-0.8	-0.9	0.9	-1.1	-2.2	4.9
Finland	0.7	-0.5	-0.3	-1.0	-0.3	0.0	-1.5	0.4	-1.4	4.0
France	-2.6	-0.2	0.1	1.9	0.1	-0.3	0.1	-0.2	-0.5	1.7
Germany	-0.7	0.1	0.1	-0.5	0.2	-1.0	1.5	0.5	0.4	-0.7
Greece	-6.9	-1.0	0.6	7.1	1.0	0.0	-4.6	-0.1	0.2	3.7
Hungary	-1.3	-1.4	0.2	4.3	1.2	0.2	0.7	1.3	-0.7	-4.5
Ireland	4.1	0.0	-0.6	0.7	-1.7	-3.6	0.0	-0.1	0.0	1.1
Israel	-4.2	-1.6	0.3	0.1	-0.1	-0.7	1.3	0.4	2.5	2.1
Italy	-1.7	-0.1	-0.3	-0.9	0.3	-0.2	-0.2	-0.3	-1.8	5.1
Japan	-2.0	-0.1	-0.2	-0.3	-0.3	-0.5	1.9	0.0	-1.0	2.6
Korea	-1.0	-0.1	-0.2	-4.0	-0.5	-1.1	2.0	-0.2	0.8	4.2
Latvia	2.7	-1.4	-1.8	-3.0	-0.7	-0.9	-1.6	-0.6	-0.1	7.6
Luxembourg	-1.8	0.0	0.0	-0.3	-0.3	-0.4	-0.5	-0.5	0.5	3.2
Netherlands	-1.8	-0.5	-0.3	-1.1	-0.5	-0.2	1.9	-0.5	0.0	3.0
Norway	-4.6	-0.6	0.1	1.4	0.4	0.1	0.4	0.1	-0.5	3.1
Poland	-0.8	-0.7	0.1	0.3	0.1	-0.8	0.8	0.0	-0.7	1.7
Portugal	1.5	-0.5	0.3	1.1	-0.6	-1.1	-3.0	-0.7	-2.0	5.0
Slovak Republic	1.9	0.2	0.1	2.0	0.2	0.0	-1.0	0.0	-0.4	-3.0
Slovenia	1.3	-1.5	-0.7	2.7	0.3	-0.1	0.1	0.5	-2.4	0.0
Spain	2.2	-0.4	-0.2	-3.3	-0.6	-1.2	-0.4	-1.5	-1.0	6.2
Sweden	-1.4	-0.8	0.0	0.5	-0.1	0.1	1.0	0.1	0.3	0.3
Switzerland	-0.3	-0.2	0.2	-1.9	0.5	-0.1	0.4	0.1	-0.2	1.4
United Kingdom	0.3	-0.3	-1.0	0.0	-0.4	-1.3	2.0	-0.6	-2.0	3.4
United States	-1.4	-1.9	-0.4	-1.0	0.0	-0.4	3.5	-0.2	-0.9	2.6
OECD	**-1.2**	**-0.9**	**-0.3**	**-0.5**	**0.0**	**-0.5**	**1.7**	**-0.1**	**-0.7**	**2.6**
Lithuania	1.0	-1.4	-0.3	-1.5	-1.0	0.1	1.6	-0.3	0.4	1.3

Source: OECD National Accounts Statistics (database); *Eurostat Government finance statistics* (database). Data for Australia are based on *Government finance statistics* provided by the Australian Bureau of Statistics.

StatLink http://dx.doi.org/10.1787/888933534803

Structure of general government expenditures by economic transaction

Public expenditures can also be classified by the economic nature of the transaction they entail, from wage compensations of the civil service, one-time capital expenditures, the financing of a subsidy or a cash transfer such as pensions or unemployment benefits, to the procurement of goods or services from the private sector that are used as inputs in the government production (i.e. intermediate consumption). This classification is ancillary to government expenditures by function, as it distinguishes broader categories of the government's production function and its relationship with the economy.

The composition of government expenditures according to this classification shows that in 2015, social benefits represented 41.1% of all government expenditures among OECD countries on average, followed by compensation of employees with 23.1%, intermediate consumption with 13.9%, capital expenditures with 9.4%, property income with 6.4% and the remaining 6.1% between subsidies and other current expenditures. The largest proportion of social benefits, in cash and in kind, among government expenditures for 2015, was in Germany (54.2%), followed by Japan (53.9%), while the lowest proportions were 10.2% in Mexico and 14.9% in Iceland. Conversely, Mexico and Iceland experienced highest shares of compensation to employees reaching 37% and 32.4% of total expenditures in 2015, whereas the lowest share was recorded for Japan (14%). Intermediate consumption reached largest shares in Iceland and Israel with 25.4% and 23% respectively.

From 2009 to 2015, the structure of expenditures by economic transaction experienced relatively some changes across OECD countries. On average, the share of social benefits increased by 3.1 p.p., whereas decreases occurred in the shares of compensation to employees (-0.1 p.p.), intermediate consumption (-0.4 p.p.) and capital expenditures (-2.7 p.p.); the latter due to the counter-cyclical fiscal measures deployed in response to the crisis back in 2009. During this period, the largest changes in the composition of expenditures occurred in Hungary, where the share of capital expenditures increased by 8.8 p.p., primarily through spending of EU funds, while that of social benefits decreased by 7 p.p., and Korea, where capital expenditures' share in government expenditures decreased by 7.7 p.p., while the share of social benefits increased by 7.2 p.p.

Taking a longer view by comparing the composition of economic transactions within government expenditure between 2007 and 2015, some important changes occurred in several countries. For instance, compensation of employees as a share of government expenditure increased 3.2 p.p. in the Czech Republic during this period, while it decreased -6.1 p.p. in Portugal due to wage cuts. Also, the share of social benefits increased by 7.5 p.p. in Latvia, 6.9 p.p. in Korea and the United States, 6.7 p.p. in Spain, while it decreased by -5.5 p.p. in Hungary and -5 p.p. in the Czech Republic. For capital expenditures, even though the average proportion in 2015 among OECD countries was 9.4%, Korea had capital expenditures representing 19% of government expenditures, followed by Hungary (18.1%).

Among OECD accession countries, Costa Rica had the highest share of compensation to employees with 43.6%, followed by Lithuania with 27.5%. Regarding social benefits, Lithuania and Colombia spent 35.6% and 34.9% respectively of their government expenditures in this category.

Methodology and definitions

Expenditures data are derived from the *OECD National Accounts Statistics* (database), which are based on the *System of National Accounts* (SNA), a set of internationally agreed concepts, definitions, classifications and rules for national accounting. The updated 2008 SNA framework has been now implemented by all OECD countries (see Annex A for details on reporting systems and sources). Expenditures encompass the following economic transactions: intermediate consumption, compensation of employees, subsidies, property income (including interest spending), social benefits (consisting of social benefits other than social transfers in kind and of social transfers in kind provided to households via market producers), other current expenditures (mainly current transfers but also other minor expenditures as other taxes on production, current taxes on income and wealth etc. and the adjustment for the change in pension entitlements) and capital expenditures (i.e. capital transfers and investments). All these transactions at the level of government are recorded on a consolidated basis (i.e. transactions between levels of government are netted out). Figure 2.41, Change in the structure of general government expenditures by economic transaction, 2009 to 2015 is available online in Annex F.

Further reading

OECD (2015), *National Accounts at a Glance 2015*, OECD, Paris, *http://dx.doi.org/10.1787/na_glance-2015-en*

OECD (2016), *OECD Factbook 2015-2016: Economic, Environmental and Social Statistics*, OECD, Paris, *http://dx.doi.org/10.1787/factbook-2015-en*

OECD (2012), *Public Sector Compensation in Times of Austerity*, OECD, Paris, *http://dx.doi.org/10.1787/9789264177758-en*

Figure notes

Data for Chile are not available.

Data for Turkey are not included in the OECD average due to missing time-series.

Data for Costa Rica and Russia are for 2014 rather than 2015.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

2.40. Structure of general government expenditures by economic transaction, 2015 and 2016 and change 2007 to 2015

	Intermediate consumption			Compensation of employees			Subsidies			Property income (incl. interest)			Social benefits			Other current expenditures			Capital expenditures		
	2015	2016	Change 2007-15	2015	2016	Change 2007-15	2015	2016	Change 2007-15	2015	2016	Change 2007-15	2015	2016	Change 2007-15	2015	2016	2007-15	2015	2016	Change 2007-15
Australia	18.2	..	-0.1	27.1	..	0.4	3.6	..	-0.5	4.8	..	0.6	29.9	..	0.8	6.5	..	-0.2	9.9	..	-1.1
Austria	12.6	12.7	0.3	20.9	21.1	-0.4	2.6	2.7	-0.5	4.6	4.1	-1.8	45.0	45.7	2.8	6.1	6.4	0.4	8.3	7.3	-0.8
Belgium	7.5	7.4	-0.2	23.1	23.2	-0.7	6.3	6.2	0.7	5.6	5.4	-2.6	46.9	47.4	2.7	3.8	4.1	0.2	6.8	6.4	0.0
Canada	18.0	17.7	-0.1	30.5	30.8	0.8	2.2	2.0	-0.3	7.6	7.1	-2.4	28.7	29.2	2.3	2.9	3.2	-0.4	10.2	10.2	0.2
Czech Republic	14.8	15.5	0.9	20.8	22.3	3.2	5.5	6.0	1.4	2.6	2.4	-0.1	37.1	38.8	-5.0	5.0	5.3	0.6	14.4	9.7	-1.1
Denmark	16.5	16.9	0.4	29.3	29.7	-1.6	3.7	3.5	-0.1	2.9	2.5	-0.4	33.9	34.4	0.9	5.9	5.8	-0.7	7.8	7.3	1.6
Estonia	16.9	17.3	-0.1	28.5	29.2	0.8	1.1	1.1	-1.4	0.2	0.2	-0.3	33.3	34.5	4.7	4.9	4.9	0.2	15.1	12.8	-4.0
Finland	19.0	19.6	0.1	24.3	24.0	-2.5	2.4	2.2	-0.3	2.1	1.9	-1.0	39.8	40.3	4.3	4.9	4.8	-0.2	7.6	7.3	-0.4
France	9.0	8.9	0.0	22.6	22.6	-1.1	4.5	4.6	1.9	3.6	3.4	-1.4	45.5	45.8	1.9	6.7	6.8	0.2	8.1	8.0	-1.4
Germany	10.5	10.9	1.5	17.1	17.0	0.0	2.1	2.0	-0.2	3.5	3.1	-2.7	54.2	54.5	0.1	5.7	5.4	1.7	6.9	7.1	-0.5
Greece	9.1	9.7	-5.2	22.7	25.1	-0.8	1.8	2.0	1.6	6.6	6.6	-2.9	41.0	45.5	4.5	3.0	3.3	-0.8	15.9	7.9	3.7
Hungary	14.7	14.7	2.2	21.2	23.2	-1.7	2.6	3.0	-0.1	7.0	6.7	-1.0	30.4	31.7	-5.5	6.0	8.1	0.5	18.1	12.5	5.7
Iceland	25.4	25.5	-0.2	32.4	33.4	-1.1	3.1	3.2	-1.1	10.7	10.1	4.9	14.9	14.9	1.4	3.4	3.3	-0.7	10.0	9.5	-3.2
Ireland	12.2	13.0	-1.6	25.0	26.1	-3.1	2.4	2.3	-0.2	9.0	8.3	6.3	37.4	38.2	4.6	3.4	3.7	-1.0	10.5	8.5	-5.0
Israel	23.0	..	0.2	25.4	..	1.4	1.8	..	0.1	8.5	..	-4.1	21.0	..	1.7	12.2	..	0.8	8.1	..	-0.1
Italy	10.9	11.0	0.5	19.5	19.8	-2.3	3.4	3.7	1.0	8.2	8.0	-2.0	45.4	46.1	4.6	4.4	4.6	-0.3	8.2	6.9	-1.4
Japan	9.7	..	-0.1	14.0	..	-3.0	1.6	..	0.1	4.9	..	-0.6	53.9	..	4.0	3.6	..	0.3	12.3	..	-0.7
Korea	13.4	..	-1.2	21.3	..	-1.7	1.0	..	-0.2	5.0	..	-1.6	27.9	..	6.9	12.5	..	2.5	19.0	..	-4.6
Latvia	16.7	16.3	0.7	26.7	28.0	-2.5	0.6	1.2	-1.6	3.6	3.1	2.5	30.3	32.2	7.5	9.1	9.8	-0.5	13.0	9.3	-6.2
Luxembourg	8.9	8.6	0.5	21.0	20.8	-0.3	3.3	3.2	0.1	0.8	0.8	0.0	47.7	47.4	0.4	7.5	7.9	1.3	10.8	11.2	-2.0
Mexico	12.9	..	0.7	37.9	..	-1.1	1.7	..	-2.1	7.7	..	0.0	10.2	..	2.6	14.2	..	5.7	15.4	..	-5.9
Netherlands	13.6	13.2	-1.0	19.5	20.2	-0.7	2.6	2.8	-0.4	2.8	2.5	-1.9	48.5	49.8	4.9	4.3	3.2	-0.4	8.7	8.3	-0.5
New Zealand	15.8	..	-0.4	23.2	..	-0.5	0.8	..	0.0	4.7	..	0.6	36.1	..	-0.2	5.9	..	-0.6	13.4	..	1.1
Norway	13.5	13.7	0.2	30.4	30.2	1.3	4.1	4.2	0.0	1.3	1.1	-4.9	34.9	34.7	1.7	5.6	5.5	0.7	10.2	10.7	1.0
Poland	14.1	14.0	-0.1	24.6	24.9	0.4	1.2	1.3	-1.0	4.2	4.1	-0.8	39.0	41.7	2.1	5.3	4.9	-0.2	11.5	9.0	-0.3
Portugal	11.8	12.7	-0.3	23.4	25.0	-6.1	1.3	1.2	-0.4	9.5	9.4	2.8	39.9	42.0	3.6	5.2	5.3	-0.2	8.9	4.4	0.6
Slovak Republic	13.0	13.2	-1.2	19.7	22.0	-0.3	1.3	1.1	-1.0	3.8	4.0	0.0	41.7	46.0	-3.0	4.4	4.3	-0.2	16.1	9.4	5.7
Slovenia	13.8	14.4	0.7	23.2	25.4	-1.3	1.7	1.8	-2.0	6.8	7.0	3.9	37.8	39.5	-0.1	4.1	4.5	-0.9	12.5	7.4	-0.2
Spain	12.1	11.8	-0.7	25.3	25.7	-0.2	2.6	2.4	-0.2	7.1	6.6	3.0	42.2	43.0	6.7	3.5	3.8	-0.5	7.1	6.6	-8.2
Sweden	16.2	16.1	0.6	24.9	25.1	0.1	3.2	3.3	0.3	1.3	1.2	-2.4	34.1	33.9	1.4	11.4	11.0	-0.5	8.9	9.3	0.5
Switzerland	13.6	..	1.1	22.4	..	0.1	9.7	..	-1.2	1.7	..	-1.9	34.0	..	0.1	7.2	..	2.4	11.3	..	-0.6
Turkey	15.3	..	..	23.6	..	..	3.3	..	..	5.9	..	..	37.9	..	..	3.4	..	..	10.6	..	..
United Kingdom	20.4	20.3	0.5	21.8	22.0	-3.2	1.5	1.7	0.0	5.5	5.9	0.2	38.0	37.7	3.6	4.9	4.7	-1.2	8.1	7.8	0.0
United States	16.3	..	-2.0	26.0	..	-1.2	0.8	..	-0.2	9.0	..	-0.7	38.9	..	6.9	0.8	..	0.0	8.3	..	-2.7
OECD	13.9	..	-0.6	23.1	..	-1.2	2.0	..	0.1	6.4	..	-1.0	41.1	..	4.1	4.1	..	0.4	9.4	..	-1.7
Colombia	14.2	..	-1.7	22.9	..	-0.4	0.4	..	0.2	7.1	..	0.1	34.9	..	-3.8	10.6	..	0.8	10.0	..	0.7
Costa Rica	10.2	..	2.1	43.6	..	..	0.0	..	9.7	7.8	..	0.0	13.7	..	-2.1	15.4	..	-12.7	9.3	..	-2.2
Lithuania	14.7	14.1	0.2	27.5	28.8	-3.9	1.1	1.2	-0.2	4.3	4.0	-1.4	35.6	37.1	2.5	4.3	4.9	0.6	12.3	10.0	-5.5
Russia	15.4	..	..	27.1	..	..	1.6	..	..	1.7	..	..	27.8	..	..	10.2	..	..	16.3	..	..

Source: OECD National Accounts Statistics (database). Data for Australia are based on a combination of *National Accounts and Government finance statistics* data provided by the Australian Bureau of Statistics.

StatLink http://dx.doi.org/10.1787/888933534822

Expenditures structure by level of government

The degree of fiscal decentralisation determines the types of expenditures carried out at each level of government. All levels of government are connected by overlapping responsibilities in financing the goods and services provided by them, setting up quality guidelines for their provision, etc. How much overlap there is in responsibilities among levels of government depends on the constitutional set-up of countries, the uniformity of the public goods and services they provide and the needs of the population, as well as redistributive objectives they pursue. Even though decentralised expenditures respond to the variety in local preferences, and can lead to better political accountability for results, they can also limit the extent to which economies of scale can be exploited in service provision, can create inefficiencies and can exacerbate geographical inequalities.

In 2015, on average, 41% of all public expenditures were carried out by central government, 38.9% by state and local governments and social security funds represented the remaining 20.1% of expenditures.

Between 2007 and 2015, albeit with large country variability, the composition of expenditure among levels of government moved towards social security: on average, the share of social security funds increased by 1.4 p.p. – most likely reflecting population aging and the effects of the crisis – while central governments' share remained almost stable (-0.1 p.p.) and sub-central governments' shares decreased slightly by -1.3 p.p. The largest changes during this period occurred with an increased share of central government in Ireland (10.5 p.p.) and Hungary (8.9 p.p.), which in Ireland was offset by a similar reduction in local government, while Hungary saw a decrease in the share of local government (-7.4 p.p.) and social security (-1.5 p.p.). In Hungary the reorganization of territorial administration caused this, where key service delivery responsibilities have been moved from sub-central level governments to deconcentrated central government entities.

Focusing on central government, in 2015, compensation of employees averaged 16.8% of all central government expenditures, ranging from 30.2% in Turkey to 6.6% in Japan. Social benefits represented 16.6% on average, the highest of which was 48.3% in the United States, followed by 41.5% in the Czech Republic, 40.6% in Netherlands and 39.6% in Norway. The share of other current expenditures, which includes transfers to other institutional units, reached 35.6% of central government expenditures on average. These differences among the countries could reflect differences in the responsibilities across levels of governments, different policy decisions on how public services would be provided, as well as the different choices on how social benefits would be delivered to citizens.

Methodology and definitions

Expenditures data are derived from the *OECD National Accounts Statistics* (database) and *Eurostat Government finance statistics* (database), which are based on the *System of National Accounts* (SNA), a set of internationally agreed concepts, definitions, classifications and rules for national accounting. The updated 2008 SNA framework has been now implemented by all OECD countries (see Annex A for details on reporting systems and sources). Expenditures encompass intermediate consumption, compensation of employees, subsidies, property income (including interest spending), social benefits, other current expenditures (mainly current transfers) and capital expenditures (i.e. capital transfers and investments). General government consists of central, state and local governments and social security funds. State government is only applicable to the nine OECD countries that are federal states: Australia, Austria, Belgium, Canada, Germany, Mexico, Spain (considered a quasi-federal country), Switzerland and the United States. Data in Figure 2.42 and 2.43 exclude transfers between levels of government and thus provide a rough proxy of the overall responsibility for providing goods and services borne by each level of government. However, data on Figure 2.44 and the structure of expenditures by function at the central, state, and local levels (Table 2.45, 2.46 and 2.47) include transfers between levels of government and therefore illustrate how much is spent on each type of spending by level of government. Tables 2.45, 2.46 and 2.47 are available online in Annex F.

Further readings

OECD (2016), *OECD Factbook 2015-2016: Economic, Environmental and Social Statistics*, OECD, Paris, *http://dx.doi.org/10.1787/factbook-2015-en*

Figure notes

Data for Chile are not available.

Data for Turkey and are not included in the OECD average due to missing time-series.

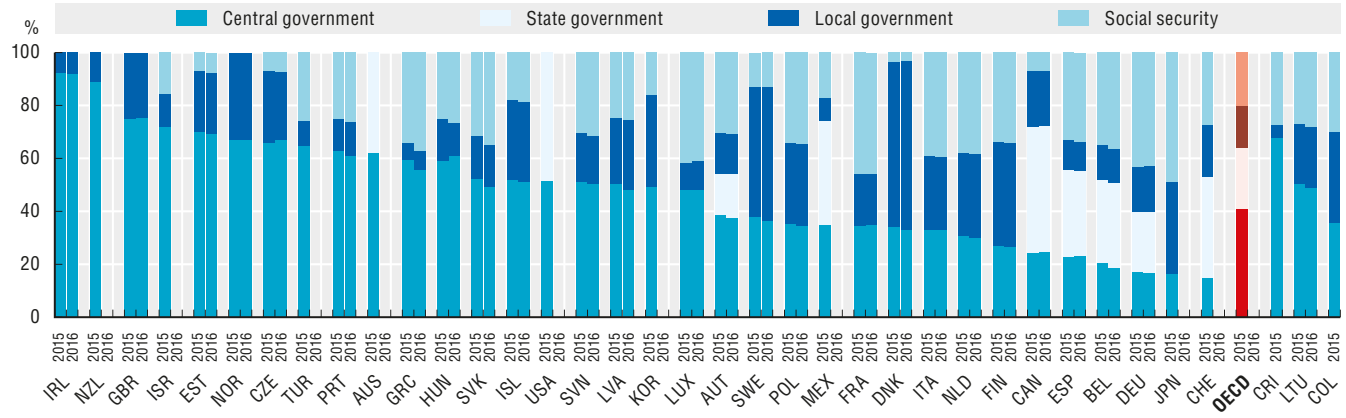
2.42 and 2.43: Flows between levels of government are excluded (apart from Australia, Korea, Turkey and Costa Rica). For Japan data for sub-sectors of general government refer to fiscal year. Local government is included in state government for Australia and the United States. Australia does not operate government social insurance schemes. Social security funds are included in central government in Ireland, New Zealand, Norway, the United Kingdom and the United States.

2.42 and 2.44: Data for Costa Rica are for 2014 rather than 2015.

2.44: Data for Australia are not available.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

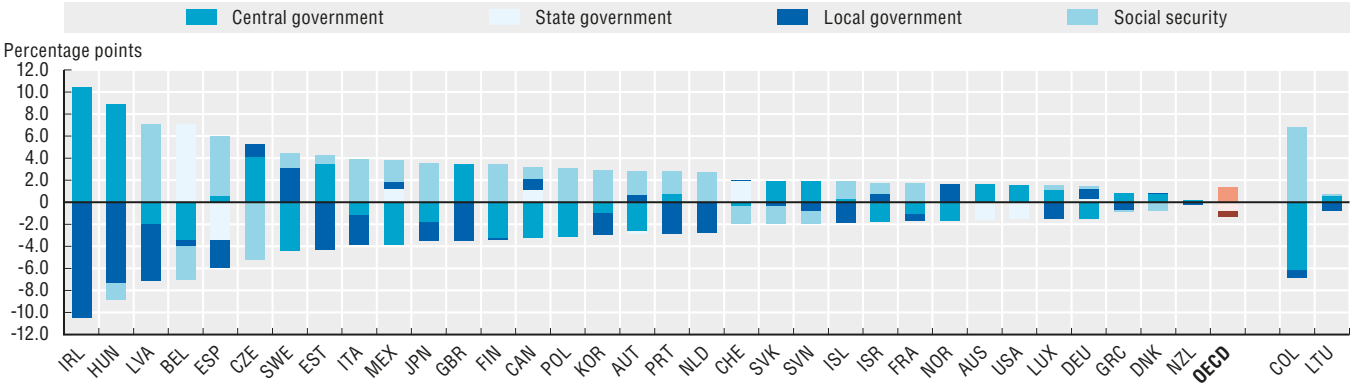
2.42. Distribution of general government expenditures across levels of government, 2015 and 2016



Source: *OECD National Accounts Statistics* (database).

StatLink http://dx.doi.org/10.1787/888933531877

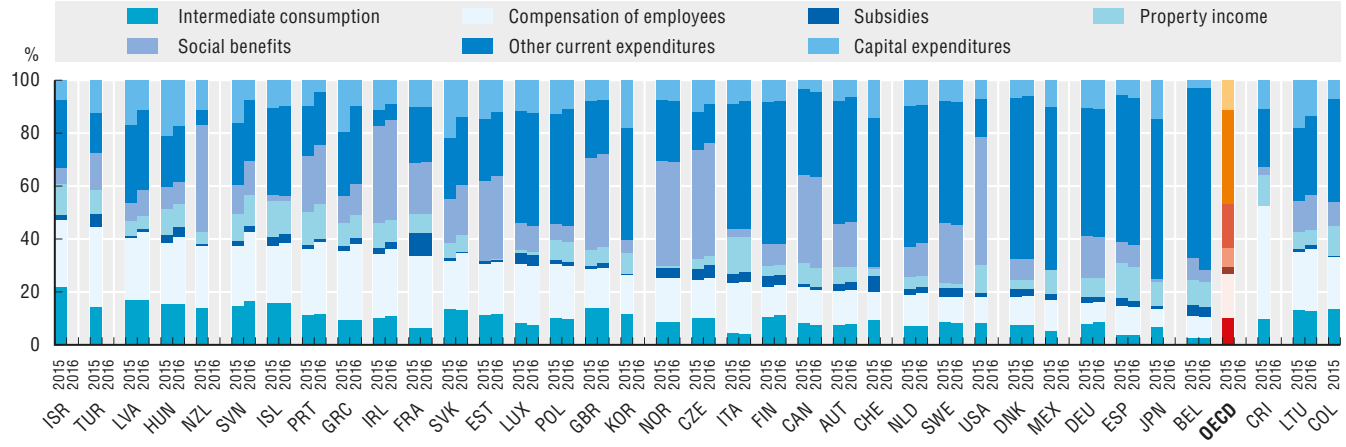
2.43. Change in the distribution of general government expenditures across levels of government, 2007 to 2015



Source: OECD National Accounts Statistics (database).

StatLink http://dx.doi.org/10.1787/888933531896

2.44. Structure of central government expenditures by economic transaction, 2015 and 2016



Source: OECD National Accounts Statistics (database).

StatLink http://dx.doi.org/10.1787/888933531915

Government investment spending

Public expenditures have different time horizons, which makes distinguishing consumption from investment spending relevant, given that additions to the stock of physical capital, through expenditures in transportation infrastructure for instance, are key to long-term economic growth and productivity. This has been reflected in recent calls for increases in public investment spending as a way to improve slacking productivity.

In 2015, average government investment spending across OECD countries amounted to 3.2% of GDP, decreasing from 4.1% in 2009 and lower than its level of 3.6% in 2007. The country with the largest government investment spending in 2015 was Hungary with 6.7%, followed by the Slovak Republic (6.4%) Estonia (5.2%) and the Czech Republic (5.1%); all Eastern European countries that receive significant EU structural funds to finance investment. The lowest investment spending levels in 2015 were registered in Israel (1.5%), Ireland (1.7%) and Mexico (1.8%).

Between 2007 and 2015, the largest increases in government investment as a share of GDP were in the Slovak Republic with +3.3 p.p. and Hungary with +2.4 p.p., even though public investment for both the Slovak Republic and Hungary decreased in 2016. Meanwhile, the largest decreases in government investment during the same period were in Ireland (-2.8 p.p.) and Spain (-2.3 p.p.). Over this period, other major economies such as China increased public investment from 1.9% to 4.1%.

In terms of total expenditures, government investment represented on average 7.7% of all spending across OECD countries in 2015, decreasing from 9.3% registered both in 2007 and 2009. Throughout this period, the share of investment spending has been the largest in Korea, reaching 15.2% in 2015, albeit decreasing from 22.5% in 2009 (and 20% in 2007), 54.5% of which is allocated in economic affairs and defence. The lowest share of investment spending in 2015 was in Israel (3.8%) and Belgium (4.4%).

The distribution of investment spending across levels of government follows, to a great extent, the political and administrative structure. Across all OECD countries, around 40% of investment spending is carried out by central governments, while about 60% was carried out by sub-central governments – as many public goods have a local rather than a central reach. Investment by the central government ranges from 81% of total public investment in Greece to 7.2% in Canada. However, the federal countries of Canada and Belgium allocated around 90% of their public investment spending to sub-central governments.

Public investment in 2015 was allocated mostly in the function of economic affairs, such as transportation and energy, with a share of 34.6% on average across OECD countries, followed by defence (15.2%), education (14.7%), general public services (9.3%), health care (8.4%), and in a smaller degree to housing (5.1%), environmental protection (4.5%), public order and safety (3.5%) and social protection (1.6%).

Methodology and definitions

Data are derived from the *OECD National Accounts Statistics* (database), which are based on the *System of National Accounts* (SNA), a set of internationally agreed concepts, definitions, classifications and rules for national accounting. The updated 2008 SNA framework has been now implemented by all OECD countries (see Annex A for details on reporting systems and sources). General government investment includes gross capital formation and acquisitions, less disposals of non-produced nonfinancial assets. Gross fixed capital formation (also named as fixed investment) is the main component of investment consisting for government, mainly of transport infrastructure but also including infrastructure such as office buildings, housing, schools, hospitals, etc. Moreover, with the SNA 2008 framework expenditures in research and development have been also included in fixed investment. Government investments together with capital transfers constitute the category of government capital expenditures. Government consists of central, state and local governments and social security funds. State government is only applicable to the nine OECD countries that are federal states: Australia, Austria, Belgium, Canada, Germany, Mexico, Spain (considered a quasi-federal country), Switzerland and the United States. Figures 2.51, Government investment as a share of total investment, 2007, 2009 and 2015 and 2.52, Structure of general government investment by function, are available on line in Annex F.

Further readings

OECD (2014), *Recommendation of the Council on Effective Public Investment across levels of government*, OECD, Paris *www.oecd.org/regional/regional-policy/Principles-Public-Investment.pdf*.

OECD (2015), *National Accounts at a Glance 2015*, OECD, Paris, *http://dx.doi.org/10.1787/na_glance-2015-en*

Figure notes

Data for Chile are not available. Data for Turkey and are not included in the OECD average because of missing time series.

Data for Costa Rica are for 2014 rather than 2015.

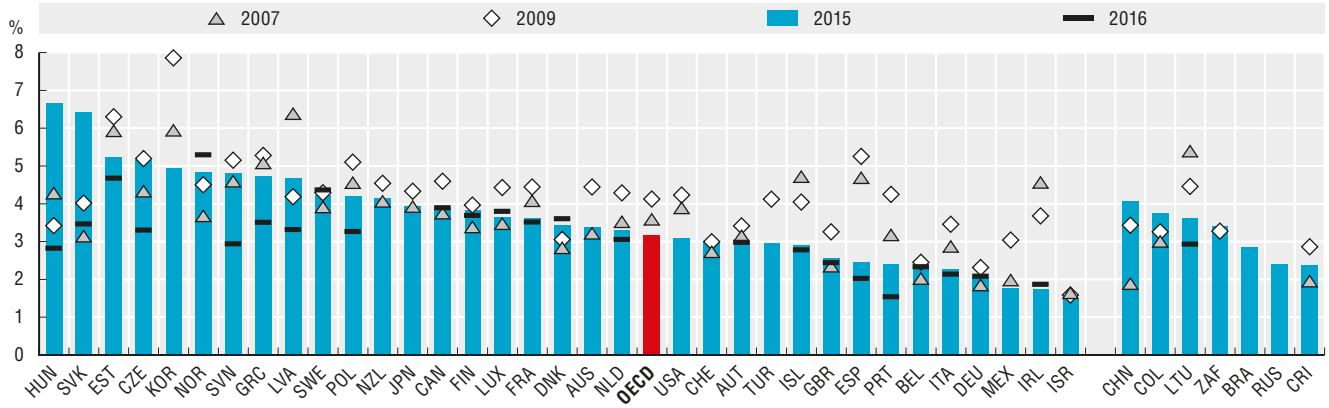
2.48: Data for Brazil, China, Russia and South Africa are for 2014 rather than 2015.

2.49: Data for Russia are for 2014 rather than 2015.

2.50: Local government is included in state government for Australia and the United States. Australia does not operate government social insurance schemes. Social security funds are included in central government in Ireland, New Zealand, Norway, the United Kingdom and the United States.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

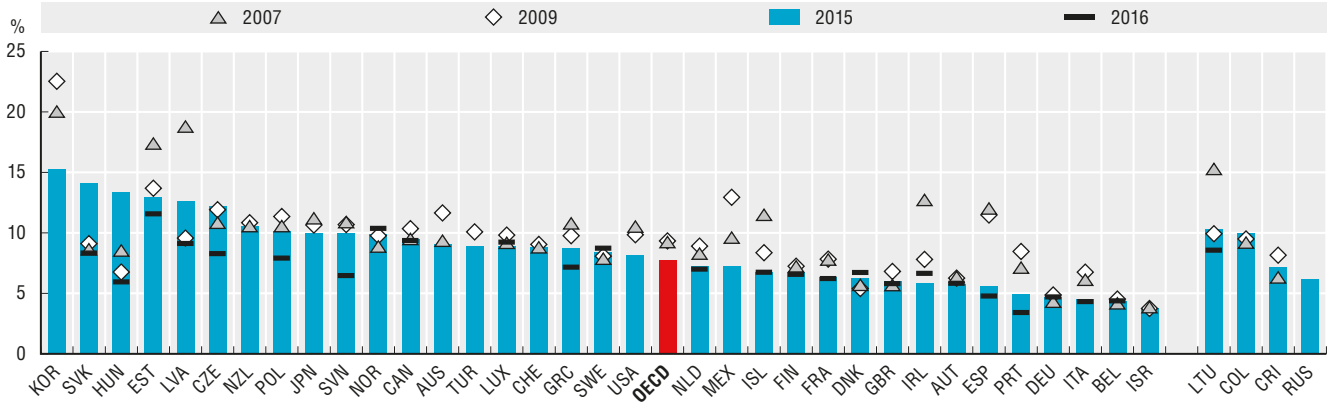
2.48. Government investment as percentage of GDP, 2007, 2009, 2015 and 2016



Source: *OECD National Accounts Statistics* (database).

StatLink http://dx.doi.org/10.1787/888933531934

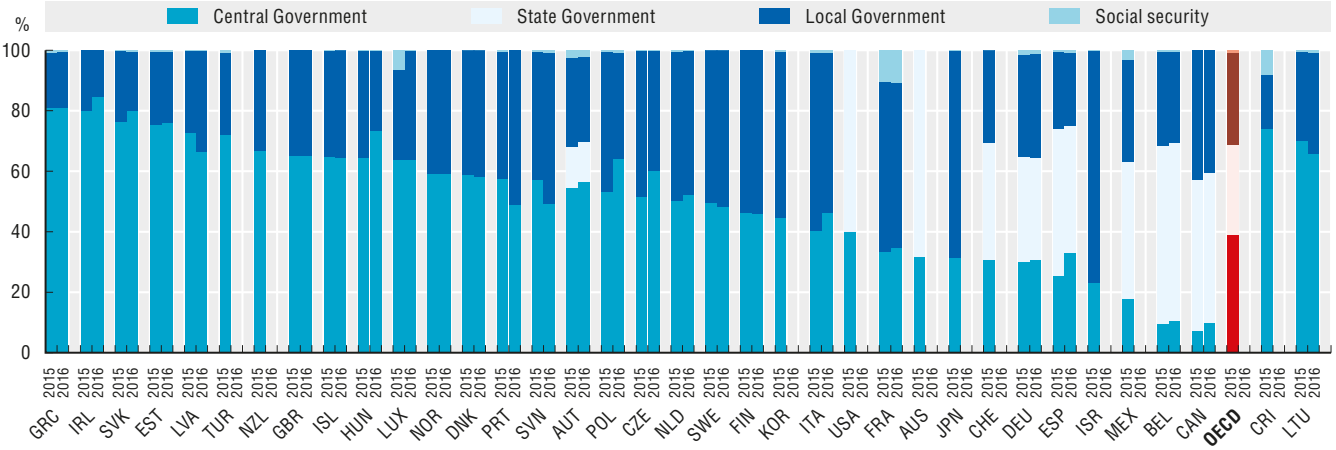
2.49. Government investment as a share of total government expenditures, 2007, 2009, 2015 and 2016



Source: OECD National Accounts Statistics (database).

StatLink http://dx.doi.org/10.1787/888933531953

2.50. Distribution of investment spending across levels of government, 2015 and 2016



Source: OECD National Accounts Statistics (database).

StatLink http://dx.doi.org/10.1787/888933531972

Production costs and outsourcing of general government

Government expenditures distinguish between what government pays to its personnel and what it purchases from the private sector, which together with other costs – such as depreciation of capital – make the total production costs of government. This distinction helps identify the extent to which government outsources production, either by directly purchasing inputs from the private sector or by delegating to the private sector (for instance to a non-profit organisation) the delivery of goods or services to the users.

Production costs vary across OECD countries, from 31% of GDP in Finland to 12.6% of GDP in Mexico, averaging 20.9% of GDP in 2015. Compensation to employees represents, on average across OECD countries, 9.5% of GDP for 2015, ranging from 16.1% of GDP in Denmark to 5.5% of GDP in Japan. Goods and services used and financed by the government averaged 8.7% of GDP in 2015, varying from 16.6% of GDP in the Netherlands to 3.2% of GDP in Mexico. For other major economies such as Brazil or China, compensation to employees in 2015 represented 12.8% and 6.4% of GDP respectively.

Between 2007 and 2015, production costs increased across OECD countries by an average of 0.7 p.p., reaching 20.9% of GDP in 2015. During this period the largest increases occurred in Norway (+5 p.p.), Estonia (+4.9 p.p.) and Finland (+4.5 p.p.), while the largest decrease was in Ireland (-4.5 p.p.), mostly driven by the change in compensation to government employees. In Norway, compensation of employees increased the most, by 2.8 p.p., followed by Chile (2.4 p.p.) and Estonia (2.1 p.p.) whereas the lowest decrease was recorded in Ireland (-2.7 p.p.).

The structure of production costs across OECD countries is mostly concentrated in compensation to government employees (45.3%) and costs of goods and services used and financed by governments (41.7%), as other production costs represent 13.1% of total production costs. Costs related to the compensation of government employees range from 74% of total production costs in Mexico to 25.7% in Japan.

Government outsourcing is composed of all goods and services used, and financed, by the government in a given year. Total outsourcing reached 8.7% of GDP in 2015 on average among OECD countries, from 16.6% in Netherlands to 3.2% in Mexico. Most OECD countries have a higher share of outsourced expenditures in goods and services used by government with respect to goods and services financed by government. In Denmark and Latvia, over 80% of their outsourcing spending is allocated for goods and services used by government whereas countries such as Belgium, Japan, Germany, and the Netherlands rely more the non-government sector to deliver services to the community (over 60% of total outsourcing spending).

Methodology and definitions

The concept and methodology of production costs builds on the classification of government expenditures in the *System of National Accounts* (SNA). The updated 2008 SNA framework has been now implemented by all OECD countries (see Annex A for details on reporting systems and sources). In detail, government production costs include:

Compensation costs of government employees including cash and in-kind remuneration plus all mandatory employer (and imputed) contributions to social insurance and voluntary contributions paid on behalf of employees.

The goods and services used by government, which are the first component of government outsourcing. In SNA terms, this includes intermediate consumption (procurement of intermediate products required for government production such as accounting or information technology services).

The goods and services financed by government, which are the second component of government outsourcing. In SNA terms, this includes social transfers in kind via market producers paid for by government (including those that are initially paid for by citizens but are ultimately refunded by government, such as medical treatments refunded by public social security payments).

Other production costs, which include the remaining components of consumption of fixed capital (depreciation of capital) and other taxes on production less other subsidies on production.

The data include government employment and intermediate consumption for output produced by the government for its own use. The production costs presented here are not equal to the value of output in the SNA. Figure 2.56, Structure of government outsourcing expenditures, 2015 and 2016, is available online in Annex F.

Further readings

OECD (2015), *National Accounts at a Glance 2015*, OECD, Paris, *http://dx.doi.org/10.1787/na_glance-2015-en*

Pilichowski, E. and E. Turkisch (2008), *"Employment in Government in the Perspective of the Production Costs of Goods and Services in the Public Domain"*, OECD Working Papers on Public Governance, No. 8, OECD, Paris, *http://dx.doi.org/10.1787/245160338300*

Figure notes

Data for Chile and Turkey are not included in the OECD average because of missing time series or main non-financial government aggregates.

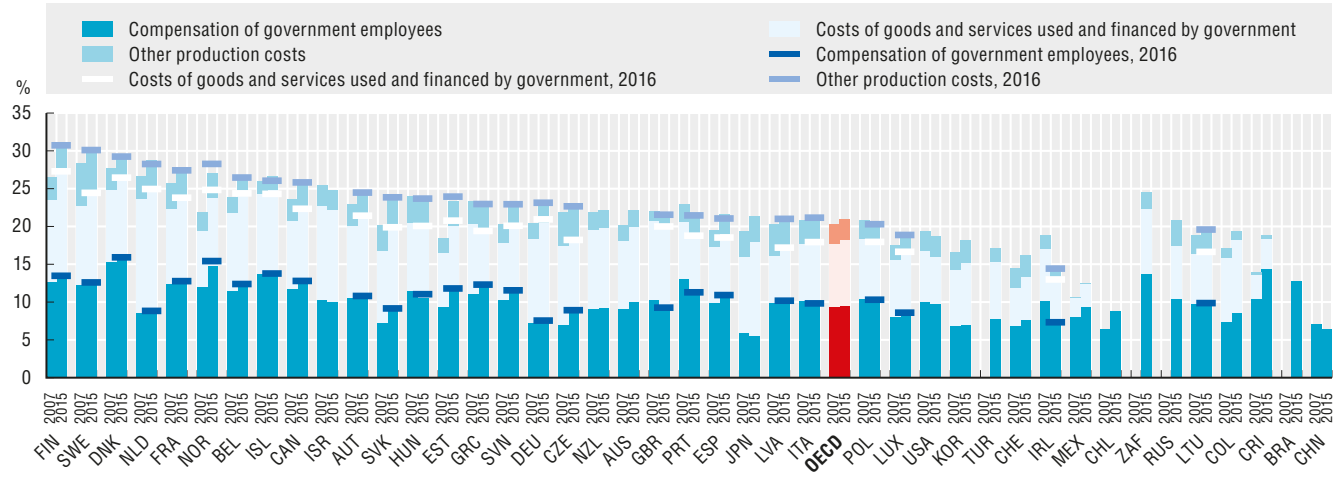
Data for Costa Rica, Russia and South Africa are for 2014 rather than 2015.

2.53: Data for Brazil are for 2014 rather than 2015.

2.55: Iceland, Mexico, the United States and South Africa do not account separately for goods and services financed by general government in their National Accounts.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

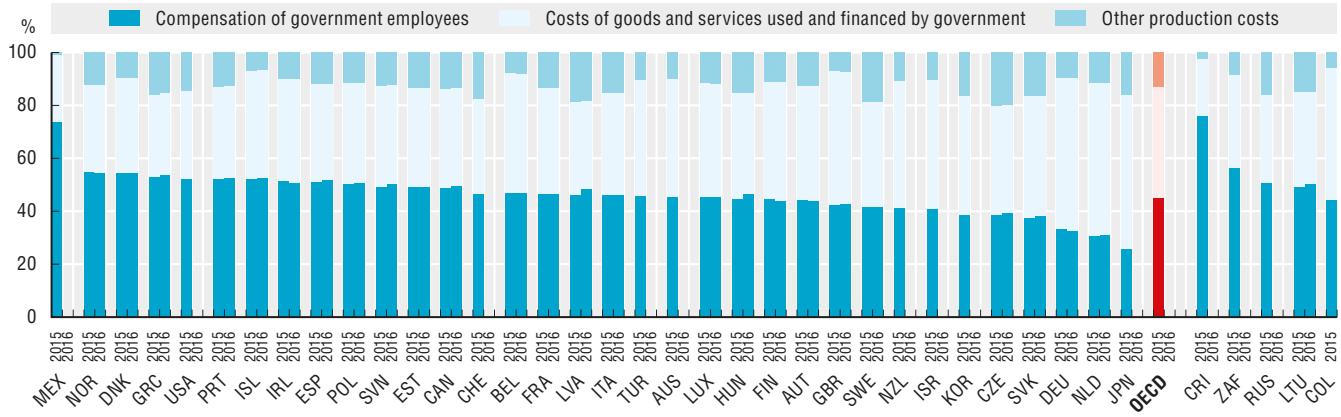
2.53. Production costs as a percentage of GDP, 2007, 2015 and 2016



Source: OECD National Accounts Statistics (database). Data for Australia are based on a combination of *National Accounts and Government finance statistics* data provided by the Australian Bureau of Statistics.

StatLink http://dx.doi.org/10.1787/888933531991

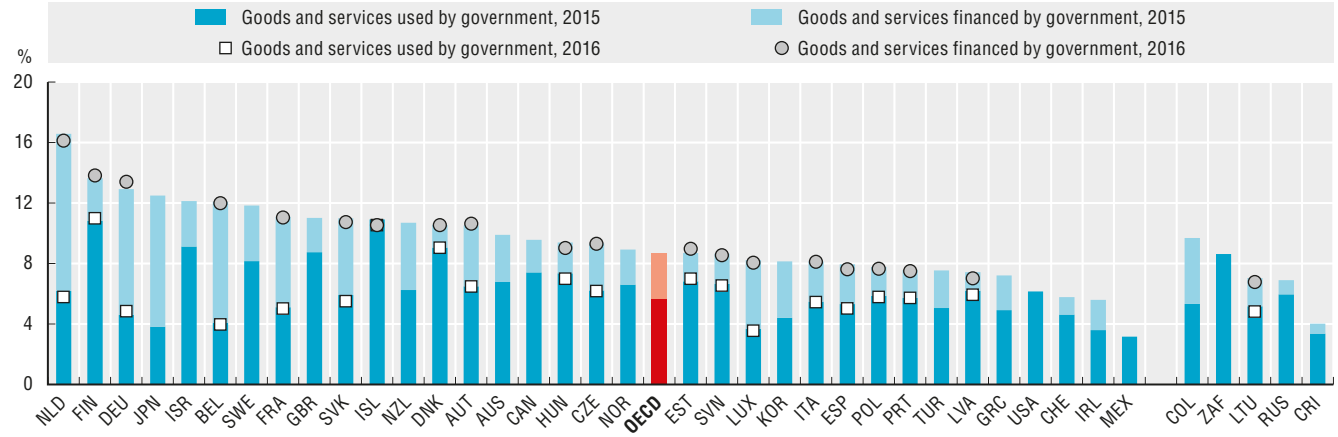
2.54. Structure of production costs, 2015 and 2016



Source: OECD National Accounts Statistics (database). Data for Australia are based on a combination of *National Accounts and Government finance statistics* data provided by the Australian Bureau of Statistics.

StatLink http://dx.doi.org/10.1787/888933532010

2.55. Expenditures on general government outsourcing as a percentage of GDP, 2015 and 2016



Source: OECD National Accounts Statistics (database). Data for Australia are based on a combination of *National Accounts and Government finance statistics* data provided by the Australian Bureau of Statistics.

StatLink http://dx.doi.org/10.1787/888933532029

Special feature: Structure of general government expenditures by functions of social protection and health (COFOG)

One of the key objectives of governments is to protect the vulnerable and share the risks that could arise in communities from ill health, job loss and ageing. This is reflected in governments spending on social protection (i.e. pensions, unemployment insurance, etc.) and health care, which often constitute the largest public expenditure programmes. The demand and supply of social protection and health care services are subject to demographic dynamics, economic fluctuations as well as technological changes, and the complexity arising from their interaction can have a major impact on the long-term sustainability of public finances.

Two related reasons make the dynamics of social protection and health services, and the composition of government expenditures devoted to them, particularly significant. First, overall productivity slowdown in OECD countries became more pronounced. While between 1985 and 1999 multi-factor productivity grew at 1.45% per year, on average, it further decreased to 0.58% between 2000 and 2015 (OECD, 2016a). This dynamic imposes a cap on long-term growth that has a direct effect on the sustainability of social protection and health expenditures. A second reason is the increasing costs arising from both population ageing and technological change.

In 2015, across OECD European countries - data for which information is available - social protection expenditures were concentrated in pensions, averaging 53.5% of expenditures in social protection, rising from 51.1% in 2009 as reforms have been introduced to ensure the sustainability of pension systems and other personal pension arrangements (OECD, 2016b). Pensions account for the largest shares of social protection in Greece (76%), Portugal (67%), Italy (64%) and Latvia (63%) whereas pensions experienced lowest shares in Ireland (25%) and Iceland (26%). Sickness and disability benefits accounted for 14% of social protection spending, ranging from 34% in Norway to 6% in Portugal. Expenditures related to family and children represented 9% of social protection on average across OECD European countries, and are the highest in countries with extensive parental leave and child support like Iceland (23%) and Luxembourg (22%), followed by Ireland (20%), Denmark (19%) and Norway (18%). Unemployment accounted for 7% of public expenditures in social protection in OECD European countries on average, reaching 19% in Ireland where long-term benefits are generous, 12% in Spain where unemployment remains high after the crisis, and 11% in Denmark. The remaining components of social protection (survivors, housing, related R&D and others) add up to, on average, 16% across OECD European countries.

For health care in 2015, hospital services represent 46.5% of health care expenditures on average across OECD European countries, followed by outpatient services (31.8%) and expenditures in medical products and equipment (14%). The largest share of health care spending devoted to hospital services was in the United Kingdom (75.2%), followed by Estonia (74.1%) and Denmark (71.1%). Outpatient services for 2015 represented the largest share of overall public expenditures in health care in Luxembourg (85.6%) and Spain (77.4%), while the expenditures in medical products, appliances and equipment were proportionally the largest in Greece (30.8%) and Germany (22.5%). Finally, public health services and research and development (R&D) in health care each represented 1.9% of health care public spending.

Methodology and definitions

Expenditures data are derived from the *OECD National Accounts Statistics* (database) and *Eurostat Government finance statistics* (database), which are based on the *System of National Accounts* (SNA), a set of internationally agreed concepts, definitions, classifications and rules for national accounting. The updated 2008 SNA framework has been now implemented by all OECD countries (see Annex A for details on reporting systems and sources). Data on expenditures are disaggregated according to the Classification of the Functions of Government (COFOG), which divides expenditures into ten main functions (See Annex C for further information).

From those functions, health expenditures are further divided into six sub-functions: medical products, appliances and equipment; outpatient services; hospital services; public health services; R&D health; health n.e.c. Social protection expenditures are further divided into nine sub-functions: sickness and disability; old age (i.e. pensions); survivors; family and children; unemployment; housing; social exclusion n.e.c.; R&D social protection; social protection n.e.c.

Figure 2.59 and 2.60, Change in the structure of government expenditures by government function of social protection and health - 2009 to 2015, are available online in Annex F.

Further reading

OECD (2016a), *OECD Compendium of Productivity Indicators 2016*, OECD, Paris.

OECD (2016b), *OECD Pensions Outlook 2016*, OECD, Paris, *http://dx.doi.org/10.1787/pens_outlook-2016-en*

Figure notes

Data for the OECD non-European countries (apart from Israel) and for Switzerland and Turkey are not available.

OECD Europe includes the European member countries of the OECD; data for Iceland are not included in the OECD Europe average because of missing time series.

Data for Colombia and Costa Rica are for 2014 rather than 2015.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

2.57. Structure of government expenditures by government function of social protection, 2015

	Sickness and disability	Old age	Survivors	Family and children	Unemployment	Housing	Social exclusion n.e.c.	R&D Social protection	Social protection n.e.c.
Austria	9.0	60.4	6.8	10.8	6.8	0.5	4.7	0.0	1.0
Belgium	17.4	44.9	8.9	11.9	9.8	1.0	5.0	0.0	1.0
Czech Republic	17.1	60.5	4.8	8.7	1.7	2.1	3.5	0.0	1.5
Denmark	20.2	35.4	0.0	19.3	11.5	3.0	8.4	0.0	2.1
Estonia	16.4	54.5	0.5	17.9	8.3	0.2	1.0	0.1	1.1
Finland	13.8	52.4	3.1	12.6	10.4	1.7	3.6	0.1	2.3
France	11.4	55.2	6.4	10.1	8.1	3.8	4.2	0.0	0.8
Germany	16.1	48.3	9.8	8.4	9.2	2.4	2.2	0.0	3.6
Greece	7.8	76.6	8.2	3.1	3.3	0.2	0.1	0.1	0.6
Hungary	20.3	48.4	7.4	13.1	2.5	1.8	5.2	0.0	1.4
Iceland	30.3	26.4	0.2	22.6	5.9	6.0	4.3	0.0	4.4
Ireland	17.2	25.1	6.6	20.3	19.2	8.5	0.8	0.0	2.4
Israel	23.7	46.2	5.7	10.2	2.9	1.6	5.5	0.0	4.2
Italy	8.7	64.3	12.9	7.1	5.5	0.2	1.2	0.0	0.0
Latvia	18.4	63.6	1.5	5.7	4.2	0.9	3.5	0.0	2.1
Luxembourg	7.9	55.5	0.0	21.7	10.6	0.2	3.7	0.0	0.3
Netherlands	27.3	41.0	0.6	6.4	10.3	2.8	11.3	0.2	0.1
Norway	34.5	36.0	1.0	18.2	2.6	0.6	4.5	0.2	2.4
Poland	16.4	57.3	11.3	8.9	3.5	0.3	1.6	0.0	0.7
Portugal	6.6	67.0	9.6	5.8	6.7	0.1	1.2	0.0	2.9
Slovak Republic	18.7	52.8	5.7	8.7	1.4	0.0	3.2	0.0	9.6
Slovenia	13.0	57.0	8.1	11.3	3.5	0.1	4.9	0.0	2.1
Spain	13.8	53.5	13.7	3.8	11.8	0.2	1.6	0.0	1.6
Sweden	21.3	51.0	1.4	11.9	6.3	1.5	6.1	0.0	0.4
United Kingdom	16.1	53.7	0.4	9.0	0.9	8.0	9.9	0.0	2.0
OECDE	**14.7**	**53.5**	**7.5**	**9.0**	**7.0**	**2.6**	**4.1**	**0.0**	**1.6**
Colombia	1.4	69.1	..	10.7	..	5.1	11.9	..	1.7
Lithuania	24.9	52.0	3.1	8.8	5.0	0.5	4.2	0.0	1.5

Source: OECD National Accounts Statistics (database); *Eurostat Government finance statistics* (database).

StatLink http://dx.doi.org/10.1787/888933534841

2.58. Structure of government expenditures by government function of health, 2015

	Medical products, appliances and equipment	Outpatient services	Hospital services	Public health services	R&D Health	Health n.e.c.
Austria	14.1	18.3	55.7	2.2	5.7	3.9
Belgium	10.9	34.8	49.6	1.9	0.1	2.7
Czech Republic	12.4	21.2	44.9	18.1	0.6	2.8
Denmark	6.8	13.9	71.1	1.6	2.3	4.2
Estonia	12.4	8.9	74.1	0.5	2.3	1.7
Finland	9.3	45.7	42.4	0.3	1.6	0.6
France	17.6	35.4	43.2	1.4	1.2	1.2
Germany	22.5	29.5	38.6	0.8	1.1	7.4
Greece	30.8	10.3	57.6	0.0	0.4	0.8
Hungary	19.2	28.7	41.5	2.7	0.4	7.4
Iceland	7.4	22.0	67.9	0.3	0.0	2.3
Ireland	16.7	31.7	39.8	2.8	0.2	8.7
Israel	11.5	29.5	55.1	2.2	0.0	1.7
Italy	11.5	37.9	44.0	3.9	1.1	1.5
Latvia	12.7	26.5	55.8	1.7	0.0	3.3
Luxembourg	0.1	85.6	8.5	0.8	3.6	1.4
Netherlands	10.4	27.2	51.5	2.6	3.9	4.3
Norway	6.5	23.2	59.6	3.1	4.5	3.3
Poland	1.3	32.1	60.8	1.5	1.8	2.5
Portugal	5.5	31.3	58.1	0.6	1.2	3.4
Slovak Republic	19.6	32.1	42.9	0.6	0.0	4.8
Slovenia	14.5	32.9	41.8	5.2	1.1	4.5
Spain	16.1	77.4	0.0	1.4	4.4	0.7
Sweden	10.5	42.9	37.9	3.1	2.6	2.9
United Kingdom	5.7	10.3	75.2	2.9	2.1	3.7
OECDE	**14.0**	**31.8**	**46.5**	**2.3**	**1.9**	**3.6**
Colombia	93.2	..	..	4.3	0.5	2.0
Costa Rica	3.3	38.8	48.9	2.3	2.0	4.8
Lithuania	13.2	25.9	37.5	1.3	0.1	22.0

Source: OECD National Accounts Statistics (database); *Eurostat Government finance statistics* (database).

StatLink http://dx.doi.org/10.1787/888933534860

3. PUBLIC EMPLOYMENT AND PAY

Employment in general government

General government employment across levels of government

Ageing central government workforce

Women in public sector employment

Women in politics

Women in the judiciary

Compensation of senior managers

Compensation of middle managers

Compensation of professionals in central government

Compensation of secretarial staff

Compensation in selected service occupations

Teachers' salaries

Employment in general government

Governments across the OECD perform a wide range of functions, all of which depend on a dedicated and skilled public sector workforce. The large differences in the relative sizes of public sector employment across the OECD reflect the equally large variety of activities undertaken by governments and the ways they deliver public services. Services can be delivered in large part by government employees or through a range of partnerships with the private or not-for-profit sectors. In some countries, the large majority of health care providers, teachers and emergency workers, for example, are directly employed by the government. In other countries, alternative delivery mechanisms mean that many of these professionals are employed by organisations that are not state-owned, or by private contractors. The use of outsourcing, the relative size and structure of the voluntary, charitable and/or not-for-profit sectors and the availability of private sector providers all determine their use of public sector employment.

The size of general government employment varies significantly among OECD countries. Nordic countries as Denmark, Norway and Sweden report the highest general government employment levels, reaching near 30% of total employment. On the other hand, OECD countries from the Asian region rely less on public sector employees. Only around 6% of Japan's total employment is made up of general government employment, while Korea counts 7.6%.

Although many OECD countries report sizeable reductions in central government employment as a result of austerity measures implemented in the wake of the 2008 financial crisis, general government employment as a percentage of total employment across OECD countries has remained relatively stable, rising slightly between 2007 and 2015, from 17.9% to 18.1%. This average hides some variation among OECD countries. In Israel and the United Kingdom, general government employment as a share of total employment decreased the most between 2007 and 2015 (over 2.5 p.p.). In contrast, the Czech Republic, Estonia, Hungary, Slovenia and Spain experienced increases equal to and over 2 p. p. during the same period (for Spain such increment in the ratio was largely due to the decrease of total employment).

Looking at the annual growth rate of general government employment, the OECD average also remains relatively stable, showing 0.6% growth from 2007-09, a 0.4% decrease in 2011-12 and returning to slight growth between 2014-15. In fact, on average the effect of the reduction of government employment in response to the crisis could be observed in 2012, thus having been delayed compared to its financial impact. Many countries follow a similar pattern with general government employment growth stifled during the 2011-12 period due to austerity measures, and some recovery by 2014-15. However, a look at individual countries paints a more dynamic picture. For example, Turkey displays the highest growth from 2014-15 at 3.9%, while the Netherlands displays the highest reductions of above 3.6% over the same period. The reason this is not noticed in the first chart is likely because general government employment has changed, in these countries, at rates similar to total employment. The most extreme rates are displayed in the 2011-12 period, when some countries were at the height of austerity reductions, such as Greece, which saw reductions in general government employment by 7% and the United Kingdom which reduced by 4.7%.

Methodology and definitions

Data are derived from the *OECD National Accounts Statistics* (database), which are based on the *System of National Accounts* (SNA), a set of internationally agreed concepts, definitions, classifications and rules for national accounting. General government employment covers employment in all levels of government (central, state, local and social security funds) and includes core ministries, agencies, departments and non-profit institutions that are controlled by public authorities. Data represents the total number of persons employed directly by those institutions.

Total employment covers all persons engaged in productive activity that falls within the production boundary of the national accounts. The employed comprise all individuals who, during a specified brief period, were in the following categories: paid employment or self-employment.

Compared to the previous edition of *Government at a Glance*, data for this indicator are now drawn from the SNA framework and refer to general government employment whereas before data were collected by the International Labour Organisation (ILO) and refer to the public sector employment (i.e. general government plus public corporations).

Further reading

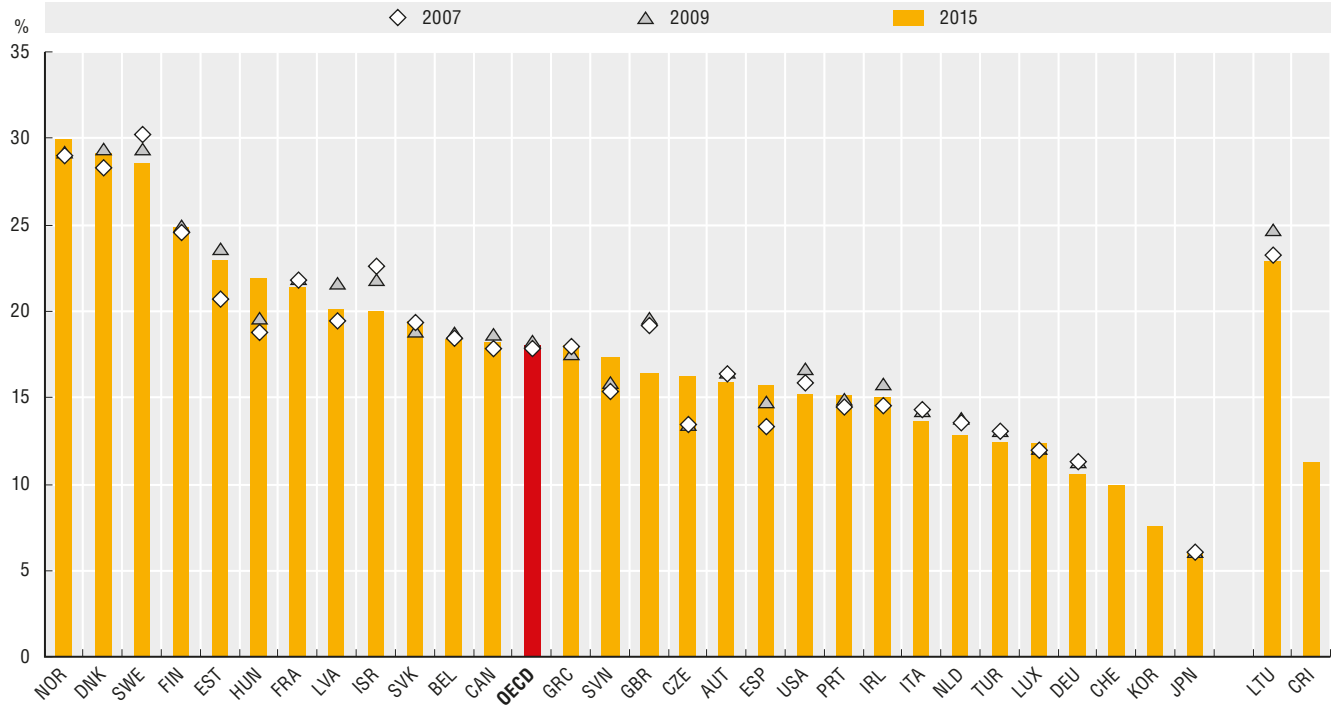
OECD (2016), *Engaging Public Employees for a High-Performing Civil Service*, OECD Public Governance Reviews, OECD Publishing, Paris.

Figure notes

Total employment refers to the domestic employment. Data for Australia, Chile, Iceland, Mexico, New Zealand and Poland are not available. Data for Korea and Switzerland are not included in the OECD average due to missing time-series. Data for Luxembourg before 2010 are based on estimates. Data for Canada for 2015 are based on estimates. Data for Portugal, Switzerland and Costa Rica are for 2014 rather than 2015. Data for the United States are for 2008 rather than 2007.

3.2: Data for 2007-09 refer to the annual average growth rate.

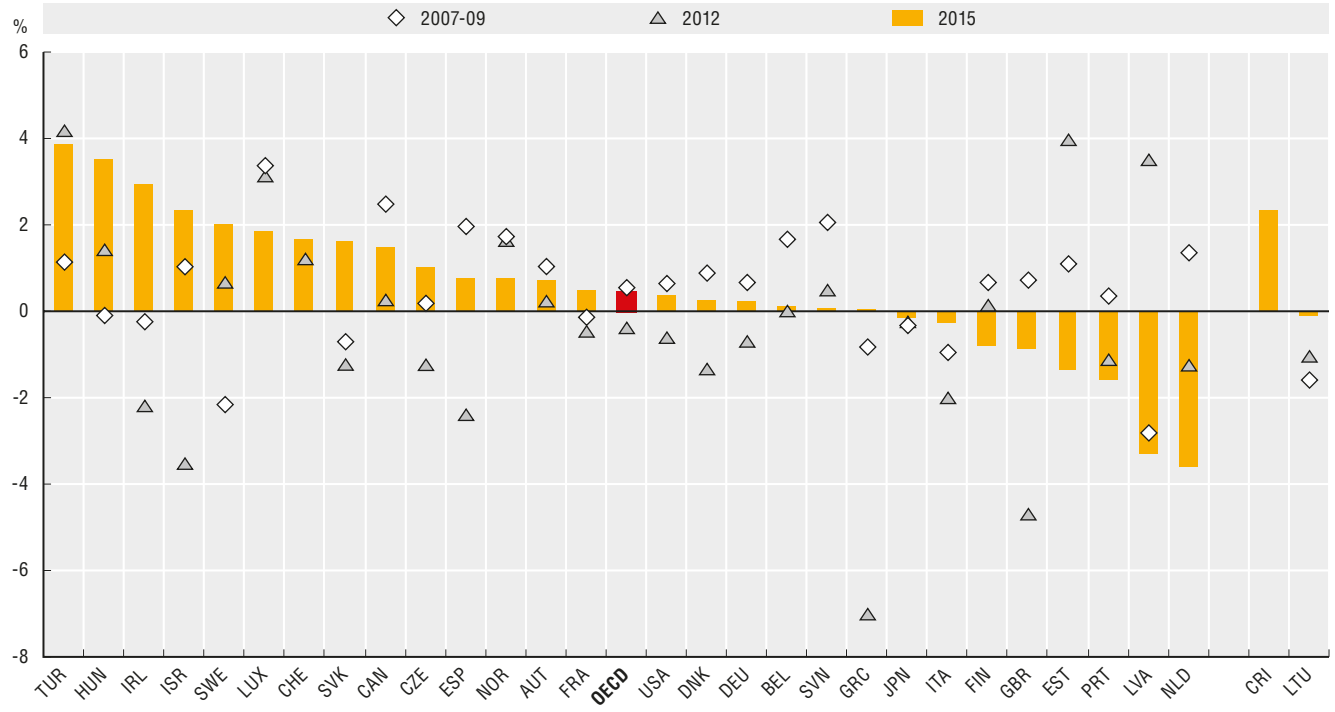
3.1. Employment in general government as a percentage of total employment, 2007, 2009 and 2015



Source: OECD *National Accounts Statistics* (database). Data for Japan, Switzerland, Turkey and the United States are from the International Labour Organization (ILO), *ILOSTAT* (database), *Public employment by sectors and sub-sectors of national accounts*. Data for Korea provided by national authorities.

StatLink http://dx.doi.org/10.1787/888933532048

3.2. Annual growth rate of government employment, 2007-09, 2012-11 and 2015-14



Source: OECD *National Accounts Statistics* (database). Data for Japan, Switzerland, Turkey and the United States are from the International Labour Organization (ILO), *ILOSTAT* (database), *Public employment by sectors and sub-sectors of national accounts*.

StatLink http://dx.doi.org/10.1787/888933532067

General government employment across levels of government

The proportion of staff employed at sub-central levels of government is an indicator of the level of decentralisation of public administrations. In general, larger shares of government employees at the sub-central level indicate that more responsibilities are delegated to regional and local governments for providing public services. Although decentralisation can increase the responsiveness of government to local needs and priorities, it can also result in variations in service delivery within countries.

In 2014, most countries had more employees at the sub-central level than at the central level of government. Federal states employ around one-third of all government employees at the central level, indicating higher levels of decentralisation. The variance in the proportion of government employees at the central level of government is much larger in unitary states, ranging from less than 20% in Japan and Sweden to about 90% in Turkey and Ireland.

Between 2009 and 2014, the percentage of government staff employed at the central level has remained relatively stable. This suggests that in countries that experienced adjustments to public employment levels over this period (see previous page), these adjustments were, on the whole, equally shared at central and sub-central levels. Only Hungary has experienced significant change over this period, where the share of government staff employed at the central level has increased by almost 30 percentage points. This increase was due to the reorganisation of the territorial public administration during this period. The central government reorganised service delivery in key areas – notably in health and education – to improve service standards in poor areas and render these standards more uniform across the country. Hungary did so by "re-concentrating" service delivery responsibility in the deconcentrated sub-central administrations, by uploading service delivery responsibility from the local authorities.

Methodology and definitions

Data were collected by the International Labour Organization (ILO), *ILOSTAT* (database). The data are based on the *System of National Accounts* (SNA) definitions and cover employment in central and sub-central levels of government. Sub-central government is comprised of state and local government including regions, provinces and municipalities. Together the central and sub-central levels comprise general government. In addition, countries provided information on employment in the social security funds component of general government, which include all central, state, and local institutional units whose principal activity is to provide social benefits. As social security funds refer to different levels of government, employment in this category has been recorded separately unless otherwise stated. However, in most countries, with the exceptions of France, Mexico and Germany, social security funds employ a small number of staff and represent a small percentage of the total workforce. Data represents the total number of persons employed directly by each of those different institutions.

The following countries are federal states in the dataset: Canada, Germany, Spain (considered a quasi-federal country), Switzerland and the United States.

Further reading

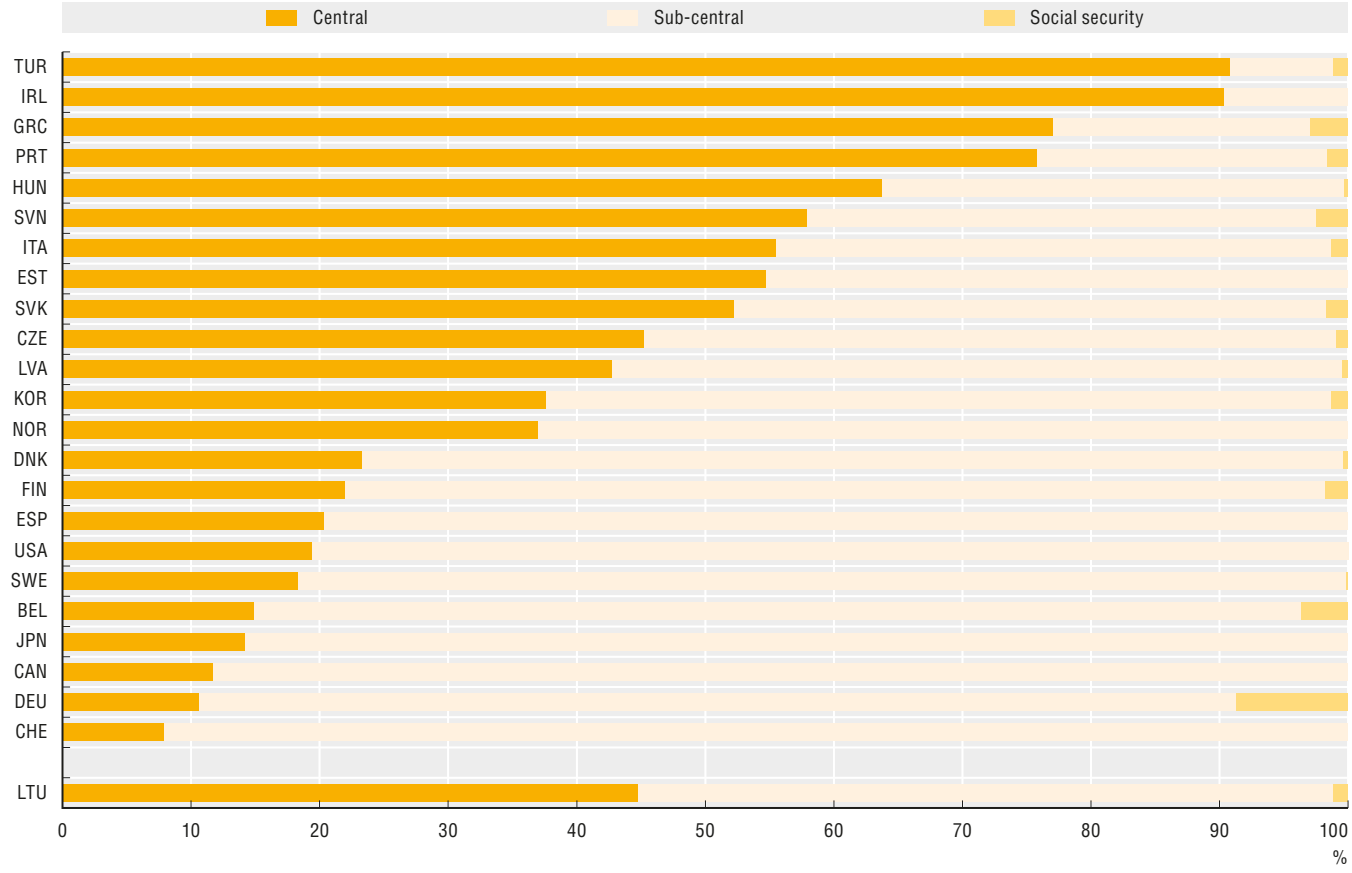
OECD (2016), Engaging Public Employees for a High-Performing Civil Service, OECD Public Governance Reviews, OECD, Paris.

Figure notes

Data for Denmark are for 2013 rather than 2014. Data for Korea are for 2015 rather than 2014. Social security funds are not separately identified (i.e. recorded under central and/or sub-central government) for Canada, Estonia, Ireland, Japan, Norway, Spain, Switzerland and the United States.

3.3: Data for Lithuania are for 2010 rather than 2009.

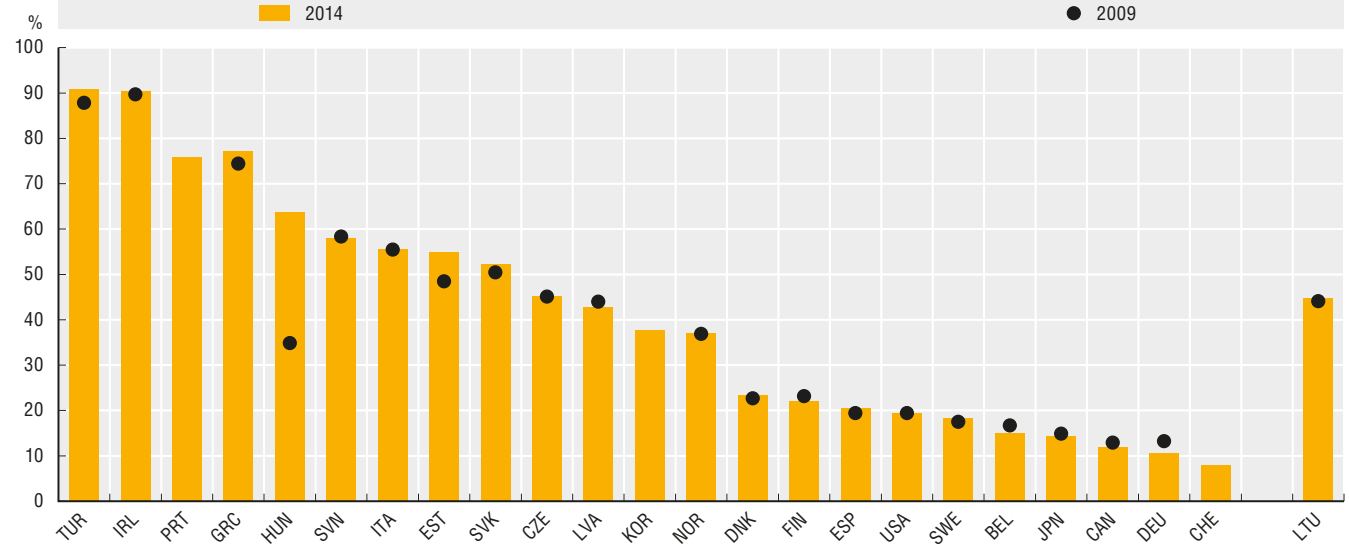
3.3. Distribution of general government employment across levels of government, 2014



Source: International Labour Organization (ILO), *ILOSTAT* (database), *Public employment by sectors and sub-sectors of national accounts*. Data for Korea and Portugal were provided by national authorities.

StatLink http://dx.doi.org/10.1787/888933532086

3.4. Percentage of government staff employed at the central level, 2009 and 2014



Source: International Labour Organization (ILO), *ILOSTAT* (database), *Public employment by sectors and sub-sectors of national accounts*. Data for Korea and Portugal were provided by national authorities.

StatLink http://dx.doi.org/10.1787/888933532105

Ageing central government workforce

An ageing workforce presents challenges and opportunities for governments, as they need to ensure that high rates of retirement will not affect the quality and capacity of the public service. Retirements also create the opportunity to bring in new talent and insights into an organisation. A small share of young employees is a risk factor associated with limited capacity for administrations to create opportunities for renewal. It may also be a sign of low attractiveness of the public sector as an employer. While proper workforce planning is required to avoid the loss of knowledge and experience, the departure of staff can also provide an opportunity to restructure the workforce. For example, administrations can promote horizontal mobility to reallocate resources according to policy priorities or create learning opportunities. Retirements at senior levels could also provide opportunities to rethink the leadership model in terms of gender balance or accountability.

Central public administrations in OECD countries with data available have on average more workers over 55 years old than below 34 years old (24% and 18% respectively). Among OECD countries with available data, the share of people aged 55 years or older in the central public administration has increased the most in Italy since 2010 from around 31% to 45%. This makes Italy the country with the highest proportion of people aged 55 or older. Spain has the second highest increase of employees in this age group from about 25% to 35%, and the third highest share of people aged 55 years or older, following Iceland in second place with 40%. The age distribution in the central public administrations of Denmark, Norway, Switzerland and the United States has remained relatively stable between 2010 and 2015.

An ageing workforce is not a concern for all OECD countries. In Chile, Australia, Hungary, Japan, Korea and Slovenia, less than 20% of central government workforce is aged 55 years or older. Chile is also the country with the highest share of people aged 18-34 years old (32%), followed by Hungary (31%), Latvia and Germany (30%). In contrast, in Italy, Greece, Spain, Poland and Korea less than 10% of central government employees are aged 18 to 34. Estonia is the country where the share of people younger than 35 years has increased the most between 2010 and 2015 (8%).

Typically the share of senior managers (D1 and D2 positions) aged at least 55 is higher than for other positions. More than 60% of senior managers are in this age group in Greece (67%), Italy (66%), the Netherlands (66%), Finland (63%) and Belgium (60%). Italy and Spain also have an important proportion of professionals aged 55 or older (42% and 41% respectively).

Methodology and definitions

Data refer to 2015 and were collected through the 2016 OECD Survey on the Composition of the Workforce in Central/Federal Governments. Respondents were predominately senior officials in central government HRM departments, and data refer to composition of the workforce in the central/federal government by age and position. The survey was completed by all OECD countries except Luxembourg and New Zealand. Please refer to Annex D for further details on the classification and the definition of the occupations.

Definitions of the civil service, as well as the organisations governed at the central level of government, differ across countries and should be considered when making comparisons. The terms public and civil service/servants are used interchangeably throughout this chapter. Comparisons between the data from *Government at a Glance* 2011 and 2017 should be made with caution, as the scope and number of country responses vary between the two. Senior management positions include levels D1 and D2.

Further reading

OECD (2016), *OECD Pensions Outlook 2016*, OECD, Paris.

Figure notes

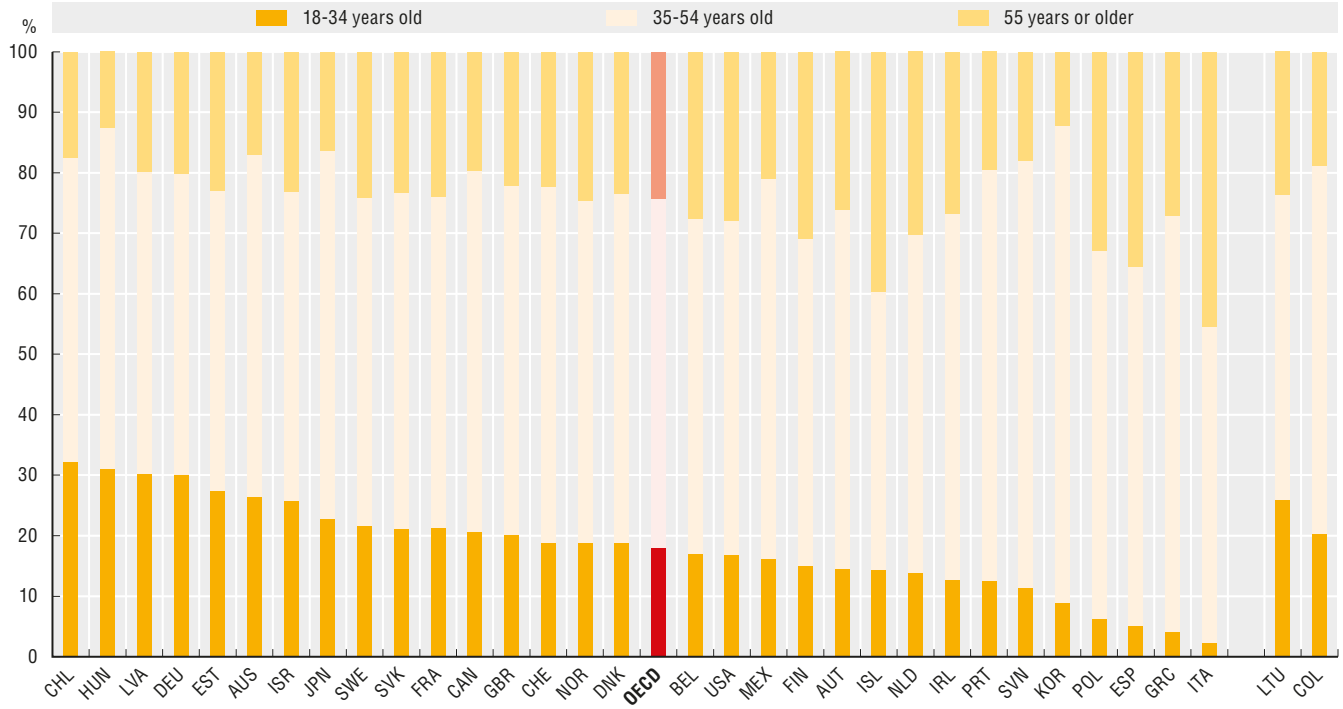
Data are for 2016 rather than 2015 for Greece and the United Kingdom. Data are for 2014 rather than 2015 for Italy and France. The age groups presented are as follows for Poland 1. below 30 years old; 2. 31-50 years old; 3. above 51 years old. All figures refer to full-time equivalents, not the number of employees for Sweden. Data are not available for Turkey. Data for people aged below 34 years also includes employees below the age of 18 for the United States. Data for France covers employees in the state public service working in ministries in the region Île-de-France (except administrative public institutions – établissements publics administratifs).

Data for Greece, Ireland, Korea, Mexico, Slovenia, Poland, Colombia and Lithuania for central government include only managerial (from D1 to D4) and professional (Senior and Junior) positions.

3.6: No data available for Austria, Greece, Israel, Japan, Mexico and the Slovak Republic for 2010. Data for 2015 refer to full-time equivalents, and for 2010 to the number of employees for Estonia. For 2010, the age groups are presented as follows for Estonia: 1. below 30 years old; 2. 31-50 years old; 3. over 51 years old. Data for Estonia do not include higher public servants such as ministers, chancellor of justice, president, or state controller. Data are for 2011 rather than 2010 for Portugal and Switzerland. Data referring to 2015 may not be comparable with data of 2010 for Hungary because of the overall and thorough reforms in public administration (reorganising central and territorial levels etc.).

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

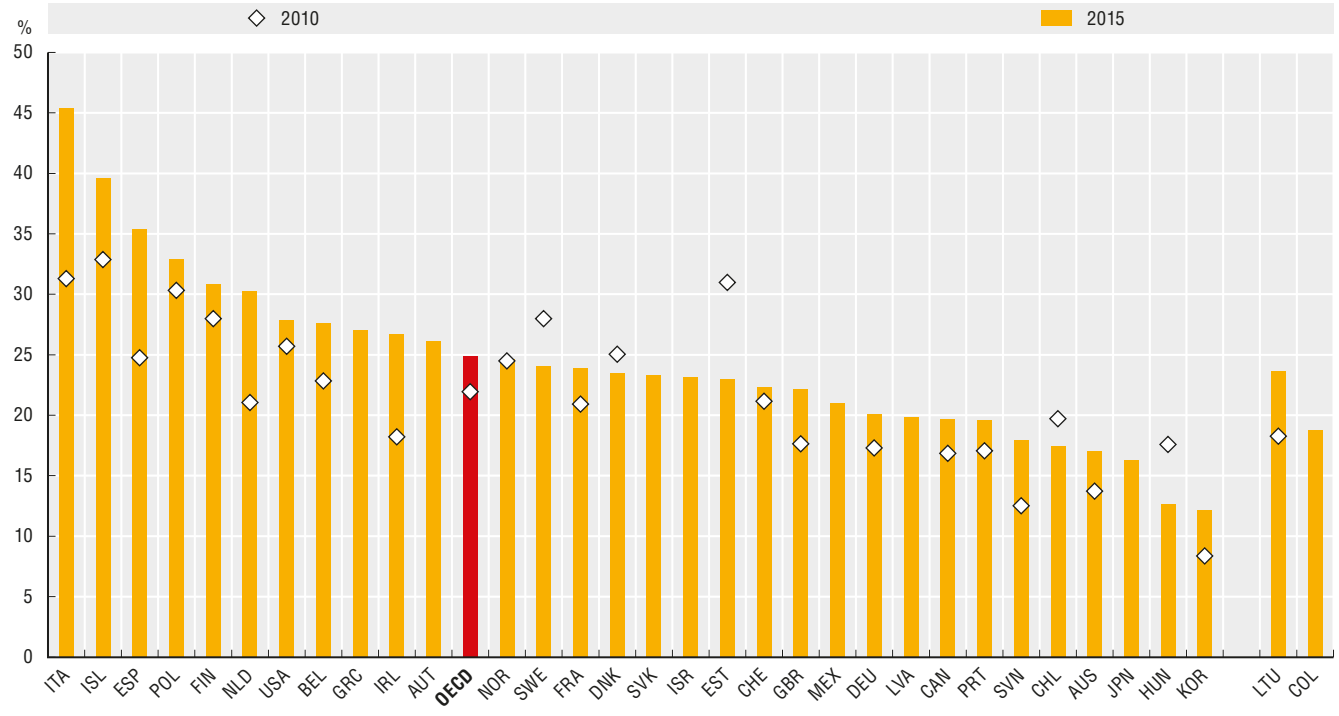
3.5. Share of people employed in the central government by age group, 2015



Source: OECD (2016) Survey on the Composition of the Workforce in Central/Federal Governments.

StatLink http://dx.doi.org/10.1787/888933532124

3.6. Percentage of central government employees aged 55 years or older, 2015 and 2010



Source: OECD (2016) Survey on the Composition of the Workforce in Central/Federal Governments.

StatLink http://dx.doi.org/10.1787/888933532143

Women in public sector employment

Equal representation of women in public employment is an important indicator of progress towards building a more diverse and inclusive workforce. When managed effectively, diversity helps expand the pool of talent available to contribute to organisational performance. A diversity of views and experiences in public sector organisations can lead to policies and services that better reflect citizens' needs. At the most senior levels, gender balance is an important indicator of the role that women play in decision-making processes and policy making.

The representation of women in public employment in OECD countries is larger (58%) than in total employment (45%). One of the reasons for this is that some key public sector occupations, such as teachers or nurses, are heavily female dominated. It could also reflect more flexible working conditions in the public than in the private sector. For example, in 16 OECD countries the public sector offers more child or family care arrangements than the private sector. In central government, women account on average for 53% of employees (2015). Greece, Italy, Denmark, Belgium and Spain have a relative gender balance (51% to 52% of women). Hungary has the highest share of women in central government (72%), followed by Poland (69%) and the the Slovak Republic (68%). On the other side of the spectrum are Japan (18%), Korea (29%) and Switzerland (31%).

The extent to which women hold senior positions in central government varies considerably. The data shows that in most countries the higher the positions, the fewer women work in them. Very few countries achieve gender parity: in Poland, Greece, Iceland and Latvia the share of women in senior positions is the highest (between 50% and 54%). The smallest shares are found in Japan (3%), Korea (6%) and Turkey (8%). Iceland and Norway are the countries where the share of women in senior positions has increased the most since 2010 (by 12 and 11 p.p.). In Denmark, Portugal and Spain, the share of women in senior positions has decreased by about 3-4 percentage points. By creating policies that aim at gender parity in the most senior levels of administration, governments improve their capacity to attract more women into these positions. In 2015, gender balance was the main goal of diversity strategies in 15 European Union countries (of which 11 OECD countries). Hiring targets for women are in place in 10 OECD countries and 6 OECD countries have promotion targets for women.

Methodology and definitions

Data on public sector employment were collected by the International Labour Organization (ILO), *ILOSTAT* (database). Data are based on the Labour Force Survey unless otherwise indicated. Public sector employment covers employment in the government sector plus employment in publicly-owned resident enterprises and companies. Data represent the total number of persons employed directly by those institutions, without regard to the particular type of employment contract. The employed comprise all persons of working age who, during a specified brief period, were in the following categories: paid employment or self-employment.

Data on shares of women in central government were collected through the 2016 OECD Survey on the Composition of the Workforce in Central/Federal Governments. Respondents were predominatly senior officials in central government HRM departments and data refer to composition of the workforce in the central/federal government by gender and position. The survey was completed by all OECD countries except Luxembourg and New Zealand. Please refer to Annex D further details on the classification and the definition of the occupations.

Definitions of the civil service, as well as the organisations governed at the central level of government, differ across countries and should be considered when making comparisons. The terms public and civil service/servants are used interchangeably throughout this chapter.

Data on the share of women in total employment (3.10) and policies to support equal opportunities for women (3.11) are available online in Annex F.

Further reading

OECD (2014), Women, Government and Policy Making in OECD Countries: Fostering Diversity for Inclusive Growth, OECD, Paris.

Figure notes

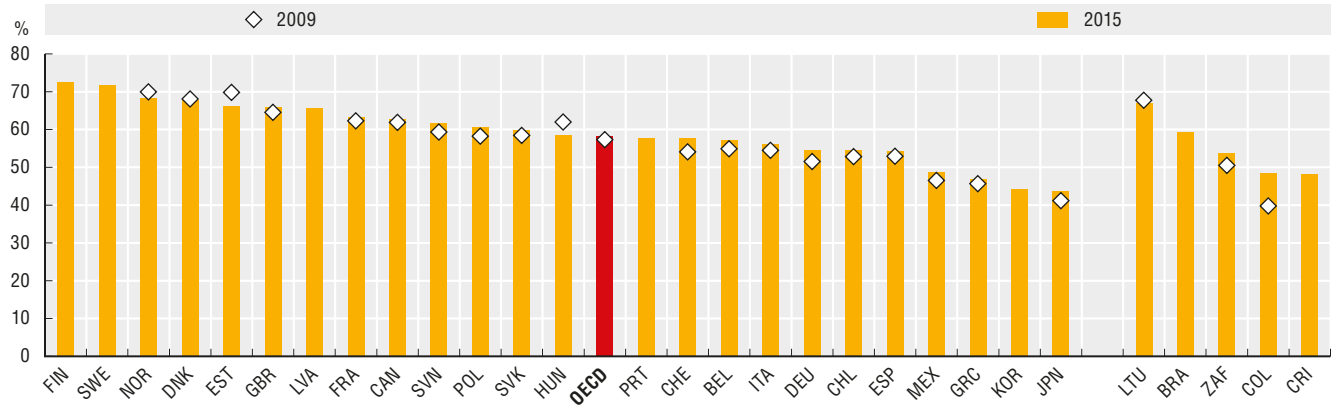
3.7: Data for Australia, Austria, the Czech Republic, Iceland, Ireland, Israel, Luxembourg, the Netherlands, New Zealand, Turkey and the United States are not available. Data for Denmark, Germany and Slovenia are based on administrative records and related sources. Data for Finland, Korea, Latvia, Portugal and Sweden are not included in the average due to missing time series. Data for Slovenia, Switzerland and Lithuania are for 2014 rather than 2015. Data for Denmark, the United Kingdom and Costa Rica are for 2013 rather than 2015.

3.8 and 3.9: Data not available for Estonia, Germany and Hungary. Data for Italy and France are for 2014 rather than 2015. Data for the United Kingdom are for 2016 rather than 2015. Data for senior management positions in Korea are for 2016 rather than 2015. Data only available for D1 positions for Austria. Category D4 does not exist in Denmark. Data are not available for D4 positions, senior and junior economists for Japan. Data for senior and junior economists not available for Israel. Data for senior analysts are included in D4 for Switzerland. Data for France covers employees in the state public service working in ministries in the region Ile-de-France (except administrative public institutions – établissements publics administratifs). A very large cohort of the Irish civil service does not fall under the senior or middle management descriptions and are more appropriately termed "administrative or operational staff".

3.9: Data not available for Latvia, Greece, Israel, Japan, the Slovak Republic, Austria, Mexico, Colombia and Lithuania for 2010. Data for Estonia 2015 refer to full-time equivalents, and for 2010 to the number of employees. Data for Hunagary for 2015 may not be comparable with data for 2010 due to thorough reforms in public administration (reorganising central and territorial levels etc.). Data for senior management positions also includes D3 positions for Poland for 2010. Data for Portugal and Switzerland are for 2011 rather than 2010. All figures refer to full-time equivalents for Sweden. Data for Korea are for 2016 rather than 2015.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

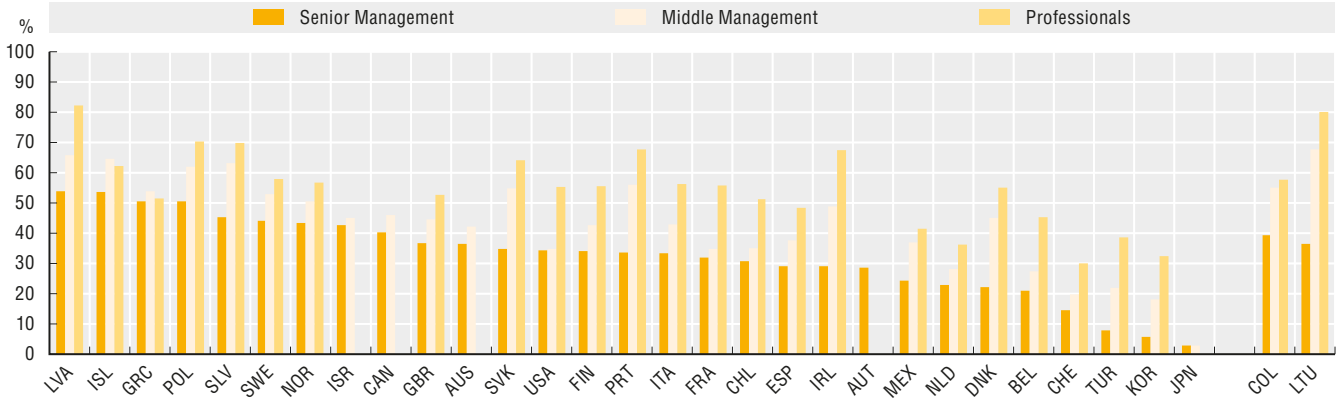
3.7. Share of public sector employment filled by women, 2009 and 2015



Source: International Labour Organization (ILO) *ILOSTAT* (database), *Employment by sex and institutional sector*. Data for Italy, Korea and Portugal were provided by national authorities.

StatLink http://dx.doi.org/10.1787/888933532162

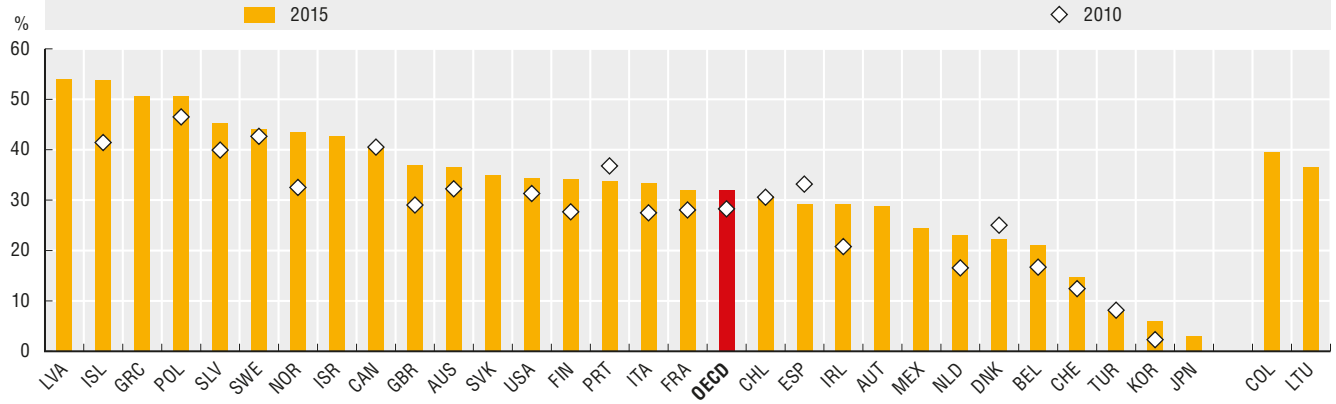
3.8. Share of women in selected central government positions, 2015



Source: OECD (2016) Survey on the Composition of Employees in Central/Federal Governments.

StatLink http://dx.doi.org/10.1787/888933532181

3.9. Share of women in senior management positions in central government, 2010 and 2015



Source: OECD (2016) Survey on the Composition of Employees in Central/Federal Governments.

StatLink http://dx.doi.org/10.1787/888933532200

Women in politics

Cabinets and parliaments are at the centre of public and political life. Achieving gender equality there is a crucial first step to ensure that public policies and budgets reflect perspectives and interests of both women and men. In adopting the UN Sustainable Development Goals (SDGs), countries have committed to achieve gender equality in political leadership. Yet, increases in women's political representation have been small over the past 15 years, women are still under-represented among government ministers and hardly fill one-third of parliamentary seats in lower houses across OECD legislatures on average. Enhancing women's full participation in political leadership requires a comprehensive and co-ordinated policy response beyond measures targeting women as underrepresented groups in politics. Increasing gender-responsiveness of legislatures and public administrations as workplaces as well as establishing sound accountability and monitoring mechanisms are essential steps to sustain progress in gender equality.

On average, 29% of the seats in lower/single house legislatures were filled by women in 2017, which is a minor increase of 1% compared to 2015. Women's representation in legislatures ranged from over 47% in Iceland to less than 10% in Japan. None of the OECD countries has reached gender parity in legislatures and only 17 of them reached or exceeded 30% of women's representation. Out of 18 OECD countries that had parliamentary elections since 2015, 13 countries saw increases in women's representation (4% on average), with gains of around 6 p.p. in Estonia, Iceland and Ireland. In Spain and Greece, women's representation in parliaments slightly shrunk since the last parliamentary elections by 2 p.p. and 5 p.p. respectively. A majority of OECD countries have put in place some form of political quota for women, although they vary in type and extent, e.g. legal candidate quotas or voluntary political party quotas. In 2017, 10 OECD countries operated with legislated quotas in their single/lower houses of parliament. Between 2015 and 2017, there was no change in the number of countries with legislated quotas, but Mexico increased the minimum requirement of 40%-60% representation of either sex in parliament to gender parity (OECD, 2017). Since the parity requirement came into force in 2014, women's representation in the Mexican parliament has increased by 5% in comparison to the 2012 election.

In 2017, in OECD countries on average 28% of central/federal governments ministerial positions were filled by women, a drop of 1.3% percentage points since 2015. There are significant variations across countries: while France, Sweden, Canada and Slovenia have reached gender parity in 2017 in cabinet posts, women were not part of cabinets in Hungary and occupy only 1 out of 26 seats in Turkey. On average, women account for one-third of cabinet posts in 14 countries across the OECD. Between 2015 and 2017, the share in women's representation in cabinet posts fell by more than 15 p.p. in Estonia, Finland and Italy, while the number of women ministers at the federal level increased strongly in Canada and Denmark. To date, no OECD country has legislated quotas for executive appointments.

Methodology and definitions

Data for women parliamentarians refer to lower/single houses of parliament and were obtained from the Inter-Parliamentary Union's PARLINE database. Data refer to the share of women parliamentarians recorded as of 1 January 2017 and 1 December 2015. Countries in light green represent lower/single house parliaments with legislated candidate quotas as of January 2017. Legislative quotas are enshrined in the election law, political party law or other comparable law of a country. By definition, quotas based on election and political party laws are based on legal provisions, obliging all political entities participating in elections to apply them equally. Data on quotas were obtained from the Institute for Democracy and Electoral Assistance (IDEA) Global Database of Quotas for Women.

Data on women ministers in national government were obtained from the Inter-Parliamentary Union and UN Women's "Women in Politics" database. Data represent the percentage of appointed women ministers as of 1 January 2017 and 1 January 2015. Data show women as a share of total ministers, including deputy prime ministers and ministers. Prime ministers/heads of government were also included when they held ministerial portfolios. Vice-presidents and heads of governmental or public agencies have not been included in the total.

Further reading

OECD (2014), Women, Government and Policy Making in OECD Countries: Fostering Diversity for Inclusive Growth, OECD, Paris, *http://dx.doi.org/10.1787/9789264210745-en*.

OECD (2016), 2015 OECD Recommendation of the Council on Gender Equality in Public Life, OECD, Paris. *http://dx.doi.org/10.1787/9789264252820-en*.

OECD (2017), Building an Inclusive Mexico: Policies and Good Governance for Gender Equality, OECD, Paris. *http://dx.doi.org/10.1787/9789264265493-en*

Figure notes

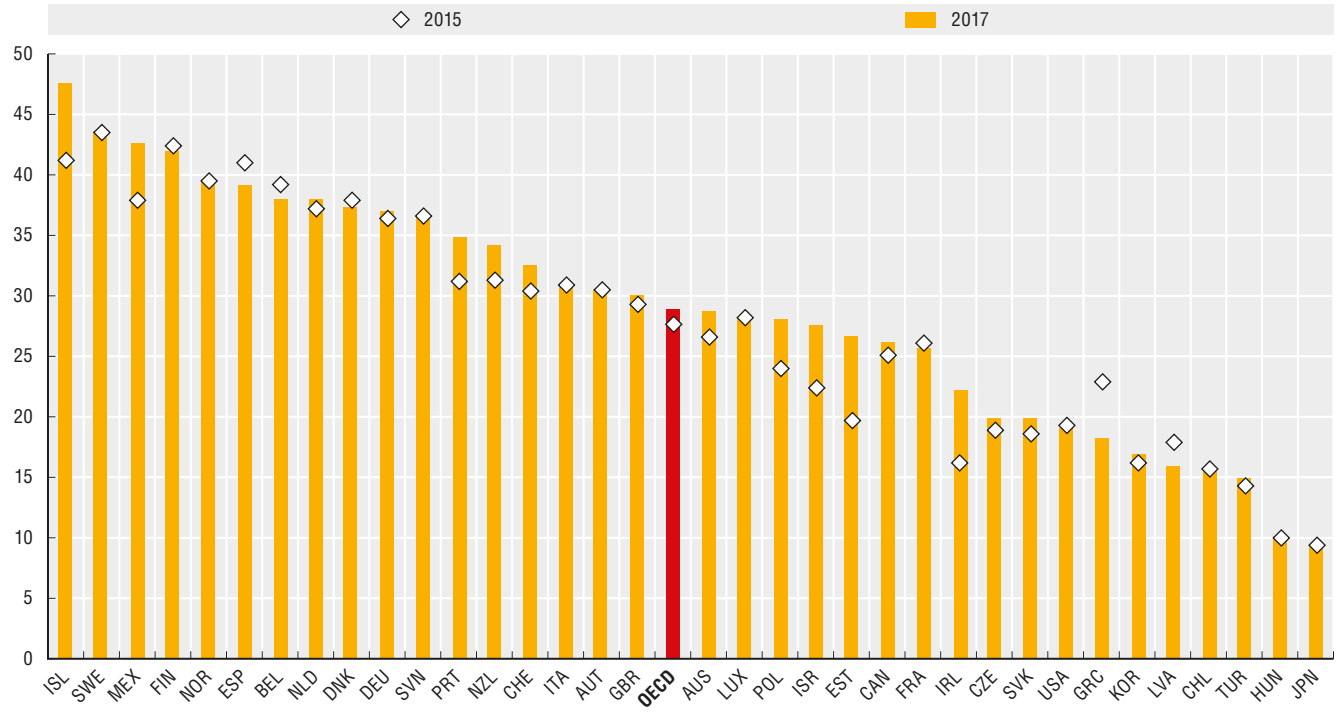
3.12: Bars in light green represent countries with lower or single house parliaments with legislated candidate quotas as of as of March 2017.

3.13: Data for Iceland for 2017 is provided by the Government of Iceland.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

3.12. Share of women parliamentarians and legislated gender quotas, 2015 and 2017

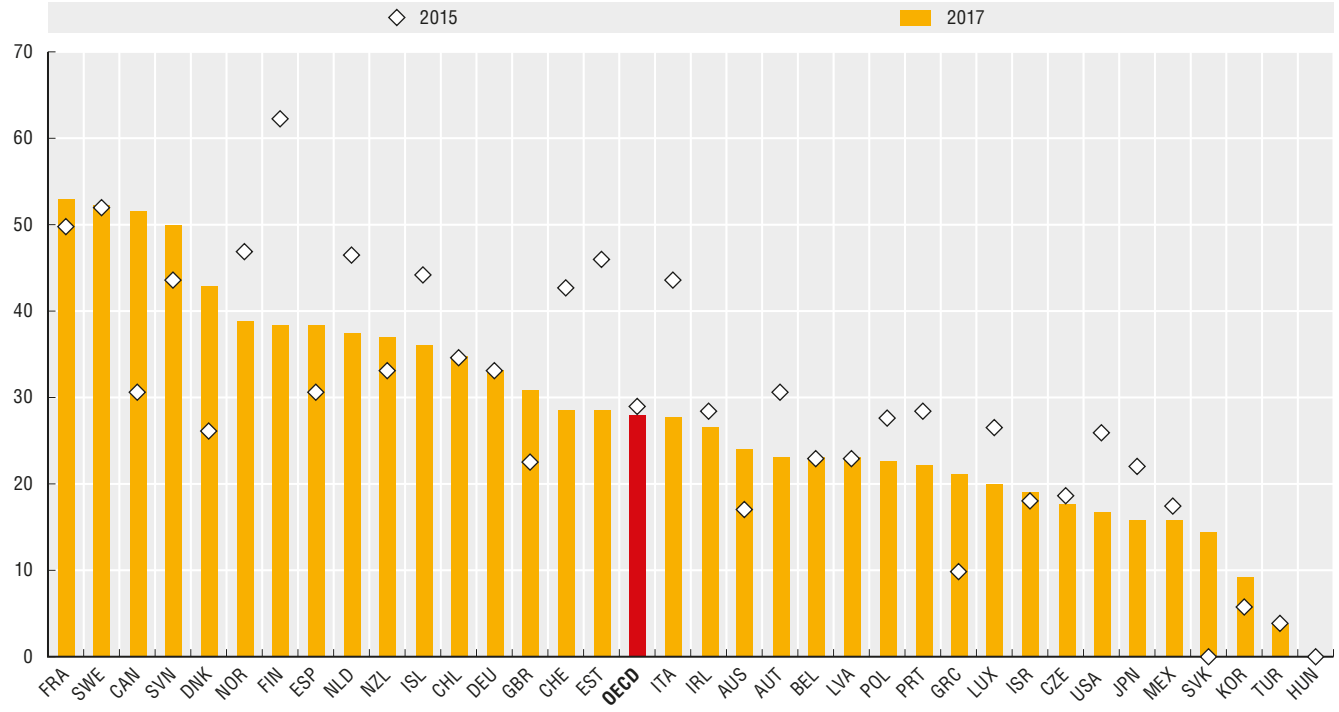
Lower or single house of parliament



Source: Inter-Parliamentary Union (IPU) *PARLINE* (database), and *IDEA Global Database of Quotas for Women*.

StatLink http://dx.doi.org/10.1787/888933532219

3.13. Share of women ministers, 2015 and 2017



Source: Inter-Parliamentary Union (IPU) and UN Women "Women in Politics", 2015 and 2017.

StatLink http://dx.doi.org/10.1787/888933532238

Women in the judiciary

Ensuring gender balance in judicial leadership has been increasingly highlighted by OECD countries as a key governance issue related to fairness, transparency and the effective rule of law. Female judicial appointments, particularly at senior levels, can help shift gender stereotypes and increase women's willingness to enforce their rights.

In terms of overall gender ratio for professional judges, available data reveal that gender parity has been reached and surpassed in most OECD countries, with women representing on average 53% of all judges in 2014, which is a 1% increase from 2012. In some cases, such as Switzerland and Ireland, the share of women has risen more steeply by 5% and 7% respectively. In the last decade, increasing efforts to establish gender-balanced appointment panels and to ensure a fair selection procedure of judges, the introduction of flexible work arrangements and greater promotion of women's access to the legal profession have contributed to greater gender balance in the judiciary.

Gender representation varies between different levels of courts. Women occupy on average 59% of offices in first instance courts and 50% in appeal courts, but hold only 32% of judgeships in supreme courts. Furthermore, 77% of countries with available data have a majority of female judges in first instance courts, while this is only the case in 48% of countries in appeal courts. For supreme courts, the ratio drops dramatically to 15%. Stringent requirements for appointments seem to represent additional challenges for women in judicial leadership. In Commonwealth countries, for instance, the assumption that only top barristers can become top judges evidently limits the pool of candidates for senior appointments and particularly penalizes women who are most affected by challenges related to work-life balance when progressing in their legal career, and thus are most likely to abandon it.

Awareness of and responsiveness towards the barriers hindering women's judicial careers has increased across OECD countries during the last decade. Several countries have adopted affirmative measures to ensure gender balance in the judiciary, including in senior positions. Following the example of other countries (e.g. Canada or the United Kingdom), Ireland is working towards establishing a judicial appointments commission which indicates among its goals the realization of gender balance. The Spanish general council of the judicial power approved the Plan of Equality in the Judicial Career in 2013, which aims to eliminate any form of gender discrimination in accessing and advancing within the judicial career, ensure professional development of women, better reconciliation of work and family life, and a higher participation of women in decision-making. Some OECD countries such as Denmark, Germany, Norway and the United Kingdom indicated that they had promoted gender-sensitive recruitment processes in 2014, including the adoption of measures such as gender - balanced selection committees and increasing diversity in the candidates' pool.

Methodology and definitions

The data presented is collected by the European Commission for the Efficiency of Justice (CEPEJ). Data refer to 2012 and 2014 and cover 25 OECD countries that are members of the Council of Europe. Details on the data can be found in the CEPEJ study 23 on "European Judicial Systems - Efficiency and Quality of Justice" (2014, 2016 editions).

Courts of first instance are where legal proceedings are begun or first heard; *appeal courts* review decisions issued by lower courts; *supreme courts* are the highest courts within the hierarchy of many legal jurisdictions and primarily function as appeal courts, reviewing decisions of lower courts and intermediate-level appeal courts.

Professional judges are those recruited, trained and remunerated to perform the function of a judge as a main occupation. This category includes professional judges from first instance, appeal and supreme courts.

The term *gender-sensitive* is used to highlight consideration of and responsiveness to the different needs and circumstances of individuals as affected by gender roles (i.e. gender-sensitive policies, courts, workplaces).

Affirmative measures indicate any policy favouring members of a disadvantaged group who suffer or have suffered from discrimination. In public life, affirmative measures often refer to specific requirements and processes (related to recruitment, promotion, appointment and election) supporting under-represented groups in various occupations and offices.

Further reading

OECD (2016), 2015 OECD *Recommendation of the Council on Gender Equality in Public Life*, OECD, Paris. *http://dx.doi.org/10.1787/9789264252820-en*.

Figure notes

Data are unavailable for Australia, Canada, Korea, Mexico, New Zealand, the United Kingdom and the United States.

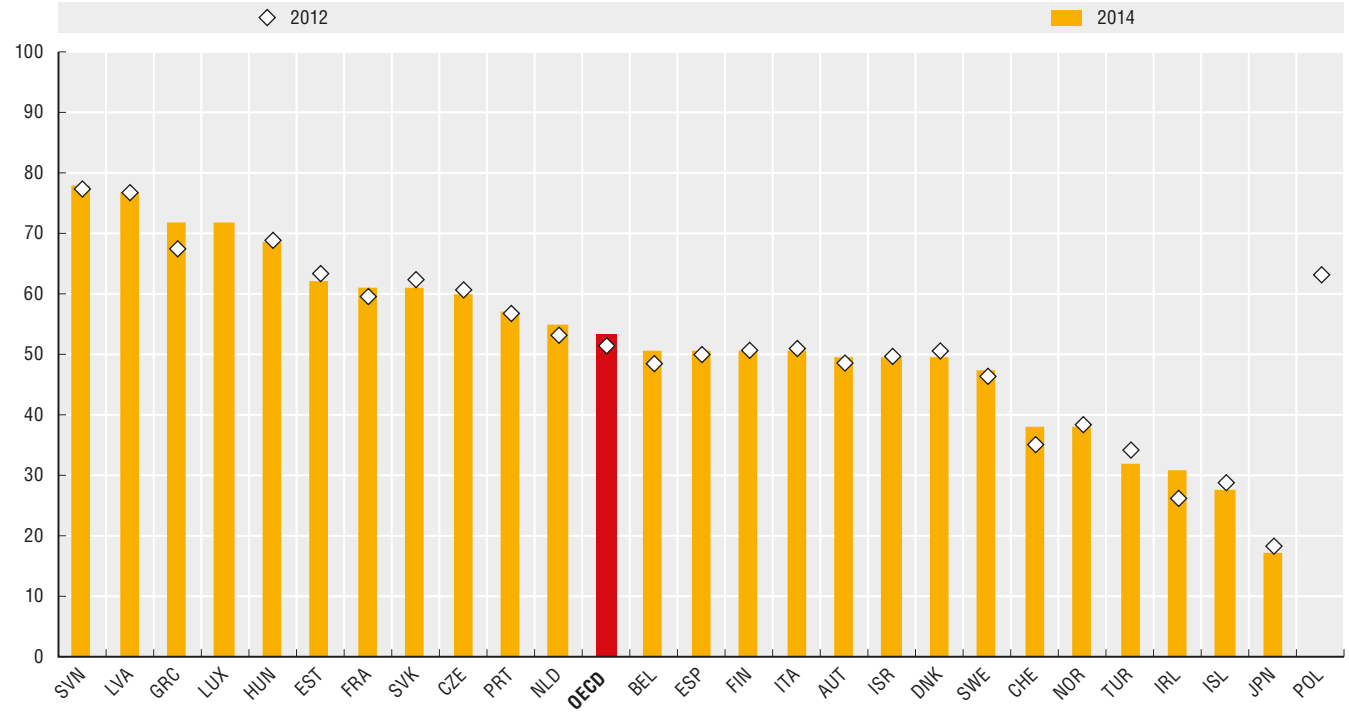
Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

3.14: Data are not available for Chile, for Poland for 2014 and for Luxembourg for 2012. Data for Japan are provided by the Government of Japan. Data for Iceland are provided by the Government of Iceland. Data for Iceland are for 2013 rather than 2014.

3.15: Data for supreme courts are unavailable for Poland and the Netherlands. Data for first instance and appeal courts are unavailable for Chile and Germany. Data for appeal courts are unavailable for Iceland, Luxembourg and Turkey. Data for Chile are provided by the Government of Chile. Data for Iceland are provided by the Government of Iceland.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

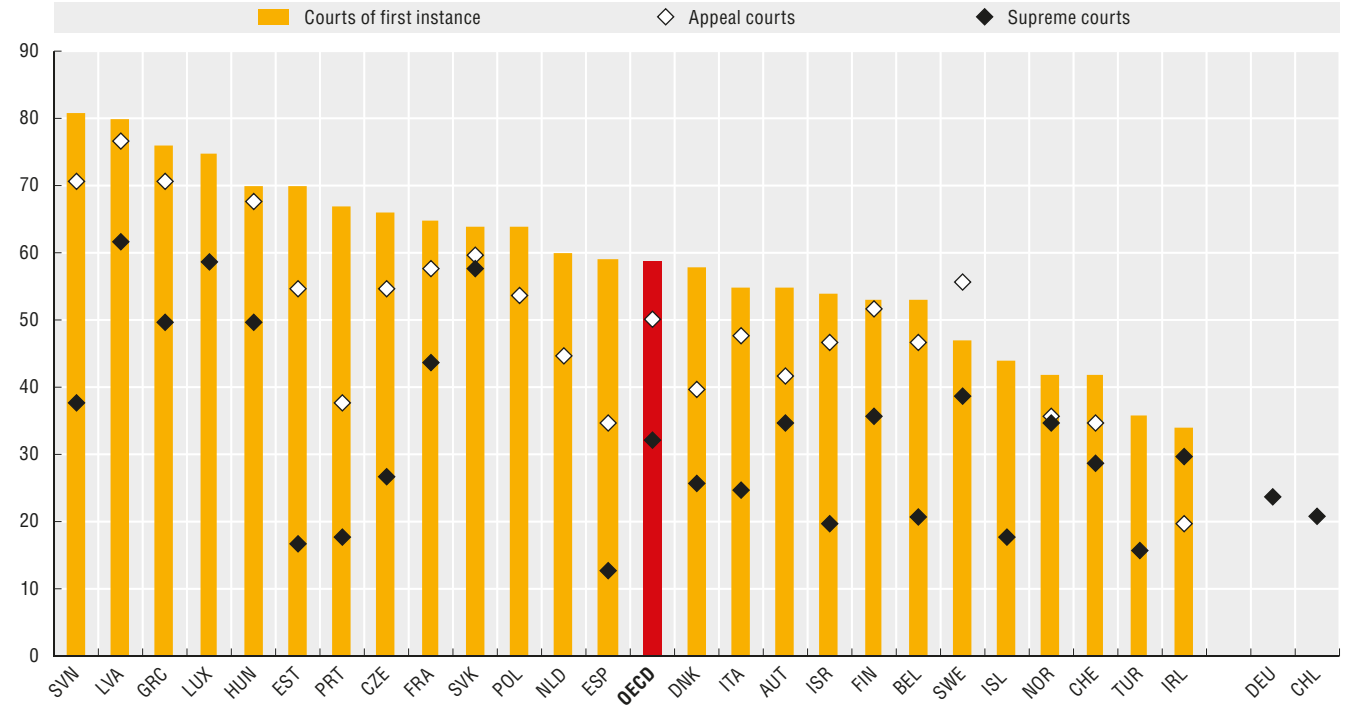
3.14. Female share of professional judges, 2012 and 2014



Source: European Judicial Systems Efficiency and Quality of Justice, CEPEJ STUDIES No. 23 - Edition 2014 (2012 data), Edition 2016, (2014 data)

StatLink http://dx.doi.org/10.1787/888933532257

3.15. Female share of professional judges by level of court, 2014



Source: European Judicial Systems Efficiency and Quality of Justice, CEPEJ STUDIES No. 23 (Edition 2016, 2014 data)

StatLink http://dx.doi.org/10.1787/888933532276

Compensation of senior managers

Senior managers in central public administrations are expected to be politically responsive, have a deep understanding of the citizens they serve, and be effective managers capable of steering healthy and high-performing public sector organisations. Their compensation is an indicator of the degree of value placed on these positions, and impacts the attraction and retention of highly skilled individuals, along with intrinsic motivation related to the nature of the work.

Various factors may account for differences in compensation levels across countries for highly similar positions. For instance, compensation may differ depending on differences in the structure of national labour markets to compete for talent with the private sector. The internal labour market may also be a factor as compensation levels can motivate high-potential candidates to apply for jobs of increasing seniority. At the same time, governments try to balance the need to maintain internal wage equilibrium and sense of fairness. The composition of the workforce may also impact compensation levels, depending on, for example, the length of service of senior officials or the share of women (who generally earn less than their male counterparts) in senior management occupations.

The 2016 OECD Survey on the Compensation of Employees in Central/Federal Governments defines precise occupational categories in order to compare similar occupations and considers compensation levels including gross wages and salaries but also contributions to social security plans. D1 managers are top public servants below the minister or secretary of state, and D2 are senior managers just below D1 positions. On average, D1 level senior managers' compensation amounts to USD 231 546 PPP in OECD countries. In addition to wages and salaries, compensation consists of employer's social contributions (17% of compensation; USD 39 281 PPP) and a working time correction (14% of compensation; USD 31 638 PPP). D2 level managers' average total compensation is about USD 182 246 PPP across OECD countries. On average, D1 managers earn 27% more than D2 managers. However, in the United States, D1 senior managers earn less than D2 managers, most likely due to the fact that many D1 managers are politically appointed and thus may be younger or have less experience in the public administration than D2 managers.

Senior managers earn most in Australia and Italy, and least in Latvia, Slovenia, Greece and Korea. When corrected by GDP per capita to account for differences in the economic development of countries, D1 senior managers in Mexico as well as Colombia receive the highest compensation, while in Iceland and Norway, senior managers earn the least.

Methodology and definitions

Data refer to 2015 and were collected through the 2016 OECD Survey on the Compensation of Employees in Central/Federal Governments. Officials from central ministries and agencies responded through the OECD Network on Public Employment and Management.

Data are for six central government ministries/departments (Interior, Finance, Justice, Education, Health and Environment or their equivalents). The classification and definition of the occupations are an adaptation of the ISCO-08 codes developed by the International Labour Organization (ILO). Compensation levels are calculated by averaging the compensation of the staff in place.

Total compensation includes wages and salaries, and employers' social contributions, both funded as well as unfunded. Social contributions are restricted to health and pensions systems in order to present consistent data across countries.

Compensation was converted to USD using purchasing power parities (PPPs) for private consumption from the *OECD National Accounts Statistics* (database). The data are not adjusted for hours worked per week, since managers are formally or informally expected to work longer hours, but adjusted for the average number of holidays.

Comparison to previous data collection results are limited due to small changes in methodology. See Annex D for further information on the methodology.

Further reading

OECD (2016), *Engaging Public Employees for a High-Performing Civil Service*, OECD Public Governance Reviews, OECD, Paris.

OECD (2012), *Public Sector Compensation in Times of Austerity*, OECD, Paris.

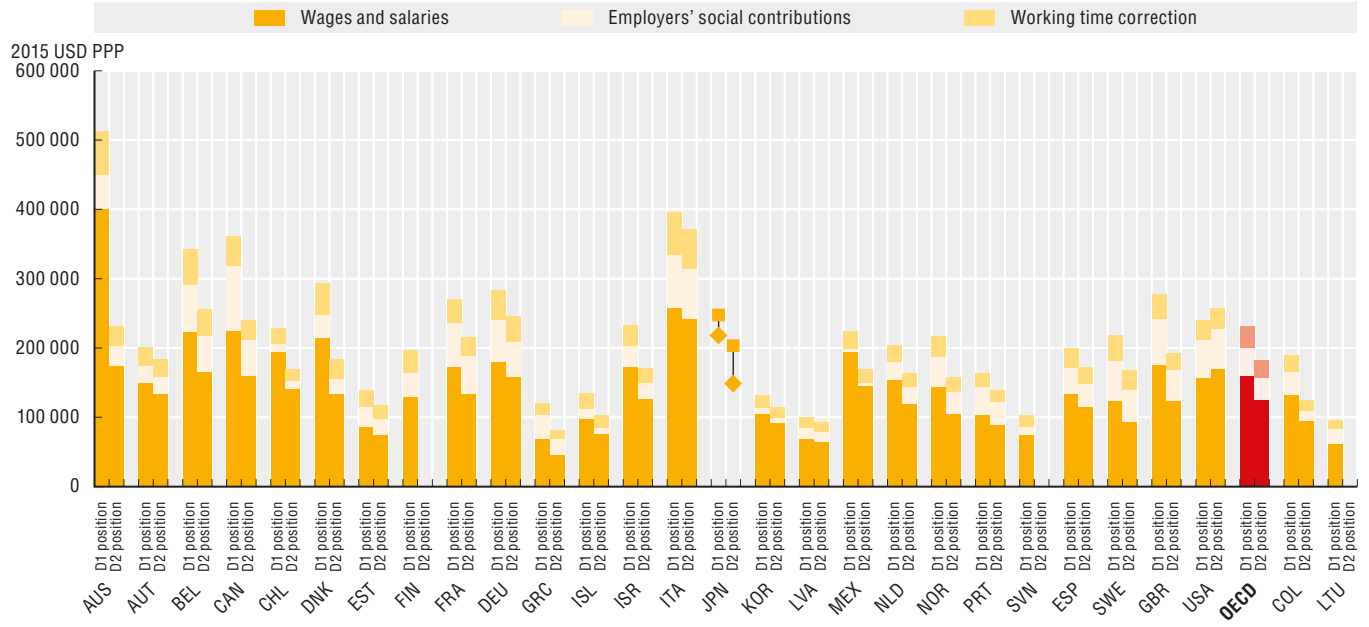
Figure notes

Data are not available for the Czech Republic, Hungary, Ireland, Luxembourg, New Zealand, Poland, the Slovak Republic, Switzerland and Turkey.

Compensation data for D2 positions are mixed with D1 positions in Finland and Slovenia and missing for Lithuania. **Australia**: Ministry of Interior is not included. **Belgium**: Ministries of Education and Environment are not included because they do not belong to the federal authority. **Estonia**: data for the Ministry of Environment are not available. **France**: data are for 2014 (using PPPs for 2014). **Germany**: data are based on estimations according to the pay scale and not on actual compensation. **Iceland**: Ministry of Justice belongs to the Ministry of Interior. **Japan**: data are provided in terms of entry and maximum level of total compensation, the arithmetic mean has been taken into account for the inclusion in the OECD average. **Korea**: data do not include fixed meal allowance and job grade allowance that are provided in all of these positions; compensation for unused annual leaves is also not included.**The Netherlands**: all employees of central government are included. **Norway**: employees not covered by the basic collective agreement for the civil service are not included. **Sweden**: there is no Ministry of Interior and therefore it is not included in the data.

3.16. Average annual compensation of central government senior managers, 2015

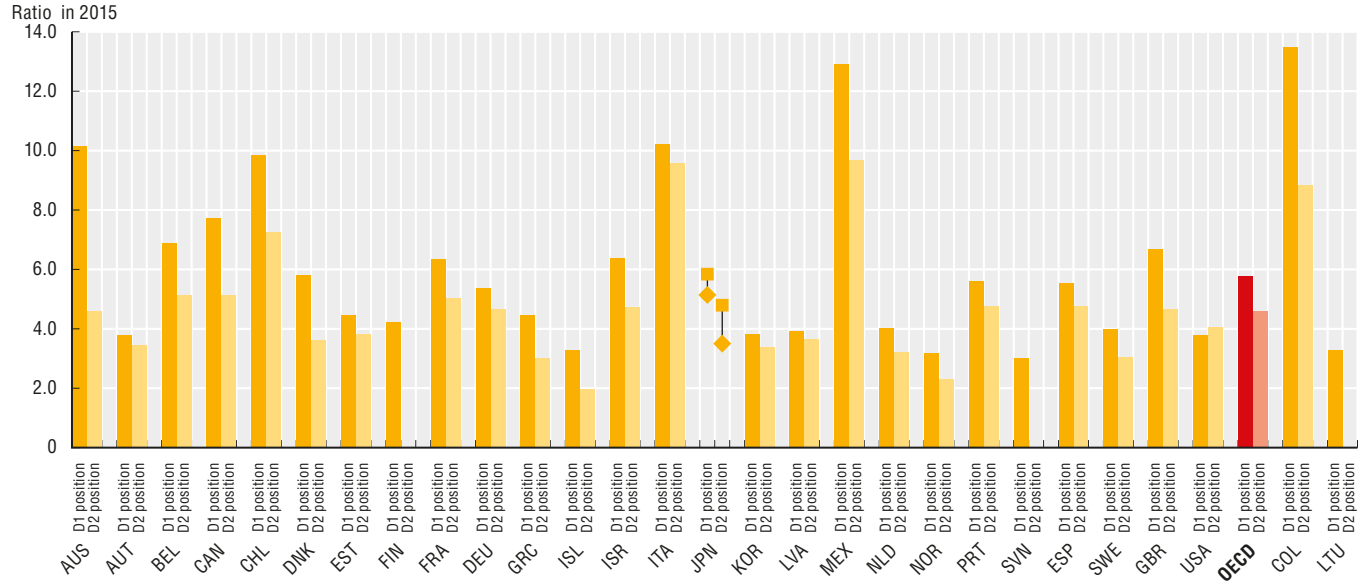
Adjusted for differences in holidays



Source: 2016 OECD Survey on Compensation of Employees in Central/Federal Governments; *OECD STAN/National Accounts Statistics* (database).

StatLink http://dx.doi.org/10.1787/888933532295

3.17. Annual average compensation of central government senior officials relative to GDP per capita



Source: 2016 OECD Survey on Compensation of Employees in Central/Federal Governments; *OECD STAN/National Accounts Statistics* (database).

StatLink http://dx.doi.org/10.1787/888933532314

Compensation of middle managers

Middle managers play a key role in the workforce hierarchy, translating the strategic vision of senior managers into actions implemented by the broader public workforce under their management. Hence, middle management has a direct impact on workplace climate, the effectiveness of public management systems and reforms, and ultimately, organisational capacity to deliver results to citizens.

The amount and structure of middle managers' compensation may be related to political and historical factors, as well as the process for determining base pay and increases. For example, some countries set base pay through government decree, based on calculations related to economic and labour market developments (e.g. inflation) while, in other countries, base pay for middle managers is negotiated through collective bargaining with unions. Countries also differ in their political consensus on how to fund the social security system and the types of benefits to provide. In some countries, the amount of social contributions paid may be larger, while in other countries the number of holidays is higher. Sweden, France and Greece have the highest share of employers' social contributions in total compensation. The share is lowest in Korea, Chile and Mexico.

In OECD countries, D3 level middle managers' compensation amounts on average to USD 134 522 PPP, including USD 24 209 PPP employer's contributions and USD 18 416 PPP for working time correction. D4 middle managers' total compensation reaches USD 112 114 PPP. Cross-country differences are smaller for middle managers' compensation than for senior managers' compensation. At the same time, D3 managers earn on average 20% more than D4 managers, hence the difference in compensation between middle managers is smaller than the difference between the two senior positions (D1 senior managers earn 27% more than D2 senior managers). There is a large gap between senior managers' compensation and middle managers' compensation. Senior managers in D1 positions earn 72% more than middle managers in D3 positions, and more than twice as much as managers in D4 positions. The difference between compensation levels for D1 and D4 positions is highest in Australia, Chile, Canada and the United Kingdom.

Correcting by GDP per capita makes is possible to take into account heterogeneous levels of development and average income across countries. Middle managers in Mexico as well as Colombia receive the highest compensation corrected for GDP per capita, while in Norway middle managers earn the least.

Methodology and definitions

Data refer to 2015 and were collected through the 2016 OECD Survey on the Compensation of Employees in Central/Federal Governments. Officials from central ministries and agencies responded through the OECD Network on Public Employment and Management.

Data are for six central government ministries/departments (Interior, Finance, Justice, Education, Health and Environment or their equivalents). The classification and definition of the occupations are an adaptation of the ISCO-08 codes developed by the International Labour Organization (ILO). Compensation levels are calculated by averaging the compensation of the staff in place.

Total compensation includes gross wages and salaries, and employers' social contributions, both funded as well as unfunded. Social contributions are restricted to health and pensions systems, in order to have consistent data across countries.

Compensation was converted to USD using purchasing power parities (PPPs) for private consumption from the OECD *National Accounts Statistics* (database). The data are not adjusted for hours worked per week, since managers are formally or informally expected to work longer hours but adjusted for the average number of holidays.

Comparison to previous data collection results are limited due to small changes in methodology. See Annex D for further information on the methodology.

Further reading

OECD (2016), *Engaging Public Employees for a High-Performing Civil Service*, OECD Public Governance Reviews, OECD, Paris.

OECD (2012), *Public Sector Compensation in Times of Austerity*, OECD, Paris. *http://dx.doi.org/10.1787/9789264177758-en*

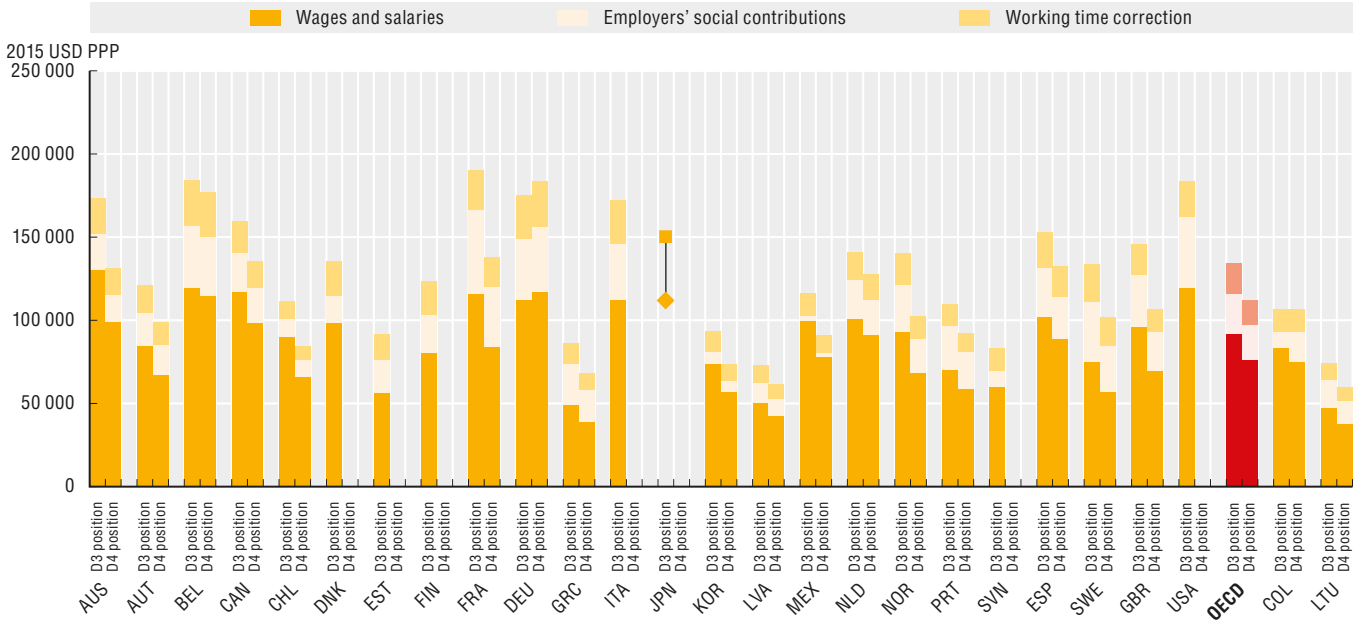
Figure notes

Data are not available for the Czech Republic, Hungary, Ireland, Iceland, Israel, Luxembourg, New Zealand, Poland, the Slovak Republic, Switzerland and Turkey.

Compensation data for D4 positions are mixed with D3 in Estonia, Finland, Italy and Slovenia. **Australia**: data for the Ministry of Interior are not included. **Belgium**: data for the Ministry of Education and Environment are not included because they do not belong to the federal authority. **Estonia**: data for the Ministry of Environment are not available. **France**: data are for 2014 (using PPPs for 2014). **Germany**: data are based on estimations according to the pay scale and not on actual compensation. **Iceland**: Ministry of Justice belongs to Ministry of Interior. **Japan**: data for D3 positions are provided in terms of entry and maximum level of total compensation, the arithmetic mean has been taken into account for the inclusion in the OECD average. **Korea**: data do not include fixed meal allowance and job grade allowance that are provided in all of these positions; compensation for unused annual leaves is also not included. **The Netherlands**: all employees of central government are included. **Norway**: employees not covered by the basic collective agreement for the civil service are not included. **Sweden**: there is no Ministry of Interior and therefore it is not included in the data.

3.18. Average annual compensation of central government middle managers, 2015

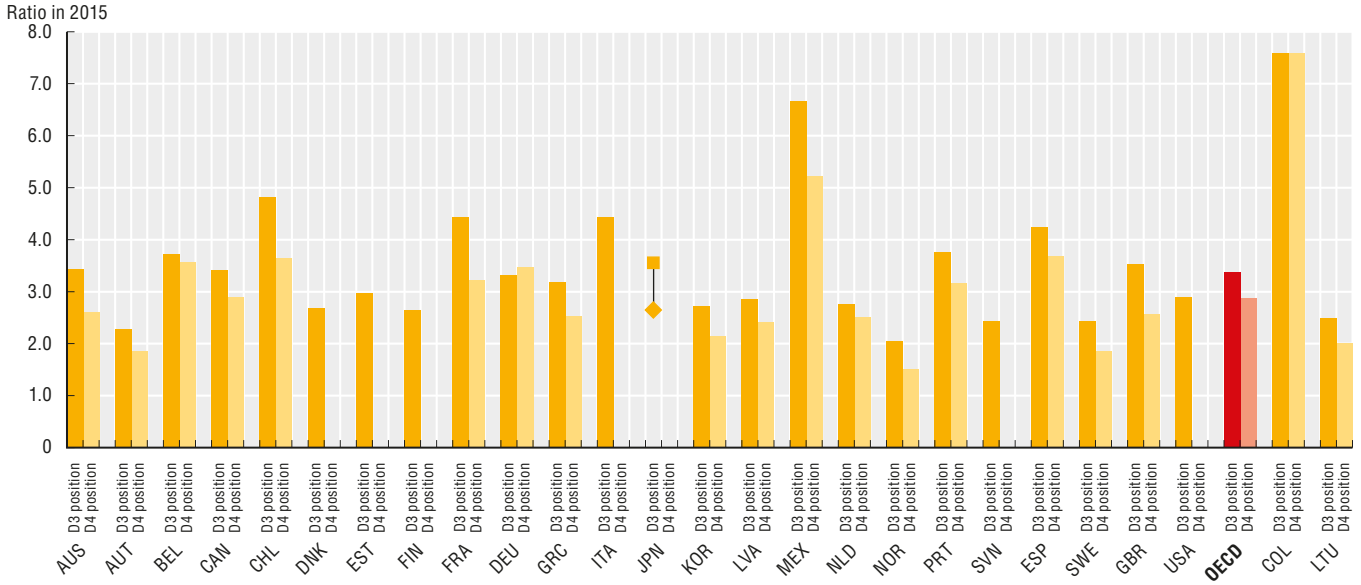
Adjusted for differences in holidays



Source: 2016 OECD Survey on Compensation of Employees in Central/Federal Governments; *OECD STAN/National Accounts Statistics* (database).

StatLink http://dx.doi.org/10.1787/888933532333

3.19. Annual average compensation of central government middle managers relative to GDP per capita



Source: 2016 OECD Survey on Compensation of Employees in Central/Federal Governments; *OECD STAN/National Accounts Statistics* (database).

StatLink http://dx.doi.org/10.1787/888933532352

Compensation of professionals in central government

Professionals, such as policy analysts, bring crucial skills to conduct evidence-based analysis required to develop effective policies and programmes that respond to citizens' needs and expectations. The level of compensation for professional positions reflects how the public administration values and remunerates these skills. Some professionals have skill sets that are sought after by both the public and private sectors; therefore the level of compensation for these skills may be one indicator of a public administration's ability to compete for talent. For the public administration, it is crucial to retain those employees in order to improve public policy making and service delivery. Differences in compensation levels among countries can result from various factors that are not controlled for here, such as differences in qualification requirements and gender representation in these professions, as well as differences in the location of workplaces.

On average, senior professionals' compensation amounts to USD 88 667 PPP across OECD countries, including USD 16 103 PPP employer's contributions and USD 15 461 PPP for working time correction. Junior professionals' compensation is USD 68 453 PPP. Hence, junior professionals earn on average 23% less than senior professionals. This difference accounts mainly for difference in seniority and experience. The compensation ratio between the two levels is highest in Chile, Denmark and Mexico, as well as in Colombia, and lowest in Korea.

D1 senior managers earn on average 2.6 times more than senior professionals. This suggests that the premium for managerial responsibilities is significantly higher than the premium on technical specialisation. The difference between D1 senior managers' and senior professionals' compensation is highest in Mexico, Italy and the United Kingdom and lowest in Slovenia, Iceland and the Netherlands. When corrected by GDP per capita, professionals in Chile and Colombia receive the highest compensation, while it is the lowest in Norway and Lithuania.

Methodology and definitions

Data refer to 2015 and were collected through the 2016 OECD Survey on the Compensation of Employees in Central/Federal Governments. Officials from central ministries and agencies responded to the survey through the OECD Network on Public Employment and Management.

Data are for six central government Ministries/Departments (Interior, Finance, Justice, Education, Health and Environment or their equivalents). The classification and definition of the occupations are an adaptation of the ISCO-08 codes developed by the International Labour Organization (ILO). Compensation levels are calculated by averaging the compensation of the staff in place.

Total compensation includes gross wages and salaries, and employers' social contributions, both funded as well as unfunded. Social contributions are restricted to health and pensions systems, in order to have consistent data across countries.

Compensation was converted to USD using purchasing power parities (PPPs) for private consumption from the OECD *National Accounts Statistics* (database). Working time adjustment compensates for differences in time worked, taking into account both the average number of working hours and the average number of holidays.

Comparison to previous data collection results are limited due to small changes in methodology. See Annex D for further information on the methodology.

Further reading

OECD (2012), Public Sector Compensation in Times of Austerity, OECD, Paris.

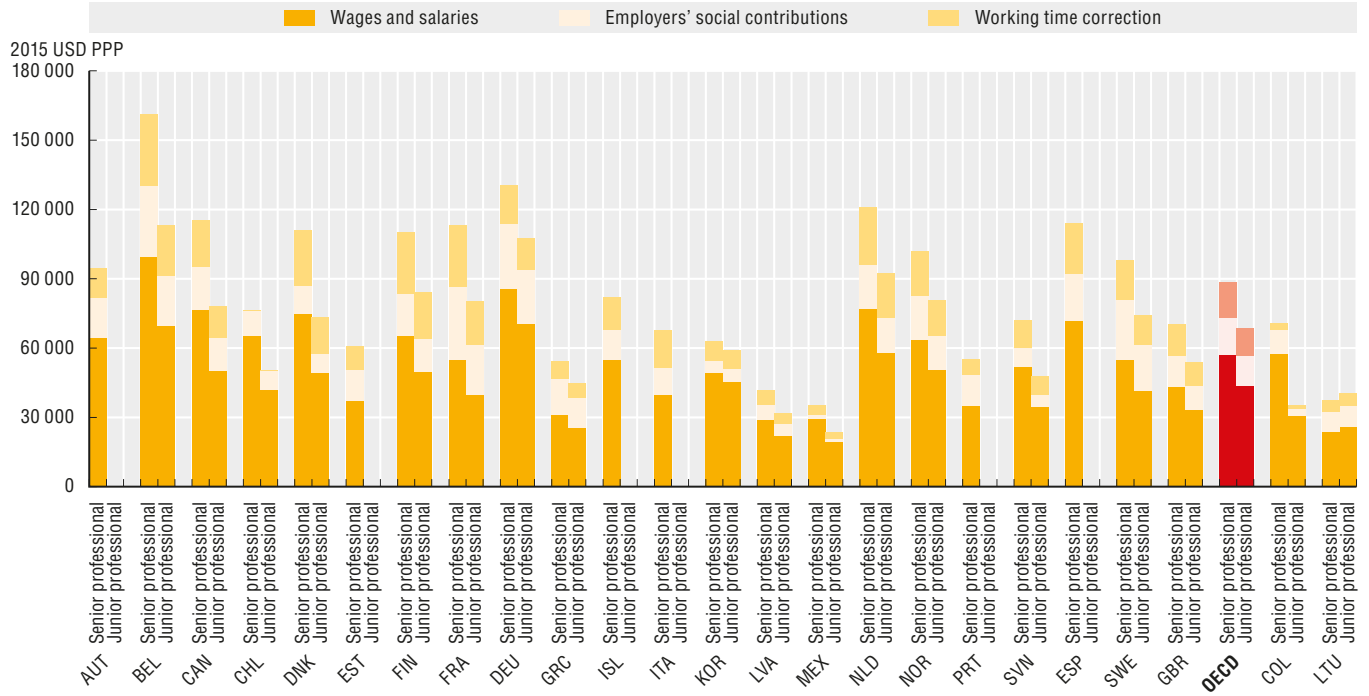
Figure notes

Data are not available for Australia, the Czech Republic, Hungary, Ireland, Israel, Japan, Luxembourg, New Zealand, Poland, the Slovak Republic, Switzerland, Turkey and the United States.

Senior and junior professionals are mixed for Austria, Estonia, Iceland, Italy, Portugal and Spain. **Australia**: Ministry of Interior is not included. **Belgium**: Ministries of Education and of Environment are not included because they do not belong to the federal authority. **Estonia**: data for the Ministry of Environment are not available. **France**: data are for 2014 (using PPPs for 2014). **Germany**: data are based on estimations according to the pay scale and not on actual compensation. **Iceland**: Ministry of Justice belongs to the Ministry of Interior. **Italy**: the number of employees includes part time employees and not only full time employees. **Korea**: data do not include fixed meal allowance and job grade allowance that are provided in all of these positions; compensation for unused annual leaves is also not included. **The Netherlands**: all employees of central government are included. **Norway**: employees not covered by the basic collective agreement for the civil service are not included. **Sweden**: there is no Ministry of Interior and therefore it is not included in the data.

3.20. Average annual compensation of senior and junior professionals in central government, 2015

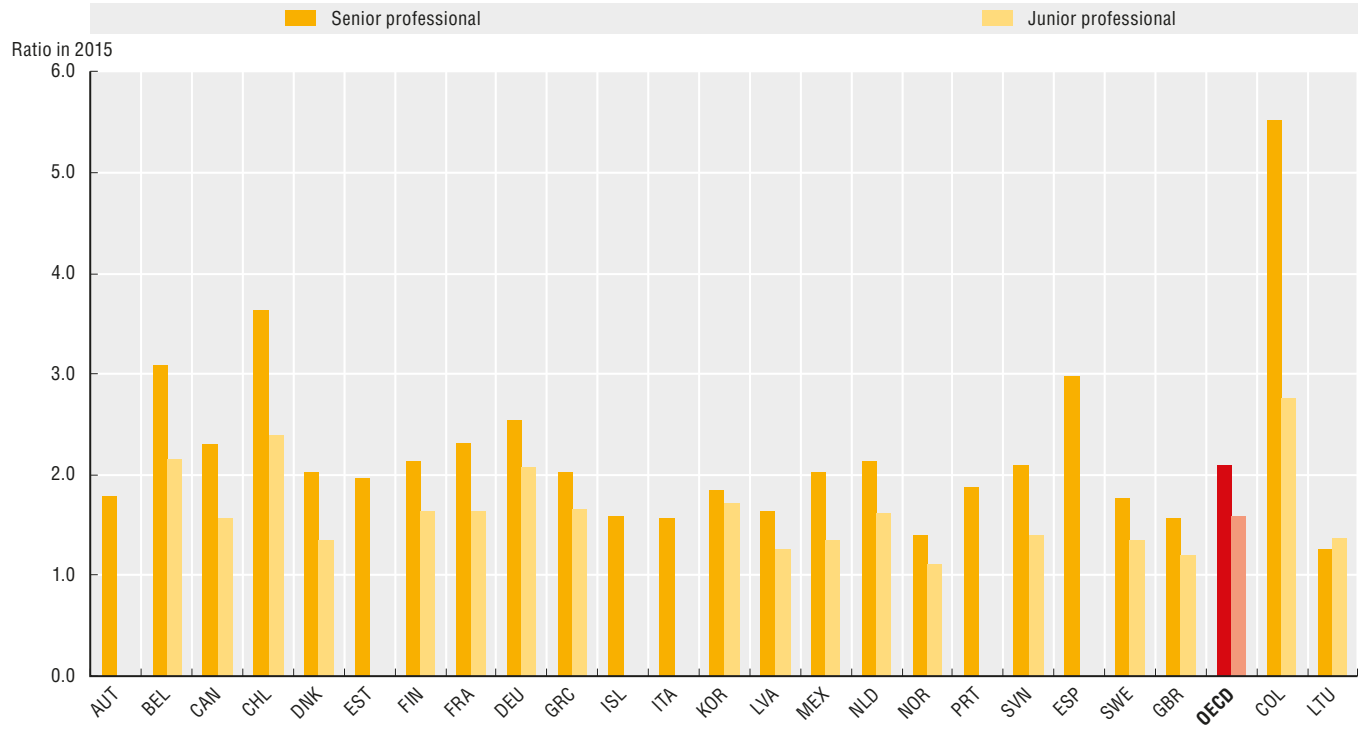
Adjusted for differences in working hours and holidays



Source: 2016 OECD Survey on Compensation of Employees in Central/Federal Governments; *OECD STAN/National Accounts Statistics* (database).

StatLink http://dx.doi.org/10.1787/888933532371

3.21. Annual average compensation of senior and junior professionals in central government relative to GDP per capita



Source: 2016 OECD Survey on Compensation of Employees in Central/Federal Governments; *OECD STAN/National Accounts Statistics* (database).

StatLink http://dx.doi.org/10.1787/888933532390

Compensation of secretarial staff

Secretarial staff represent the lowest level of hierarchy of the professions for which compensation data is collected by the OECD. They are generally positions that require lower skill levels, less education, and are more often occupied by women. On average, secretaries' compensation amounts to USD 52 748 PPP, including USD 9 823 PPP employer's contributions and USD 9 445 PPP for working time correction. Employer's social contributions and the correction for working time each amount to around 18% of total compensation. Compensation may vary depending on working conditions and local environment, but also working hours. The data displayed here is corrected for those differences in working time and holidays. In Chile, the number of working hours is the highest.

As for the other occupation categories reviewed here, the levels of employer's social contributions are very diverse across OECD countries for secretarial positions. Differences can be explained by historical, cultural or political variables and national preferences on how much social security benefits to provide and how to fund the social security system. Social contributions can be perceived as deferred wage (pensions) and insurance schemes (health) supported by the collective organisation. To account for the total amount of contributions to social security systems, employee's social contributions included in the gross wage need to be added. Furthermore, the amount of social contributions does not necessarily reflect the quality of the social security system. As for other occupations, the share of employer's social contributions is very low in Mexico as well as Colombia and particularly high in Sweden and France. When corrected for GDP per capita, secretaries' compensation in Greece as well as Colombia is highest, while it is lowest in Slovenia and Iceland.

Relative wages are a major component of workers' happiness and motivation. They are key to perceived fairness and consequently impact motivation. The dispersion of compensation inside the workforce also has an influence on social inequality and trust in government. Secretaries earn on average four times less than senior managers (D1). This gap in compensation is most pronounced for Mexico, Chile and Australia as well as for Colombia where senior managers earn over eight times more than secretaries, and smallest in Greece, Norway, Finland, Iceland and the Netherlands, where senior managers earn less than three times and half what secretaries earn.

Methodology and definitions

Data refer to 2015 and were collected through the 2016 OECD Survey on the Compensation of Employees in Central/Federal Governments. Officials from central ministries and agencies responded to the survey through the OECD Network on Public Employment and Management.

Data are for six central government ministries/departments (Interior, Finance, Justice, Education, Health and Environment or their equivalents). The classification and the definition of the occupations are an adaptation of the ISCO-08 codes developed by the International Labour Organization (ILO). Compensation levels are calculated by averaging the compensation of the staff in place.

Total compensation includes gross wages and salaries, and employers' social contributions, both funded as well as unfunded. Social contributions are restricted to health and pensions systems, in order to have consistent data across countries.

Compensation was converted to USD using purchasing power parities (PPPs) for private consumption from the OECD *National Accounts Statistics* (database). Working time adjustment compensates for differences in time worked, taking into account both the average number of working hours and the average number of holidays.

Comparison to previous data collection results are limited due to small changes in methodology. See Annex D for further information on the methodology.

Further reading

OECD (2012), *Public Sector Compensation in Times of Austerity*, OECD, Paris.

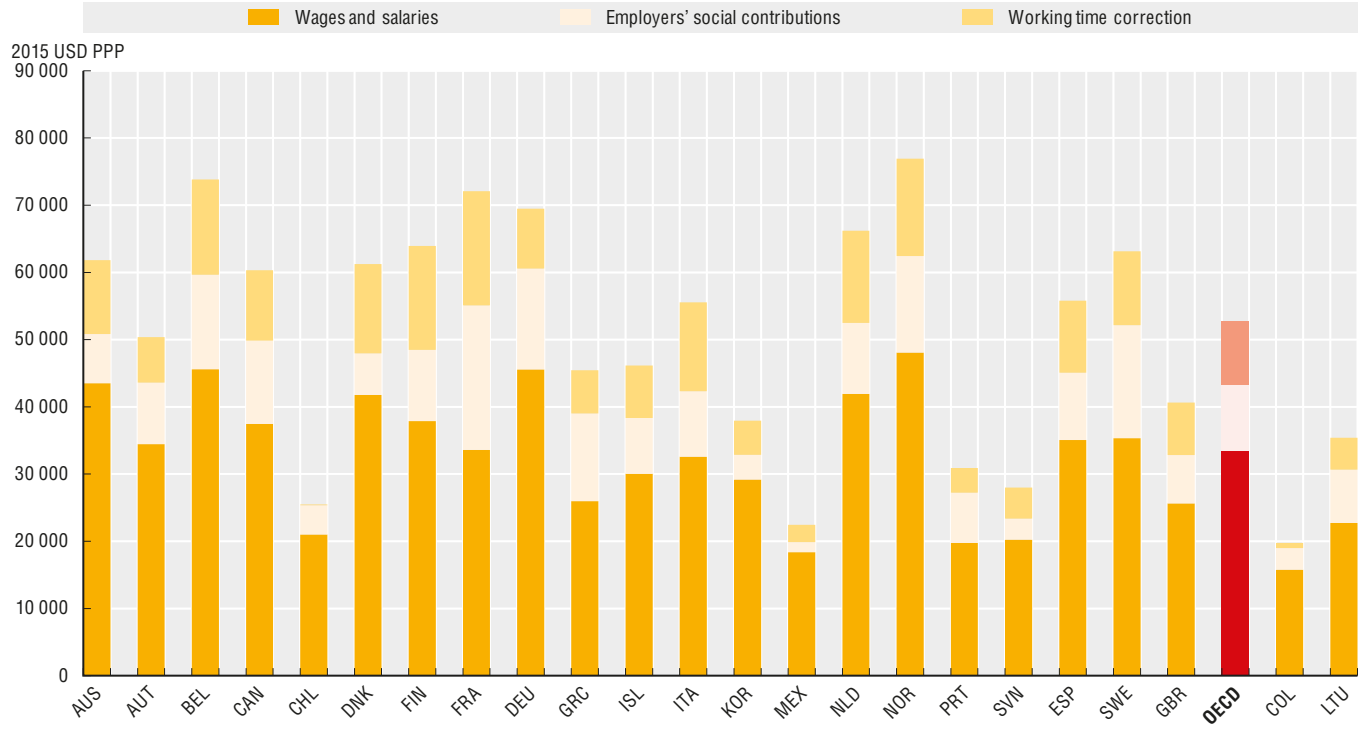
Figure notes

Data are not available for the Czech Republic, Estonia, Hungary, Ireland, Israel, Japan, Latvia, Luxembourg, New Zealand, Poland, the Slovak Republic, Switzerland, Turkey and the United States.

Australia: Ministry of Interior is not included. **Belgium**: Ministries of Education and Environment are not included because they do not belong to the federal authority. **France**: data are for 2014 (using PPPs for 2014). **Greece**: secretaries may include other occupations fulfilled by professionals. **Germany**: data are based on estimations according to the pay scale and not on actual compensation. **Iceland**: Ministry of Justice belongs to the Ministry of Interior. **Italy**: number of employees includes part time employees and not only full time employees. **Korea**: data do not include fixed meal allowance and job grade allowance that are provided in all of these positions; compensation for unused annual leaves is also not included. **The Netherlands**: all employees of central government are included. **Norway**: employees not covered by the basic collective agreement for the civil service are not included. **Sweden**: there is no Ministry of Interior and therefore it is not included in the data.

3.22. Average annual compensation of employees in secretarial positions, 2015

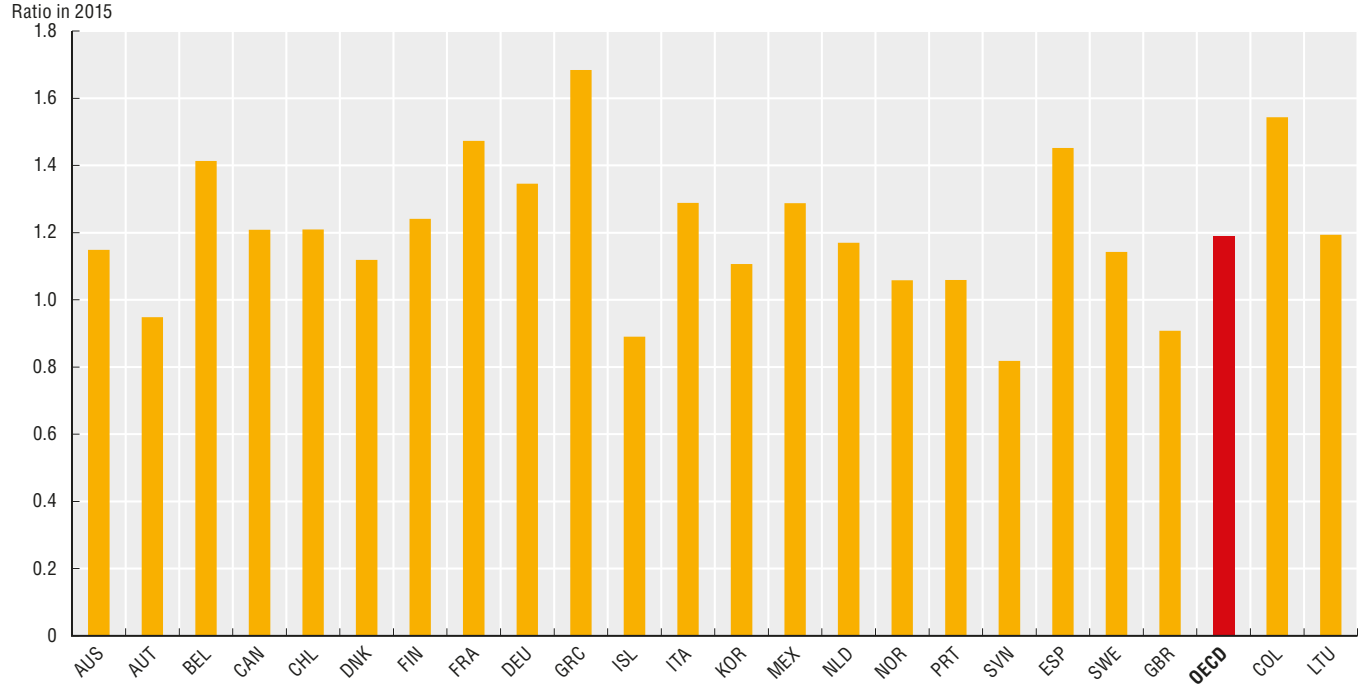
Adjusted for differences in working hours and holidays



Source: 2016 OECD Survey on Compensation of Employees in Central/Federal Governments; *OECD STAN/National Accounts Statistics* (database).

StatLink http://dx.doi.org/10.1787/888933532409

3.23. Annual average compensation of employees in secretarial positions relative to GDP per capita



Source: 2016 OECD Survey on Compensation of Employees in Central/Federal Governments; *OECD STAN/National Accounts Statistics* (database).

StatLink http://dx.doi.org/10.1787/888933532428

Compensation in selected service occupations

Front-line service delivery agents are the face of the public administration for the majority of citizens, and therefore their behaviour and competence has a direct impact on the public's perception of public institutions. Police officers and inspectors interact with the users of public services to co-produce efficient and effective public services. Hence, their commitment and motivation is critical to enhance both the quality of public service delivery and the trust of public employees and users in their government

Data are included for occupations related to law and order and tax administration: specifically police inspectors and detectives, police officers, immigration officers, customs inspectors and tax inspectors. While these occupations exist in all countries, these functions may, in some cases, be carried out by sub-central governments for which we do not collect data.

Police inspectors' compensation amounts on average to USD 81 952 PPP across OECD countries. Police officers' compensation is about USD 64 795 PPP. A police inspector earns 26.5% more than a police officer on average. This reflects the premium for higher responsibility. In Spain, Australia and France, the gap between compensation of police inspectors and police officers is highest. On the contrary, in Iceland and Estonia police officers and inspectors earn nearly the same amount.

There are relatively small differences in compensation levels among the five occupations, which might indicate that the requirements for these jobs are largely similar. The relative compensation of a specialised occupation to a more general occupation is an indicator of the relative attractiveness of those specialised occupations. These occupations could also be prone to petty corruption. As a result, paying police and tax administrators well might help reduce its occurence. Tax inspectors earn on average 19% less than police inspectors and just 2% more than police officers. The gap between tax inspectors and police inspectors is the highest in Australia, France and Iceland where police inspectors earn more than 30% more than tax inspectors. The gap between tax inspectors and police officers is the highest in Slovenia, Spain and Portugal. Police inspectors earn on average 33% more than customs inspectors earn. This gap is the highest in Australia and Norway and the lowest in Portugal, Sweden and Korea. On average in the OECD countries, immigration officers earn just 5% less than police officers. In Portugal, Spain and Latvia, the compensation of immigration officers is higher than that of police officers, whereas it is lower in Australia, Greece and the United Kingdom.

When corrected by GDP per capita, Chile and Portugal pay the highest compensations in some of these five occupations. On the contrary, in Latvia as well as Lithuania compensations for several service occupations recorded their lowest shares.

Methodology and definitions

Data refer to 2015 and were collected through the 2016 OECD Survey on the Compensation of Employees in Central/Federal Governments. Officials from central ministries and agencies responded to the survey through the OECD Network on Public Employment and Management.

Data are for specific frontline service delivery agents (police inspectors and detectives, police officers, immigration officers, customs inspectors, and tax inspectors). The classification and definition of the occupations are an adaptation of the ISCO-08 codes developed by the International Labour Organization (ILO). Although countries have employees in charge of these tasks, in some countries specific functions cannot be distinguished.

Total compensation includes gross wages and salaries, and employers' social contributions, both funded as well as unfunded, including pension payments paid through the state budget rather than through employer social contributions (mostly for some pay-as-you-go systems). Social contributions are restricted to health and pensions systems, in order to have consistent data across countries.

Compensation was converted to USD using purchasing power parities (PPPs) for private consumption from the OECD *National Accounts Statistics* (database). Working time adjustment compensates for differences in time worked, taking into account both the average number of working hours and the average number of holidays.

Comparison to previous data collection results are limited due to small changes in methodology. See Annex D for further information on the methodology.

Further reading

OECD (2012), *Public Sector Compensation in Times of Austerity*, OECD, Paris.

Figure notes

Data are not available for the Czech Republic, Germany, Hungary, Ireland, Israel, Japan, Luxembourg, Mexico, the Netherlands, New Zealand, Poland, the Slovak Republic, Switzerland, Turkey and the United States.

Immigration officers are included in police officers in Austria, Denmark, Iceland and Italy. Immigration officers are included in police inspectors and detectives in Slovenia. Police inspectors and detectives and police officers are mixed in Korea and Sweden. Police inspectors and detectives are included in police officers and immigration officers in Greece. **France**: data are for 2014 (using PPPs for 2014). **Italy**: the number of employees includes part time employees and not only full time employees. **Korea**: data do not include fixed meal allowance and job grade allowance that are provided in all of these positions; compensation for unused annual leaves is also not included. **Norway**: employees not covered by the basic collective agreement for the civil service are not included.

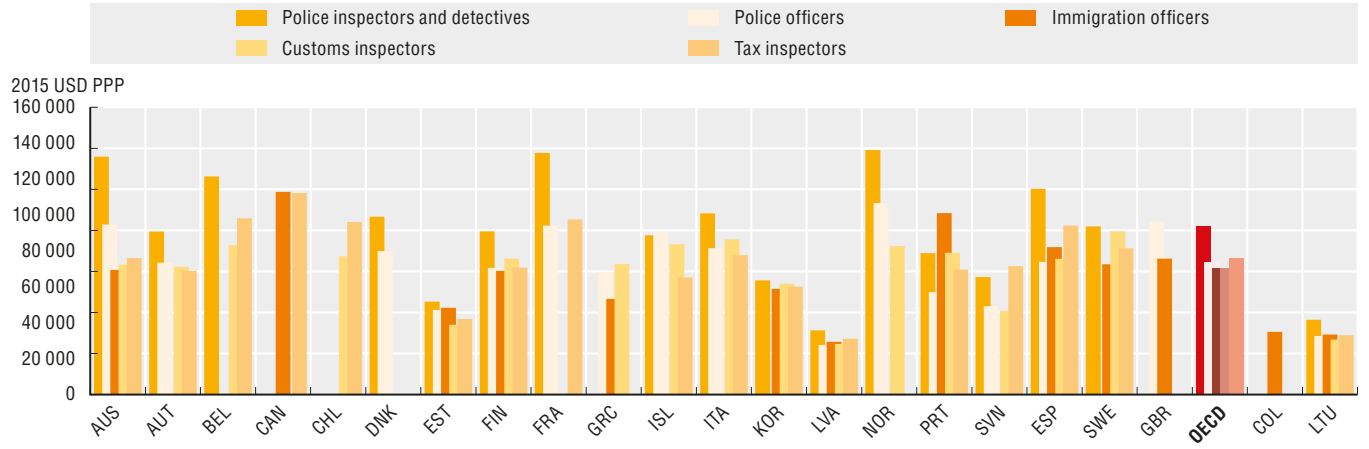
3.24. Customs inspectors are included in immigration officers in Canada.

3.25. Data are not available for Canada and Chile.

3.26. Data are not available for Denmark. Customs inspectors are included in immigration officers in Canada.

3.24. Annual average compensation of employees in service delivery occupations, 2015

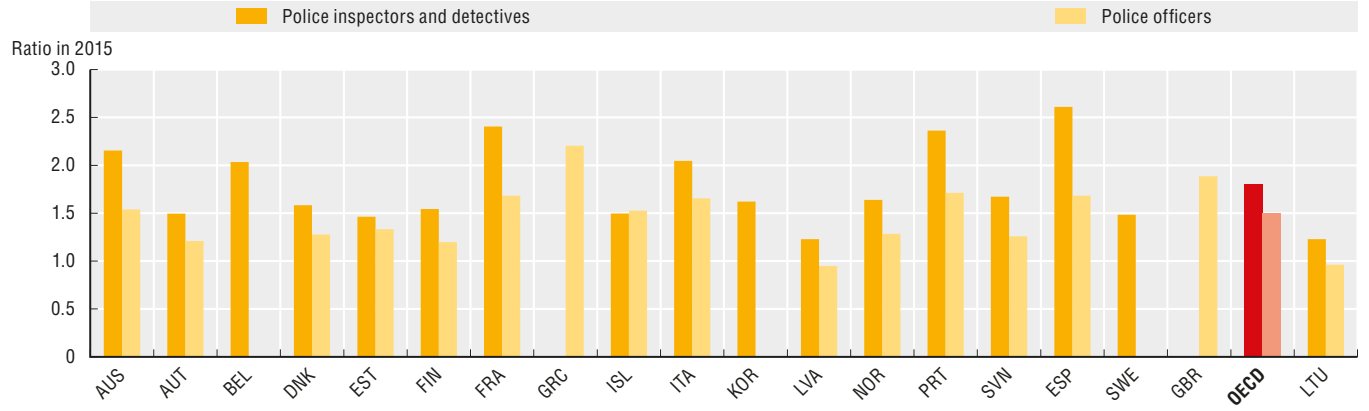
Adjusted for differences in working hours and holidays



Source: 2016 OECD Survey on Compensation of Employees in Central/Federal Governments; *OECD STAN/National Accounts Statistics* (database).

StatLink http://dx.doi.org/10.1787/888933532447

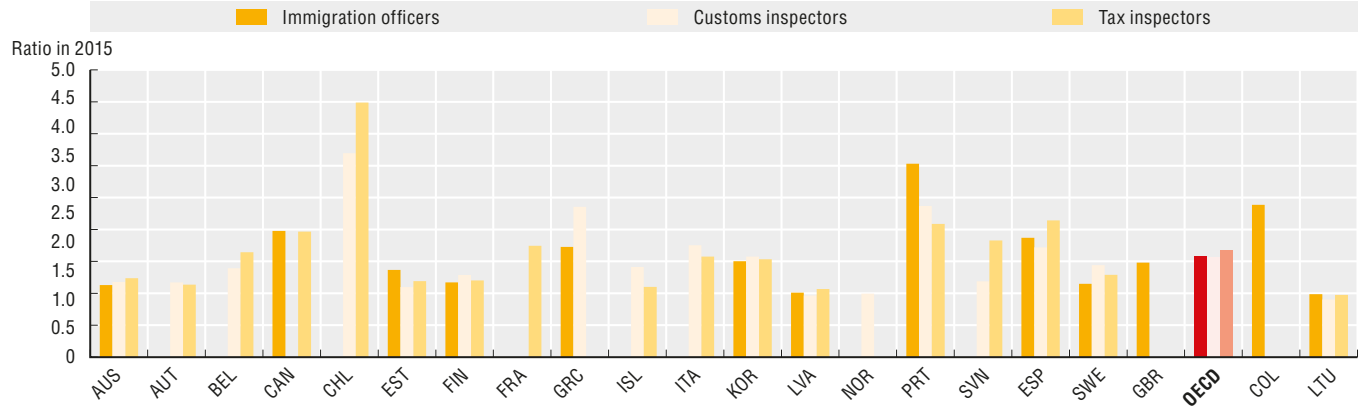
3.25. Annual average compensation of central government police inspectors, detectives and officers relative to GDP per capita



Source: 2016 OECD Survey on Compensation of Employees in Central/Federal Governments; *OECD STAN/National Accounts Statistics* (database).

StatLink http://dx.doi.org/10.1787/888933532466

3.26. Annual average compensation of central government immigration officers, customs and tax inspectors relative to GDP per capita



Source: 2016 OECD Survey on Compensation of Employees in Central/Federal Governments; *OECD STAN/National Accounts Statistics* (database).

StatLink http://dx.doi.org/10.1787/888933532485

Teachers' salaries

Teachers' salaries represent the largest share of expenditure and investment in formal education and can have a great impact on the structure of the teacher workforce and the quality of teaching. The education sector competes with other sectors for the best-qualified employees. Teachers' salaries may strongly influence graduates' choice to join the teaching profession, and teachers' choice to stay in their job. Attractive teachers' salaries hence help sustain the supply of highly-skilled teachers in the face of an ageing teacher workforce and/or a growing school-age population, and thus ensure that those with the greatest competencies for teaching choose their career path accordingly (OECD, 2016).

In order to compare teachers' salaries, the analysis has to account for the type and level of education, whether primary, lower secondary or upper secondary school teachers. The data presented here compare the starting, mid-career and maximum statutory gross salaries of lower secondary teachers with typical qualifications in public institutions. The comparison comes with a caveat as international comparisons should consider that statutory salaries are just one, albeit major, component of teachers' compensation. Variations between countries in social benefits, both employers' and employees' social contributions, differences in taxation as well as bonuses and allowances can result in differences in total compensation. Moreover, teachers' salaries have not been adjusted for differences in contractual working hours and holidays that may be relevant for national and international comparisons. Still, these data can provide an indication of differences in the returns to teaching experience in OECD countries.

Teachers' salaries increase with their level of experience. On average, teachers' annual statutory salaries in OECD countries after 15 years of experience are at 44,407 USD in 2014. There are great differences in salaries across countries: in Luxembourg, teachers earn about 113,000 USD per year, while they earn less than 20,000 USD in Hungary, the Czech Republic and the Slovak Republic. Statutory salary increases for teachers throughout their career also vary considerably. While the difference between salaries at the bottom and the top of the scale is about 58,000 USD in Luxembourg possible increases in teachers' salaries are below 10,000 USD in Norway, Denmark, the Slovak Republic, Turkey and the Czech Republic.

In OECD countries with available data, teachers are paid on average 91% of the earnings of employees with tertiary education. In seven OECD countries, teachers' salaries are higher than the earnings of tertiary-educated workers, with Mexico being the front-runner, where teachers' salaries are 74% higher. Salaries for teachers are virtually the same as for tertiary-educated workers in Greece, Germany and Switzerland. Salaries are lower than the tertiary educated average wage for teachers in 21 OECD countries. For example, in the Slovak Republic and the Czech Republic teachers are paid less than half of the earnings of employees with a tertiary degree.

Methodology and definitions

Statutory salaries refer to scheduled salaries according to official pay scales. The salaries reported are gross (total sum paid by the employer before tax) less the employer's contribution to social security and pension (according to existing salary scales). They are for a full-time teacher with typical qualifications at the beginning of the teacher career, after 15 years of teaching experience and at the maximum annual salary (top of the scale). Statutory salaries as reported in this indicator must be distinguished from actual expenditures on wages by governments and from teachers' average salaries. Moreover, this indicator is not directly comparable to the data on compensation of employees in central/federal government presented in this chapter.

Gross teachers' salaries were converted to USD using PPPs for private consumption from the *OECD National Accounts Statistics* database.

Teachers' typical qualifications refer to the level of qualifications that teachers typically have (i.e. the qualifications held by the largest proportion of teachers in a given year). The typical qualifications may include certificates and qualifications obtained while in the teaching profession that go beyond minimum qualifications. The definition varies by country. Please see Box D3.2 of *Education at a Glance 2016* for further details.

The relative salary indicator is taken from Table D3.2b of *Education at a Glance 2016* (online). Teachers' salaries represent statutory salaries after 15 years of work experience. Earnings for workers with tertiary education are average earnings for full-time, full-year workers aged 25-64 with an education at ISCED 5/6/7 or 8 level.

Further reading

OECD (2016), *Education at a Glance 2016: OECD Indicators*, OECD, Paris. DOI: *http://dx.doi.org/10.1787/eag-2016-en*.

Figure notes

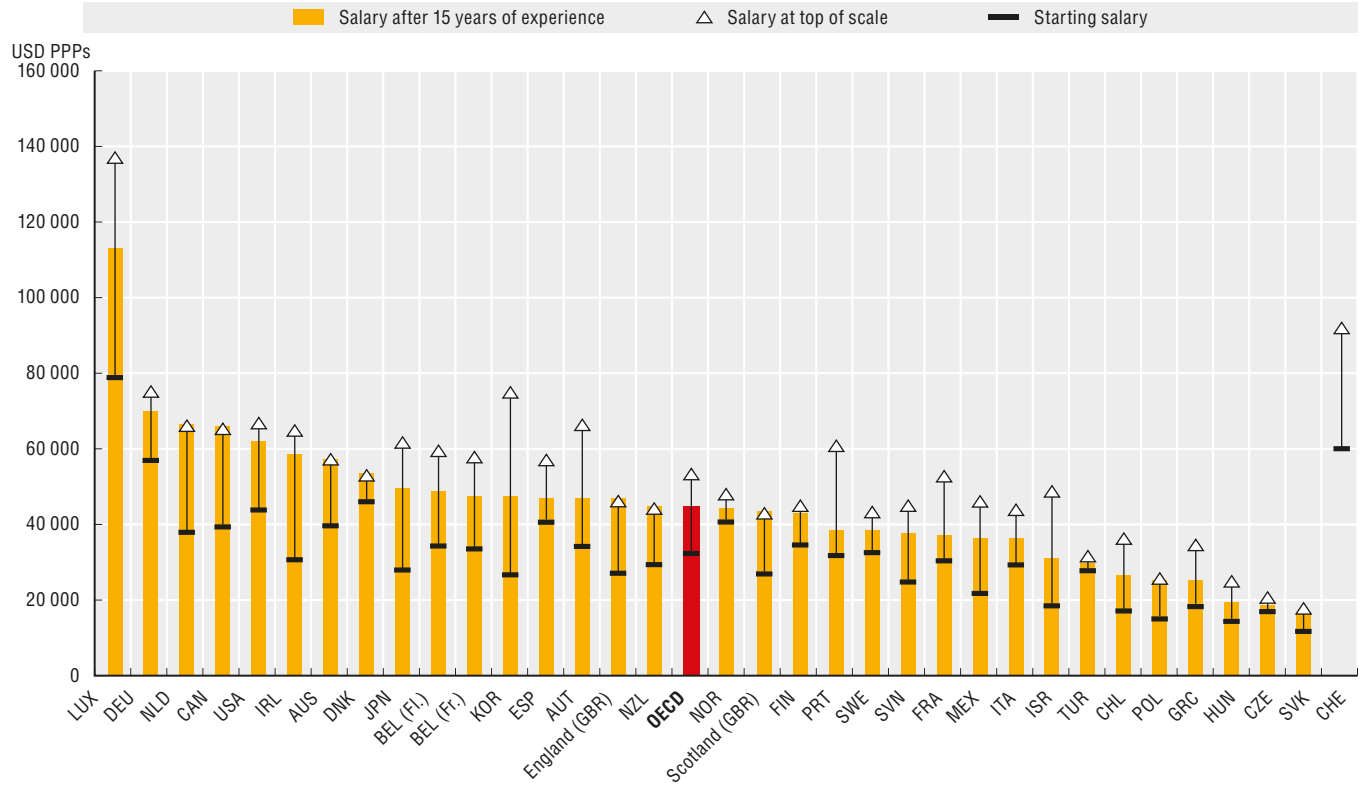
Belgium is presented as Belgium (Fr) and Belgium (Fl). The United Kingdom is presented as England and Scotland. Data are actual base salaries for the United States.

3.27: Data not available for Estonia, Iceland and Latvia, and for salary after 15 years of experience for Switzerland. Data are actual base salaries for 2013 for Sweden.

3.28: Data not available for Estonia, Iceland, Japan, Latvia and Sweden. Data are for 2013 rather than 2014 for Finland and France.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

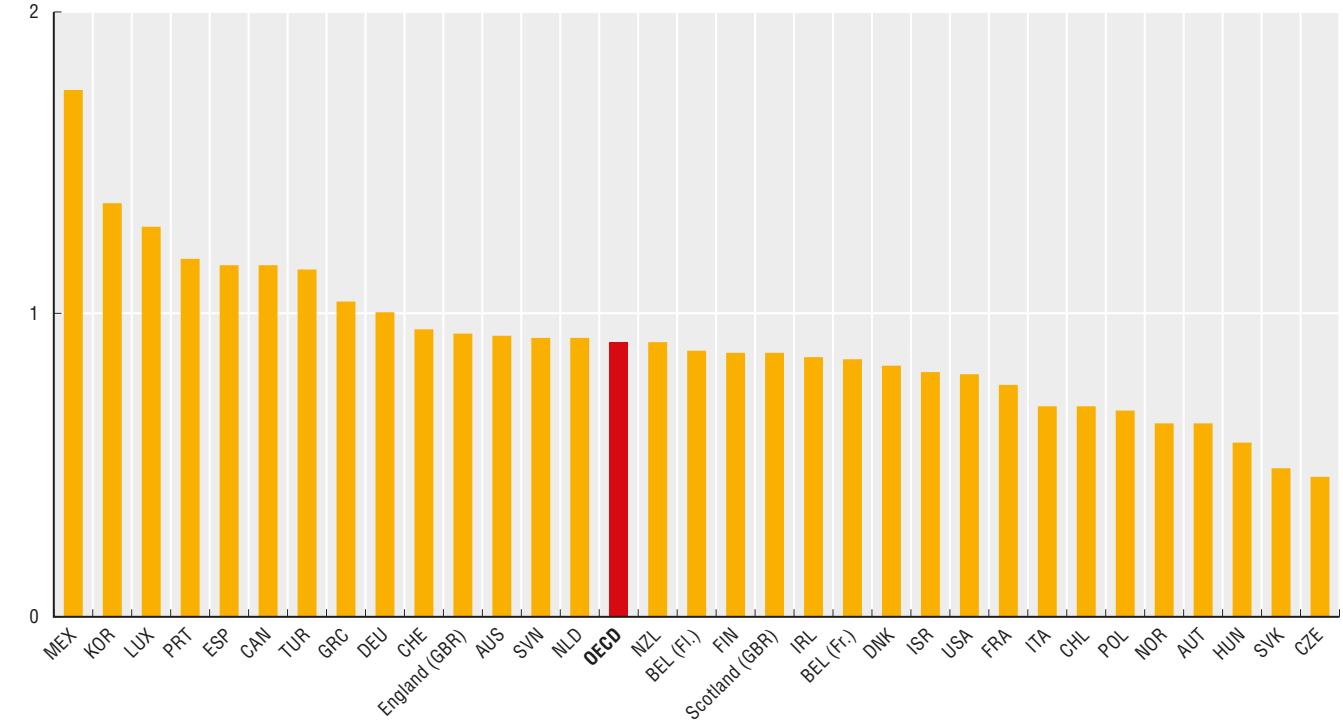
3.27. Teachers' statutory salaries, based on typical qualifications, in lower secondary education in public institutions (2014)



Source: OECD (2016), Education at a Glance 2016: OECD Indicators, OECD Publishing, Paris. DOI: http://dx.doi.org/10.1787/eag-2016-en.

StatLink http://dx.doi.org/10.1787/888933532504

3.28. Ratio of teachers' salaries to the earnings of tertiary-educated workers (2014)



Source: OECD (2016), Education at a Glance 2016: OECD Indicators, OECD Publishing, Paris. DOI: http://dx.doi.org/10.1787/eag-2016-en.

StatLink http://dx.doi.org/10.1787/888933532523

4. INSTITUTIONS

Special feature: Institutions and practices for protecting regulators from undue influence

Special feature: Policy advisory systems at arm's length from government

Special feature: The centre of government's readiness to implement the UN Sustainable Development Goals

Special feature: The role of international organisations in international regulatory co-operation

Special feature: Institutions and practices for protecting regulators from undue influence

Regulators ensure access to key markets and sectors that deliver essential services to citizens and businesses. They monitor quality, facilitate infrastructure management and enhance market efficiency. Whether trains run on time, there is clean water in the tap, lights switch on or the broadband is working hinges also on the work of these bodies operating at the interface between public authorities, the private sector and end-users. These different stakeholders have powerful incentives to influence regulatory policies. The fundamental question is how to limit undue influence, allowing the regulator to act objectively, impartially, and consistently, without conflict of interest or bias.

Formal or de jure governance arrangements matter for protecting regulators from undue influence. Data on the independence of regulators in network sectors was gathered as part of the OECD's product market regulation (PMR) database. The indicator captures the formal structures that insulate the regulator from undue influence, including whether a regulator can receive instructions from the executive, whether its independence is stated in law, which bodies can overturn its decisions and how staff are recruited and dismissed. Scores vary from 0 to 6, from the most to the least independent governance structure. Data show that, while most regulators are formally independent, there is a fair degree of variety in institutional set-ups. Despite the formal independence, it is common that government performs a corrective or checking function and provides guidance and instructions to the regulator. For example, the German *Bundesnetzagentur* displays the highest independence across the electricity, gas and telecom sectors, as it only receives instructions from the government in exceptional circumstances and its decisions can be appealed in court exclusively in the final instance.

How formal arrangements are translated into practice can have a significant impact on a regulator's independence. Data on these practices were gathered through a survey that addressed the organisational, relational and contextual aspects informing the actual behaviour of regulatory agencies. Results show that there are critical junctures in the life of a regulator where perceptions of proximity or dependence could impair their capacity to act independently. One of these critical junctures is the nomination of the board or agency head. For most regulators, the executive nominates the board members. The nomination can be made by the cabinet, the prime minister or sector ministries. Only in the case of six regulators, e.g. the Mexican telecommunications regulator, there is a selection committee (either fully independent or composed of government and independent members) to nominate candidates to the board. The appointment process appears more transparent. For nine regulators, e.g. the Energy Regulatory Commission of France, the nominee has to undergo parliamentary hearings and a formal vote of parliamentary committees.

Methodology and definitions

PMR data on the independence of regulators in six network sectors (electricity, gas, telecom, railroad transport infrastructure, airports and ports) were gathered in 2013 through a questionnaire including around 300 questions on regulatory management practices. The data coverage for these questions is 90% and for many countries 100%. Countries with rather low data coverage include Japan (35%), Luxembourg (46%) and Canada (58%), typically because questions were not answered for all sectors. More information on the PMR database can be found at *www.oecd.org/eco/pmr*.

Data on the practical aspects of independence of regulators were gathered in 2015 through a questionnaire on *de facto* arrangements. Results are presented here for 44 regulators from 23 countries, including regulators from 19 OECD countries (Australia, Austria, Canada, Estonia, France, Germany, Hungary, Ireland, Italy, Latvia, Mexico, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey and the United Kingdom), 3 accession countries (Colombia, Lithuania and Russia) and South Africa. Network sectors covered included energy (33%), transport (13%), communications (15%), water (6%) and payment services (2%). More information on the survey can be found at *www.oecd.org/gov/regulatory-policy/independence-of-regulators*.

Further reading

Koske, I. et al. (2016), "Regulatory management practices in OECD countries", OECD Economics Department Working Papers, No. 1296, OECD Publishing, Paris.

OECD (2016), *Being an Independent Regulator*, OECD Publishing, Paris.

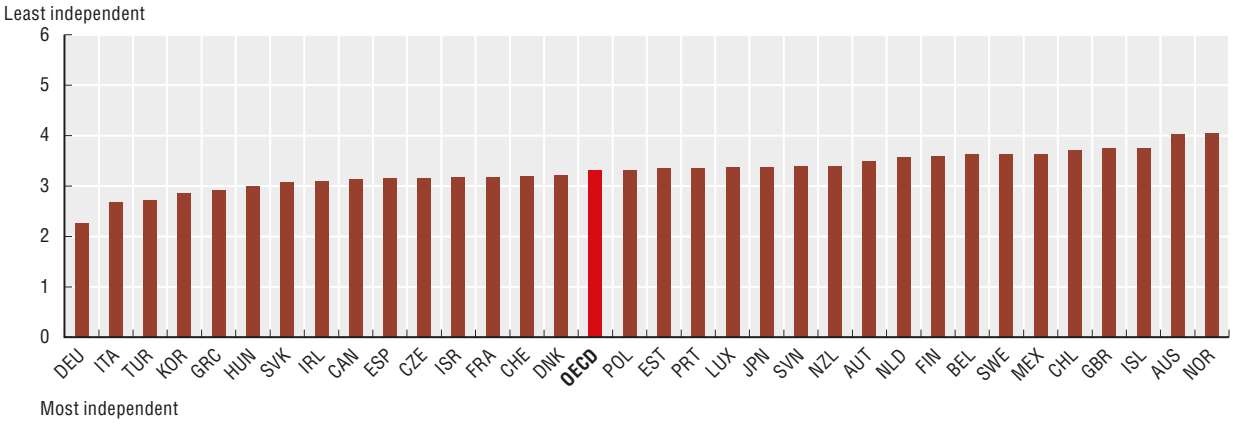
OECD (2014), *The Governance of Regulators*, OECD Publishing, Paris.

Figure notes

4.1: When data for a certain sector is missing (either because the country didn't supply the data or no regulator exists for a specific sector), the average across all other countries is used. In the following cases no economic regulator exists: gas (Iceland), rail (Chile, Iceland, New Zealand), airports (Germany, Japan), ports (Belgium, the Czech Republic, Finland, Germany, Hungary, Ireland, Japan, New Zealand, Norway, Poland, the Slovak Republic, Sweden, the United Kingdom). Data for Latvia and the United States are not available.

4.2: No information on the nominating authority for 13 regulators Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

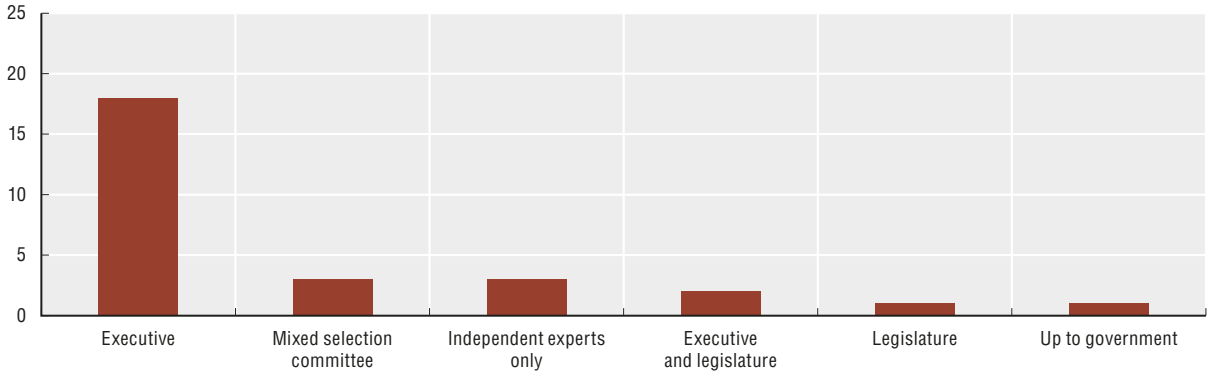
4.1. Independence of regulators in six network sectors, 2013



Source: OECD, (2013), Product Market Regulation Database, OECD, Paris, *www.oecd.org/eco/pmr*.

StatLink http://dx.doi.org/10.1787/888933532542

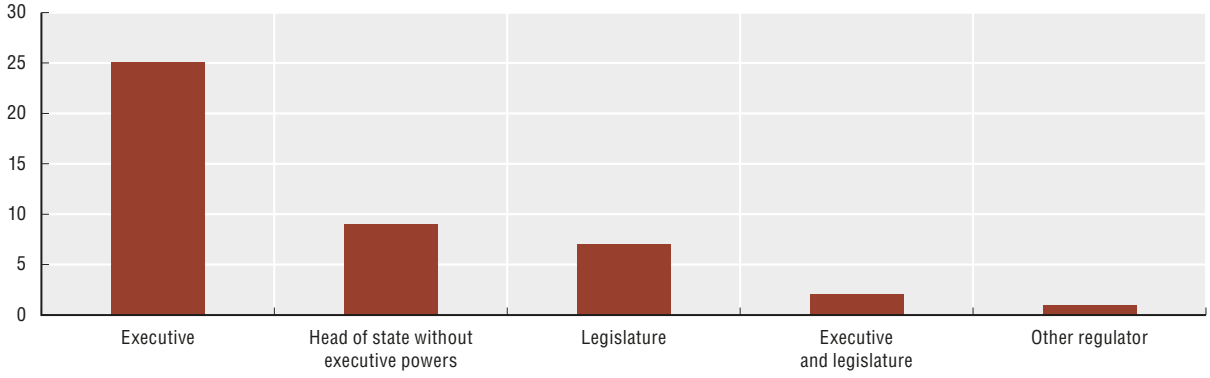
4.2. Authority nominating the board/head of the regulator, 2015



Source: OECD, (2015), Survey on the Independence of Economic Regulators, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933532561

4.3. Authority appointing the board/head of the regulator, 2015



Source: OECD, (2015), Survey on the Independence of Economic Regulators, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933532580

Special feature: Policy advisory systems at arm's length from government

Governments and policy makers face increasingly complex and interrelated policy challenges that require fit-for-purpose solutions. There is a need for a trusted evidence-based knowledge infrastructure that underpins policy making with advice to resolve these challenges and bridge isolated silo approaches. Policy advisory systems-networks or clusters of bodies-are an important pillar of this knowledge infrastructure. They provide governments with comprehensive evidence-based analysis throughout the policy cycle, particularly at the design and inception stage. These systems may include permanent and ad hoc policy advisory bodies, which differ in lifespan, structure and mandate, and may be placed within, separate from or at arm's length of government.

The 2016 OECD Survey on Advisory Systems focuses on advisory bodies at arm's length from government. While not located within government these advisory bodies are related to policy development. They are often close enough to government to be up-to-date with government's ongoing policy challenges. They have the potential to act as knowledge brokers trusted to provide neutral and independent policy advice that fits into the policy cycle and contributes to maintaining trust in public institutions. These bodies range from permanent bodies that in some countries have been advising government for decades to ad hoc councils that provide advice on topical policy challenges for short periods. The survey results show that the impact of ad hoc advisory bodies on policy development can be significant in the countries surveyed, as it is considered as high in a third and medium in half of the sample.

The influence of advisory bodies and their close links to the policy process requires that such bodies operate in a clear and transparent framework. The OECD survey offers evidence that countries are taking a number of initiatives to address this issue In 60% of responding countries (9), policy advisory bodies at arm's length are governed by formal regulations that establish clear mandates, define the lifespan and determine criteria for the selection of staff members. In 94% of responding countries (15 countries) the advice of permanent advisory bodies is always or often made publicly available, putting it under public scrutiny that prevents governments from cherry-picking policy advice. The advice is published through official channels, such as government websites and statements, but is often also disseminated through social media and newspapers, where it reaches a much larger audience. While transparency and accountability mechanisms are in place in many countries, there is scope for further progress. For example, almost 62% of responding countries (8) allow their policy makers to request advice orally. This may call the transparency of the advisory process into question, as a lack of documentation makes it hard to trace why and what advice has been given and by which advisory body. At the same time, about 87% of responding countries (13) indicated that permanent advisory bodies may produce unrequested advice that bodes well to reflect a responsive evidence ecosystem that can offer a range of inclusive policy proposals.

Ensuring that policy advisory bodies at arm's length will not provide biased advice is also important to address the risk of undue influence Around 78% of countries (7) have provisions to avoid conflict of interest for permanent advisory bodies in place, while only around 54% of countries (7) have such provisions for ad hoc bodies. 23% of responding countries (3) require members of their ad hoc policy advisory bodies at arm's length from government to disclose contacts with interest groups and lobbyists, while for permanent advisory bodies requirements to disclose contacts with lobbyists exist for only 11% of responding countries (1). Provisions regarding the acceptance of gifts by members of advisory bodies are in place for 67% of permanent (6) and 54% of ad hoc bodies (7). While sometimes general regulations may not exist, in some countries permanent advisory bodies are subject to specific laws on transparency in public life, such as in France. The results complement earlier OECD findings showing that in the vast majority of OECD countries, there was no obligation for a balanced composition of interests in advisory groups (OECD, 2014). Preventing policy capture requires a comprehensive system that fosters a culture of integrity and accountability in decision making (OECD, 2017).

Methodology and definitions

The data were collected through the 2016 OECD Survey on Advisory Systems at arm's length of government for 15 OECD countries and Lithuania and complemented by qualitative interviews (with the exception of Austria, the Czech Republic, Greece and Ireland). Respondents were delegates to the Public Governance Committee and senior representatives from advisory bodies, who provided information from the view of the central/federal level of government.

Further reading

OECD (forthcoming), Shaping policy advisory systems for strategic advice A comparative public governance perspective.

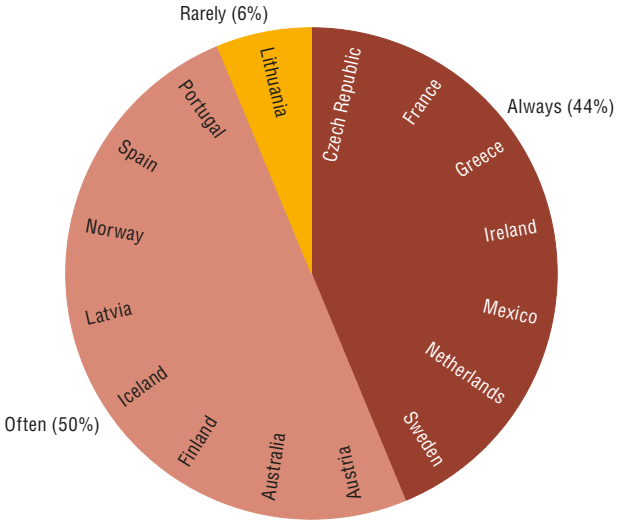
OECD (2017), Preventing Policy Capture: Integrity in Public Decision Making, OECD Public Governance Reviews

OECD (2014), Lobbyists, Governments and Public Trust, Implementing the OECD Principles for Transparency and Integrity in Lobbying. Vol. 3. OECD Publishing Paris.

Figure notes

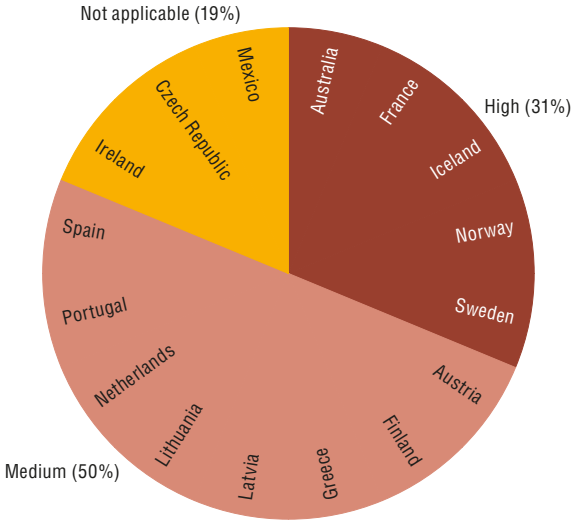
Data for Belgium, Canada, Chile, Denmark, Estonia, Germany, Hungary, Israel, Italy, Japan, Korea, Luxembourg, New Zealand, Poland, the Slovak Republic, Slovenia, Switzerland, Turkey, the United Kingdom and the United States are not available.

4.4. Public availability of advice (permanent advisory bodies), 2016



Source: OECD, (2016), Survey on Policy Advisory Systems, OECD, Paris.
StatLink http://dx.doi.org/10.1787/888933532599

4.5. Impact of ad hoc policy advisory bodies on policy development, 2016



Source: OECD, (2016), Survey on Policy Advisory Systems, OECD, Paris.
StatLink http://dx.doi.org/10.1787/888933532618

4.6. Addressing the risk of undue influence: Permanent and ad hoc policy advisory bodies operating at arm's length from government, 2016

	Formal regulations		Regulations include provisions for:								Format of advice requests (permanent advisory bodies)		Option to publish unrequested advice (permanent advisory bodies)
			Conflict of interest		Acceptance of gifts by body members		Disclosure of contacts with interest groups		Disclosure of contacts with lobbyists				
Type of policy advisory body	Permanent	Ad hoc	Permanent	Ad hoc	Permanent	Ad hoc	Permanent	Ad hoc	Permanent	Ad hoc	Written	Oral	
Australia	●	●	●	●	●	●	●	●	●	●	●	X	●
Austria	○	○	X	X	X	X	X	X	X	X	●	●	○
Czech Republic	●	●	●	●	●	●	○	●	○	●	X	X	●
Finland	○	○	X	○	X	○	X	○	X	○	●	●	●
France	●	○	●	○	○	○	○	○	○	○	●	○	●
Greece	○	●	X	●	X	○	X	○	X	○	●	●	●
Iceland	○	○	X	○	X	○	X	○	X	○	●	○	●
Ireland	○	●	X	●	X	●	X	●	X	●	●	●	○
Latvia	●	●	○	○	○	○	○	○	○	○	●	●	●
Mexico	●	X	○	X	○	X	○	X	○	X	●	○	●
Netherlands	●	●	●	○	●	●	○	○	○	○	●	○	●
Norway	●	●	●	○	●	○	●	○	○	○	●	●	●
Portugal	○	○	X	●	X	●	X	○	X	○	○	○	●
Spain	●	●	●	●	●	●	○	○	○	○	●	●	●
Sweden	●	●	●	●	●	●	○	○	○	○	●	●	●
OECD Total													
● Yes	9	9	7	7	6	7	2	3	1	3	13	8	13
○ No	6	5	2	6	3	6	7	10	8	10	1	5	2
X Not applicable	--	1	6	2	6	2	6	2	6	2	1	2	-
Lithuania	●	○	●	●	●	●	●	●	○	○	●	●	●

Source: OECD, (2016), Survey on Policy Advisory Systems, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933534879

Special feature: The centre of government's readiness to implement the UN Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) were adopted in September 2015. They encompass social, environmental and economic goals and call on all countries – upper, middle or low income – to make improvements to the lives of their citizens. Given the breadth and complexity as well as the long-term nature of the SDGs, achieving progress on their implementation requires governments to work across policy areas and levels of government to co-ordinate long-term strategies and implementation actions, and overcome obstacles such as immediate economic and social pressures crowding out longer-term strategic policy initiatives.

The centre of government (CoG) can play an important role in supporting governments getting organised to deliver on the SDGs. While line ministries might have more limited experience in driving cross-disciplinary policies, the centre usually has co-ordination expertise coupled with political sensitivity.

Results from a recent OECD survey suggest that countries recognise the role of centres of government in delivering on the SDGs. In 19 OECD countries, the centre of government is helping to steer the implementation of the SDGs either on its own or with line ministries. In 10 OECD countries, the leadership or shared leadership of the implementation is assigned to one or several line ministries, with the ministry of foreign affairs being the most common line ministry involved, followed by the ministry of development, the ministry of environment and the ministry of finance. The involvement of the ministry of foreign affairs also implies the need for the centre of government to ensure synergies between domestic and foreign affairs priorities. The decision to designate the centre of government as a key actor in the coordination of the implementation of the SDGs is also dependent on the functions allocated to the centre which vary by country (OECD, 2014).

Centres of government identify a number of significant opportunities and challenges arising from the implementation of the SDGs. Interestingly, some of the most important key challenges identified are also perceived as opportunities. In fact, 19 OECD countries consider the SDGs as a strong incentive and mandate that policies be aligned across sectors, when traditionally most centres of government find themselves only exerting a moderate influence over line ministries to encourage them to co-ordinate (OECD, 2014). Similarly, 12 OECD countries see the long-term planning horizon of the SDGs beyond electoral cycles as an opportunity.

The need to mobilise additional resources was cited as a main challenge of organising the implementation of the SDGs by eight countries. Some countries have, however, already taken steps to ensure that resources are raised and used with the maximum impact. In Norway, for example, responsibility for each of the 17 SDGs is allocated to a specific ministry that reports on progress for its respective goals in its budget proposal. This mechanism enables the SDGs to be fully integrated into the regular budget process and ministries will be accountable for results. A number of countries link the SDGs into the performance process. In Sweden, 27 key policy priorities have been integrated into the system for performance budgeting (Shaw, 2016).

Methodology and definitions

The Survey on Planning and Co-ordinating the Implementation of the Sustainable Development Goals (SDGs) was answered by 28 OECD countries and 3 OECD accession countries in 2016. Respondents were predominantly senior officials in the centres of government.

The term centre of government (CoG) refers to the organisations and units that serve the chief executive (president or prime minister, and the cabinet collectively) and perform certain cross-cutting functions (strategic management, policy co-ordination, monitoring and improving performance, managing the politics of policies, and communications and accountability). The CoG includes a great variety of units across countries, such as general secretariat, cabinet office, office/ministry of the presidency, council of ministers office, etc.

The 17 Sustainable Development Goals aim to end poverty, fight inequality and injustice, and tackle climate change by 2030, as part of the 2030 Agenda for Sustainable Development adopted by world leaders at the United Nations Sustainable Development Summit on 25 September 2015. For more information, see: https://sustainabledevelopment.un.org/sdgs.

Further reading

OECD (2016), "OECD Survey on Planning and Co-ordinating the Implementation of the SDGs: First results and key issues", OECD, Paris.

OECD (2014), "Centre Stage: Driving Better Policies from the Centre of Government", OECD, Paris.

Shaw, T. (2016), "Performance budgeting practices and procedures", *OECD Journal on Budgeting*, Vol. 15/3, OECD Publishing, Paris.

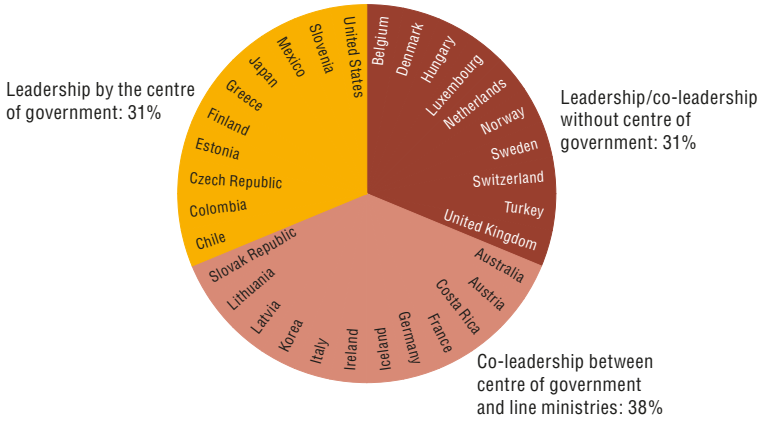
Figure notes

Data for Canada, Israel, New Zealand, Poland, Portugal and Spain are not available.

4.8: Answers reflect responses to the question, "What do you see as the two most positive aspects of the process of organising the planning for implementing SDGs from the perspective of the centre of government?" Answer option "other" is not displayed. Data for Belgium and France are not available.

4.9: Answers reflect responses to the question, "What do you see as the two main challenges of organising the planning for implementation SDGs from the perspective of the centre of government?" Answer option "other" is not displayed. Data for Belgium are not available.

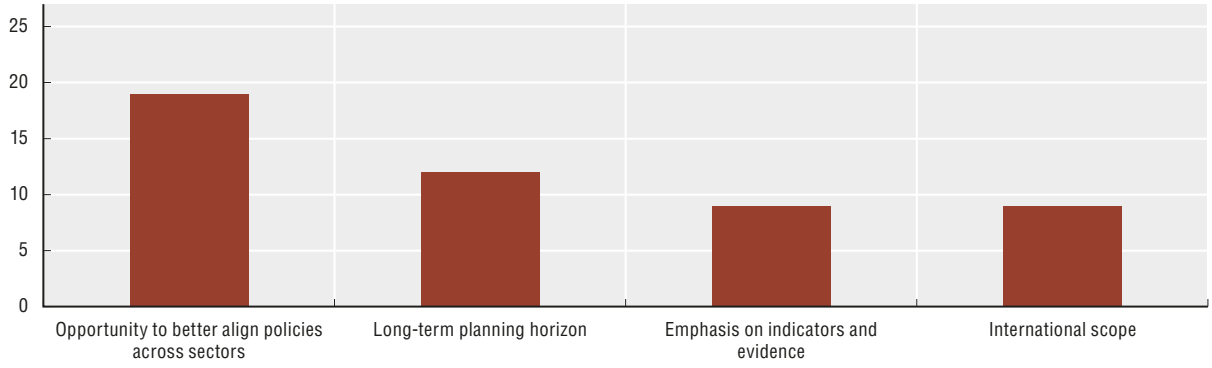
4.7. Leadership and co-leadership of the implementation of the UN Sustainable Development Goals, 2016



Source: OECD, (2016), Survey on Planning and Co-ordinating the Implementation of the Sustainable Development Goals, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933532637

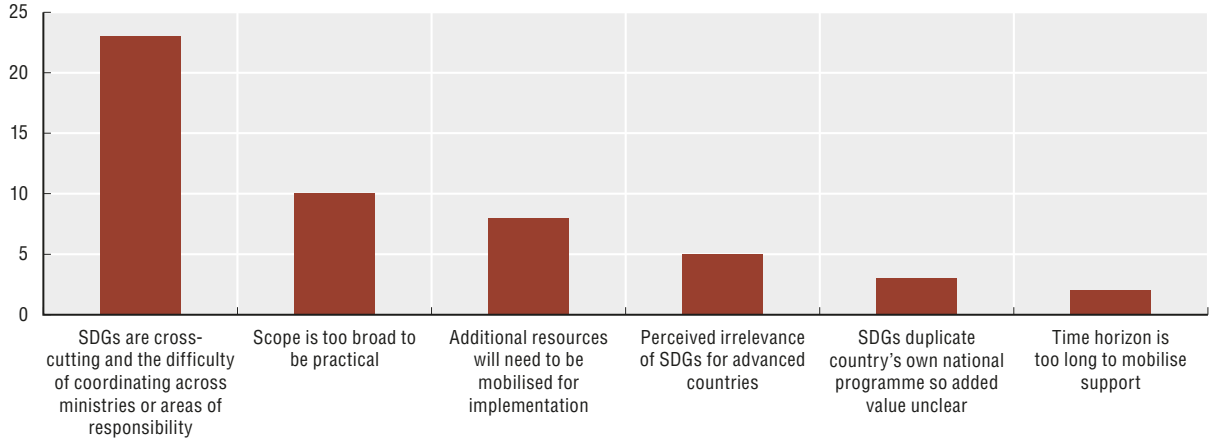
4.8. Most positive aspects of organising the planning of the implementation of the SDGs cited by centres of government, 2016



Source: OECD, (2016), Survey on Planning and Co-ordinating the Implementation of the Sustainable Development Goals, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933532656

4.9. Most challenging aspects of planning of the implementation of the SDGs cited by centres of government, 2016



Source: OECD, (2016), Survey on Planning and Co-ordinating the Implementation of the Sustainable Development Goals, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933532675

Special feature: The role of international organisations in international regulatory co-operation

The greatest challenges countries face today transcend national borders. The threats posed by climate change, health epidemics, terrorism, tax evasion, illicit financial flows, as well as social and economic crises all have global causes and effects. Countries, more than ever, need to co-ordinate their approaches to address common challenges, manage global goods and ensure shared prosperity and security. OECD countries have recognised international regulatory co-operation (IRC) as an essential ingredient of domestic regulatory quality in Principle 12 of the Recommendation of the Council on Regulatory Policy and Governance.

International organisations (IOs) play a key role in supporting IRC and addressing the fragmentation that may undermine effective government action. The international rules they develop are critical pillars of an effective global governance system in support of a sustainable world economy. Ensuring their quality is therefore key. The OECD report *International Regulatory Co-operation: The Role of International Organisations in Fostering Better Rules of Globalisation* presents the governance and rule-making practices of 50 international rule makers. It reveals the diversity of IOs involved in setting international norms and standards while underlining the significant commonalities embedded in international rule making.

IOs are most actively involved in the planning, design and development of international rules and standards. They enable exchange of information, support evidence-based rule making by pursuing data collection, research and policy analysis, and foster discussions on good regulatory practices. In their core activity to develop norms, standards and/or best practices, they rely essentially on instruments that are not legally binding. This is particularly true for private standard-setters and trans-governmental networks, whereas intergovernmental organisations have a broader variety of tools with different legal effects. By contrast, IOs are less involved in the development of legally binding instruments, in enforcement and other activities related to implementation of legal and policy instruments. Enforcement and dispute settlement is only systematic for five IOs. Few organisations have the institutional setting to carry out these activities, the WTO being a rare exception. Crisis management is systematic for only four organisations, such as the EC or the IAEA.

To be effective, IO action requires high integration with domestic policy making and embedding a culture of effectiveness and strong quality management in the development of legal and policy instruments. Most IOs have put in place mechanisms to collect inputs and feedback from stakeholders. Only three never offer the opportunity for stakeholders to comment on their instruments. Evaluation procedures to ensure the quality of standards are less widely used by IOs. *Ex post* evaluation of implementation and impacts is slightly more used than reviews of the regulatory stock and *ex ante* assessment of future impacts. IOs rarely have the mandate, methodological capacity and information to carry out evaluation. Structured evidence on their impact therefore remains limited. Greater efforts in developing a culture of evaluation of IO instruments, and further co-ordination between IO secretariats and their constituencies, are crucial to increase the evidence on the effectiveness of IO action.

Methodology and definitions

The OECD hosted a platform of IOs meeting annually between 2014 and 2016 to discuss the normative role of IOs. In this context, the OECD carried out a survey in 2015 with 50 IOs to examine their governance, operational modalities, rule-making practices and approaches to assessing implementation and impacts. Its results, gathered in International Regulatory Co-operation: The Role of International Organisations in Fostering the Rules of Globalisation, were discussed by the group of IOs and OECD countries.

For the purpose of this work, international organisations refers to any international bodies – inter-governmental organisations (e.g. OECD, WHO, FAO), supranational (European Commission), trans-governmental networks of regulators (e.g. IOSCO, ICN) and private standard-setters (e.g. ASTM International, ISO) – having a permanent secretariat, address and website and that engage in some form of regulatory activities (e.g. design, monitoring or enforcement of legal instruments and policy standards). The report therefore covers a diversity of international actors with different status, mandate and constituency. A full list of IOs that participated in the survey can be found in the annex F (4.12).

International regulatory co-operation is defined "as any agreement or organisational arrangement, formal or informal, between countries (at the bilateral, regional or multilateral level) to promote some form of co-operation in the design, monitoring, enforcement, or ex post management of regulation, with a view to support the converging and consistency of rules across borders." (OECD, 2013) IRC includes non-binding and voluntary arrangements as well as legal obligations.

Further reading

OECD (2016), International Regulatory Co-operation: The Role of International Organisations in Fostering Better Rules of Globalisation, OECD Publishing, Paris.

OECD (2013), International Regulatory Co-operation: Addressing Global Challenges, OECD Publishing, Paris.

OECD (2014), International Regulatory Co-operation and International Organisations: The Cases of the OECD and the IMO, OECD Publishing, Paris.

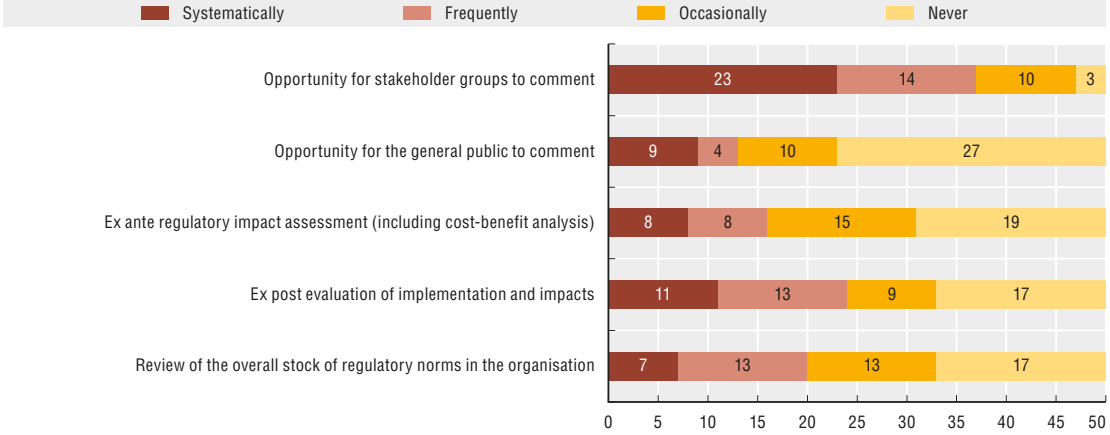
4.10. The nature of rule making of international organisations, 2015

	Exchange of information and experiences	Data collection	Research and policy analysis	Discussion of good regulatory practices	Development of rules, standards or agreed good/ best practices	Negotiation of international agreements	Enforcement - imposition of sanctions	Dispute settlement among members	Crisis management
AHWP	■	■	■	■	■	■	❍	❍	❍
APEC	■	●	❑	❑	❑	❍	❍	❍	❍
ASTM International	❑	❑	●	●	■	●	❍	❍	❍
BRS Conventions	■	■	■	■	■	■	❍	❍	❍
CARICOM	❑	■	■	■	■	❑	❍	❑	❍
CBD	■	■	●	■	■	●	❍	❍	❍
CITES	■	■	■	■	■	❍	■	■	■
COMESA	■	■	■	❑	❑	●	❍	❑	❑
EC	■	■	■	■	■	■	●	■	■
ESCWA	●	●	❑	●	●	●	❍	❍	❍
FAO	■	■	■	❑	❑	❑	❍	●	●
IAEA	■	■	●	■	■	●	❍	❍	■
IAF	■	❑	●	❑	■	■	■	●	●
IAIS	■	■	■	■	❑	❑	❍	❍	❍
IATA	■	■	■	■	■	❍	❍	❍	●
ICN	❑	●	❑	❑	❑	❍	❍	❍	❍
IEC	●	❍	❑	❑	■	❍	❍	❍	❍
IFAC	■	■	■	❑	■	❍	●	❍	●
ILAC	❑	❑	❑	❑	■	■	■	●	●
IMDRF	■	●	❑	■	■	❍	❍	❍	❍
IMF	■	■	■	❑	❑	●	●	❍	❑
IMO	■	■	❑	❑	■	■	❍	❍	❍
IOSCO	■	●	■	❑	■	■	●	●	●
ISO	●	●	●	●	■	❍	❍	❍	❍
ITU	❑	●	●	❑	❑	●	❍	❍	●
NATO	■	●	❑	●	❑	●	❍	❍	❑
OAS	■	■	■	■	❑	●	●	❑	❑
OECD	■	❑	■	■	❑	●	❍	●	❍
OIE	■	■	■	■	■	●	❍	●	●
OIF	❑	❑	■	❑	❑	●	●	❍	●
OIML	■	●	●	❑	■	●	❍	❍	❍
OIV	❑	❑	❑	●	❑	❍	❍	●	●
OPCW	■	■	■	■	■	❍	❍	❍	●
OSCE	●	■	❑	❑	❑	❍	❍	●	❑
OTIF	❑	❑	●	❍	■	❍	❍	❍	❍
OZONE	❑	■	❑	■	❑	❑	■	■	■
PIC/S	❑	❑	❍	■	■	❍	❍	❍	●
SAICM	■	■	❑	●	●	❑	❍	❍	●
UNDP	●	❑	■	❑	●	❑	❍	●	❍
UNECE	■	■	●	■	■	■	●	●	❍
UNEP	■	■	●	●	■	■	❍	❍	❍
UNIDO	❑	❑	❑	❑	❑	❑	❍	❍	❑
UNODC	❑	❑	❑	❑	❑	●	❍	❍	❍
UNWTO	❑	■	■	❑	❑	❍	❍	❍	❑
UPU	■	■	■	❑	❑	❑	❍	●	❑
WCO	■	■	❑	■	■	❑	❍	❍	❍
WHO	❑	■	❑	●	■	●	❍	❍	●
WIPO	■	❍	●	❑	❑	❑	❍	■	❍
WMO	■	■	■	■	■	●	●	●	●
WTO/OMC	■	■	■	■	■	■	■	■	❍
Total IOs									
Systematically ■	31	28	22	20	28	10	5	5	4
Frequently ❑	14	11	16	21	19	10	0	3	8
Occasionally ●	5	9	11	8	3	16	8	12	15
Never ❍	0	2	1	1	0	14	37	30	23

Source: OECD, (2016), International Regulatory Co-operation: the role of International Organisations in Fostering Better Rules of Globalisation, OECD Publishing, Paris.

StatLink http://dx.doi.org/10.1787/888933534898

4.11. Ensuring the quality of the instruments of international organisations



Source: OECD, (2016), International Regulatory Co-operation: the role of International Organisations in Fostering Better Rules of Globalisation, OECD Publishing, Paris.

StatLink http://dx.doi.org/10.1787/888933532694

5. BUDGETING PRACTICES AND PROCEDURES

Performance Budgeting

Special Feature - Gender Budgeting

Spending Review

Infrastructure Governance

Quality of Governments' Financial Reporting

Performance budgeting

The OECD Principles of Budgetary Governance call on countries to "ensure that performance, evaluation and value for money are integral to the budget process". Within the OECD, the evolution of performance budgeting spans decades with governments using performance information to inform allocation and prioritisation of resources, promote accountability and transparency, and build a culture of performance to increase administrative efficiency and improve public services.

Results from the 2016 OECD Performance Budgeting Survey confirm that performance budgeting frameworks remain the norm across the OECD as reported by 26 member countries (25 compulsory and one optional). By their use, governments report having been most successful in advancing accountability and transparency and promoting a culture of performance. Among countries that report no framework, line ministries may still develop their own (Belgium and Israel) or may receive guidance on the structure and content of strategic plans and performance reports (United States).

Over two-thirds of countries with frameworks use performance information in budget negotiations (18 countries), thus explicitly linking performance to allocation decisions. Two countries without frameworks report similar use. Compared to the 2007 and 2011 survey responses, countries report more consequences for poor performance, with management consequences, in particular publicising poor performance, as the most likely. Budgetary consequences are less common but budget freezes and budget increases are more likely than budget decreases. The scope of performance frameworks ranges from very broad (key national indicators and systematic indicators/targets set for all programmes) to more focused (indicators/targets set for most or only priority programmes). Use of performance information in budget negotiations is frequent across all types of frameworks. However, consequences for poor performance appear much more likely to be triggered in countries that have more focused frameworks and that were early adopters of performance budgeting.

The 2016 OECD Performance Budgeting Index shows the degree to which performance budgeting practices exist and are used at the central level of government, although it does not measure how successful they are in practice. While a fall in the overall specification of performance frameworks has been observed since 2011, there has been an increase in the use of performance information in budget negotiations and decision making and so the index average for all OECD member countries remains similar. There is large variation in performance budgeting practices across the OECD, reflected in the range of scores observed for individual countries. Considerable changes are observed in countries such as Austria, which introduced performance budgeting in 2013 as part of its budgetary reform process; the United Kingdom, where a more integrated performance information framework was introduced in 2015-16; and Germany, where budget documentation has been augmented with performance information since 2013.

Methodology and definitions

Data come from the 2016 OECD Performance Budgeting Survey. Respondents were predominantly senior budget officials and reflect countries' own assessments of current practices. Data refer only to central/federal governments not state/local levels.

Table 5.1 highlights features of performance budgeting frameworks. Countries use operations data and performance information in budget negotiations if the governments use these in negotiations at least occasionally and usually. The table shows management responses to poor performance if the framework at least occasionally triggers five types of management response. The table shows budgetary consequences to poor performance if the framework at least occasionally triggers two of the following consequences: budget freezes, budget decreases, and budget increases.

This composite index in Figure 5.2 contains 10 variables that cover information on the availability and type of performance information developed, processes for monitoring and reporting on results, and whether (and how) performance information is used. The index does not measure the overall quality of performance budgeting systems. Due to differences between the 2011 and 2016 surveys, some weightings have been adjusted for comparability. Annex 5.1 contains a description of the methodology used to construct this index.

Further reading

OECD (2017), *2016 OECD Performance Budgeting Survey Highlights: Integrating Performance and Results in Budgeting*, OECD Publishing, Paris, *www.oecd.org/gov/budgeting/Performance-Budgeting-Survey-Highlights.pdf*.

Shaw, T. (2016), "Performance budgeting practices and procedures", OECD Journal on Budgeting, Vol. 15/3 OECD Publishing, Paris, *http://dx.doi.org/10.1787/budget-15-5jlz6rhqdvhh*.

Figure notes

5.1: Includes 24 of the 26 OECD countries that report using a performance budgeting framework. Iceland has a compulsory framework but is not included as its survey response does not provide the necessary data. Japan is not included as it has an optional framework. Belgium, Greece, Hungary, Israel, Luxembourg, Portugal and the United States report no standard performance budgeting framework.

5.2: Data for Spain and the Slovak Republic are not available as they did not respond to the 2016 survey. 2011 data for Iceland and Israel are not available as they did not respond to the 2011 survey. Latvia was not an OECD country in 2011. Iceland, Israel, Latvia, Spain and the Slovak Republic were excluded from the OECD average due to missing time series.

Information on data for Israel: http://dx.doi.org/10.1787/888932315602.

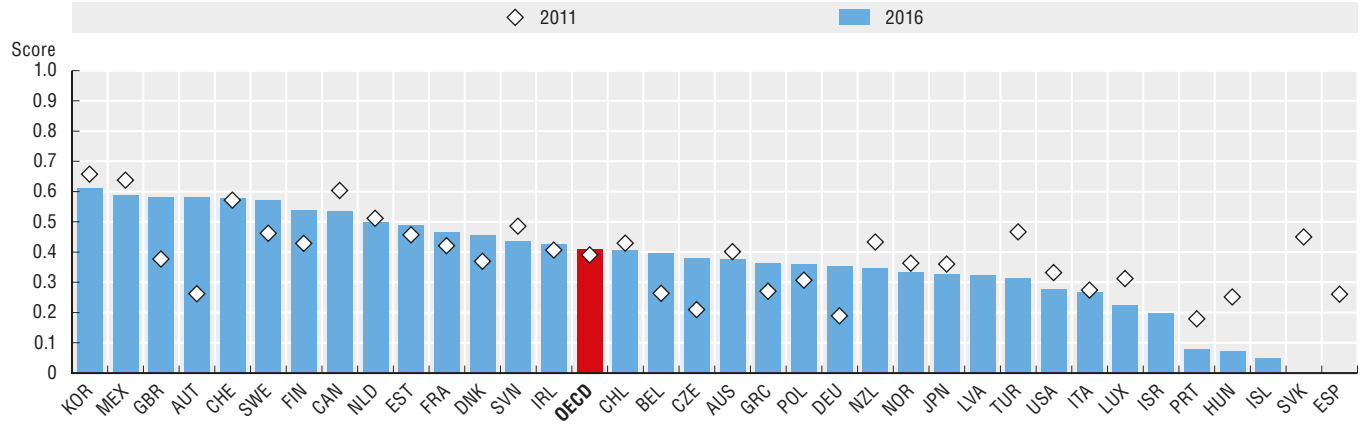
5.1. Features of performance budgeting framework, 2016

Country	Features of performance budgeting framework					
	Design			Use	Consequences	
	Have compulsory performance budgeting framework	Systematically set targets for all programmes	Use key national indicators	Use operations data and performance info in budget negotiations	Management responses if targets are not met	Budgetary consequences if targets are not met
Australia	●	●	❍	❍	❍	-
Austria	●	●	❍	●	●	❍
Canada	●	❍	❍	●	●	❍
Chile	●	❍	❍	●	❍	❍
Czech Republic	●	❍	❍	●	●	●
Denmark	●	❍	-	●	●	●
Estonia	●	●	●	❍	❍	❍
Finland	●	❍	❍	●	❍	❍
France	●	●	●	●	●	❍
Germany	●	●	●	●	❍	-
Ireland	●	❍	❍	●	❍	❍
Italy	●	●	❍	❍	❍	❍
Korea	●	●	●	●	●	❍
Latvia	●	❍	●	❍	❍	❍
Mexico	●	●	●	●	❍	❍
Netherlands	●	❍	❍	●	●	❍
New Zealand	●	●	❍	❍	●	❍
Norway	●	❍	❍	❍	●	❍
Poland	●	●	●	●	❍	❍
Slovenia	●	●	❍	●	❍	❍
Sweden	●	❍	●	●	❍	●
Switzerland	●	❍	●	●	❍	❍
Turkey	●	❍	●	●	❍	❍
United Kingdom	●	❍	●	●	●	❍
OECD Total						
● Yes	24	11	11	18	10	3
❍ No	0	13	12	6	14	19
- No response	0	0	1	0	0	2

Source: (2016), OECD Survey of Performance Budgeting, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933534917

5.2. Use of performance budgeting practices at the central level of government, 2011 and 2016



Source: OECD (2016), Survey of Performance Budgeting, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933532713

Special feature: Gender budgeting

Today, many disparities and inequalities between the sexes appear to have become embedded, to a greater or lesser extent, in public policies and the allocation of public resources. Several international organisations and others have pioneered work to promote gender mainstreaming, i.e. including in the design and review of public policies an assessment of the differential impact of gender with the aim to progressively remove gender inequalities in the public sector and the wider economy. Gender budgeting is an application of gender mainstreaming in the budgetary process. It involves the integration of a clear gender perspective within the budget process, through the use of special processes and analytical tools, to promote gender-responsive policies with the aim of addressing gender inequalities and disparities.

According to the 2016 OECD Survey on Gender Budgeting, just over one third of OECD countries (12 countries) report having introduced gender mainstreaming in their budgetary process. From the rest of the OECD countries, one country is planning to introduce gender budgeting (Italy) and two report actively considering the introduction of gender budgeting (the Czech Republic and Turkey). It has for the most part been introduced over the course of the last decade, with perceived inequalities being the factor cited most frequently as the primary reason for its introduction.

Although gender budgeting practices are varied in those countries where it has been introduced, there appear to be three broad categories of gender budgeting systems: 1) gender-informed resource allocation, where gender assessments inform individual policy decisions and/or funding allocations; 2) gender-assessed budgets, where the budget as a whole is subject to gender assessment; and 3) needs-based gender budgeting, where a gender needs assessment forms part of the budget process. The categories are broadly incremental, in that those that have gender-assessed budgets generally undertake gender-informed resource allocation and countries that do needs-based gender budgeting also generally have gender-assessed budgets. Two thirds of the OECD countries (8 countries) that undertake gender budgeting fall into the first or second categories, with just four undertaking a gender needs assessment as part of the budget process (Austria, Mexico, Netherlands and Norway).

Half of those countries (6 countries) with some form of gender budgeting could point to specific examples where the gender budgeting tool had brought about significant changes in policy design and/or outcomes. In these cases, countries often cite examples of where gender budgeting has stimulated the adoption of policy developments to improve gender equality. There were more limited examples of instances where the introduction of gender budgeting has brought about changes to budget allocations. Since the introduction of gender budgeting is still relatively new in a number of countries, a wider range of impacts may become more evident in the future.

The vast majority of those countries which have not formally introduced gender budgeting still implement some form of gender-responsiveness into the policy-making process, which may in turn impact spending. The nature and quality of these approaches appear quite variable, ranging from a *pro forma* statement of impacts on gender equality attached to all new policies coming before government, to more structured and systematic gender impact assessments.

Methodology and definitions

Data are derived from the 2016 OECD Survey of Gender Budgeting Practices. Respondents were predominantly senior budget officials in OECD countries. Responses were received from all OECD countries except Latvia (which was not yet an OECD country at the time when the data were collected). Responses represent the countries' own assessments of current practices. For the most part, responses refer only to central/federal governments and exclude gender budgeting practices at the state/local levels.

Information from the 2016 OECD Survey of Gender Budgeting Practices has been used to develop a typology of gender budgeting systems. Countries that introduced gender budgeting were asked to indicate the tools and methods through which gender budgeting is being implemented. The tools and methods used by each country provide an indication of the nature of the gender budgeting system in that country. The OECD has used this information to identify three broad categories of gender budgeting systems and these are presented in Table 5.4.

Further reading

OECD (2016), "Gender Budgeting in OECD Countries", OECD Publishing, Paris, *www.oecd.org/gender/Gender-Budgeting-in-OECD-countries.pdf*.

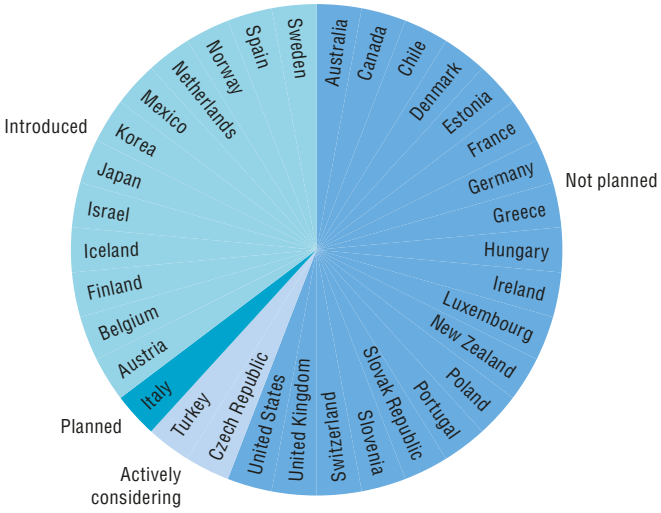
OECD (2016), *2015 OECD Recommendation of the Council on Gender Equality in Public Life*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/9789264252820-en*.

Figure notes

Data for Latvia are not available.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

5.3. Status of gender budgeting, 2016



Source: OECD (2016), Survey of Gender Budgeting, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933532732

5.4. Typology of gender budgeting systems, 2016

Gender budgeting categories		Use of gender budgeting tools								
		Ex ante gender impact assessment	Gender perspective in resource allocation	*Ex post* gender impact assessment	Gender perspective in performance setting	Gender perspective in spending review	Gender-related budget incidence analysis	Gender budget baseline analysis	Gender audit of the budget	Gender needs assessment
1) Gender informed resource allocation	Belgium	●	❍	❍	❍	❍	❍	❍	❍	❍
	Japan	❍	●	❍	❍	❍	❍	❍	❍	❍
	Finland	❍	●	❍	●	❍	❍	❍	❍	❍
2) Gender assessed budgets	Iceland	●	●	●	●	❍	❍	●	❍	❍
	Israel	●	❍	●	❍	❍	●	●	❍	❍
	Korea	❍	●	❍	●	●	❍	●	❍	❍
	Spain	●	●	●	●	❍	●	●	●	❍
	Sweden	●	❍	●	●	●	❍	❍	●	❍
3) Needs based gender budgeting	Austria	●	❍	●	●	❍	●	●	❍	●
	Mexico	●	●	●	●	❍	●	●	❍	●
	Netherlands	●	●	●	●	❍	●	●	●	●
	Norway	●	●	❍	❍	❍	●	❍	●	●
OECD Total										
● Gender budgeting tool in use		9	8	7	8	2	6	7	4	4
❍ Gender budgeting tool not in use		3	4	5	4	10	6	5	8	8

Source: OECD (2016), Survey of Gender Budgeting, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933534936

Spending review

Since the global financial crisis, the use of spending review has risen dramatically across the OECD. Spending review has two main purposes: to give the government improved control over the level of aggregate expenditure, and to improve expenditure prioritisation. Countries with a longer experience of using spending review have demonstrated that it can focus governments to improve expenditure prioritisation and to find fiscal space for new spending priorities. Given the difficult fiscal context facing many OECD governments, such a tool could prove invaluable, particularly if it becomes a more permanent feature of the budget process.

In 2016, 23 OECD countries report using spending review, compared to 16 in 2011. An additional five countries are considering this tool for future use (Austria, Estonia, Israel, Norway and Turkey). Over 70% of countries that report using spending review have now undertaken multiple reviews indicating that it may be becoming embedded in budgeting processes for new adopters rather than being used as an ad hoc response to fiscal pressures. If spending review is to be institutionalised, it must be designed appropriately. This requires consideration of the ways in which it may need to be designed differently as an ongoing part of budget preparation rather than an essentially ad hoc tool for major fiscal consolidation. Moreover, because spending review is a resource-intensive activity, it is crucial that it is designed to be as cost-effective as possible.

Historically there are two models of spending review: targeted annual reviews (Netherlands and Denmark), and cyclical comprehensive reviews (United Kingdom). A targeted spending review focuses on a specific list of review topics decided at the outset. By contrast, a comprehensive spending review is not constrained by any such ex ante list of review topics, and aims to review spending in greater depth. However, a comprehensive spending review does not literally try to examine everything. So far, comprehensive rather than narrow spending reviews appear to be favoured among new adopters.

The spending review governance model determines how and when each institution is involved in a spending review. With respect to roles and responsibilities in the spending review process, firm political oversight and direction of the process is critical. The most common approach is for spending review to be primarily led by the central budget authority (Belgium, Canada, France, Finland, Ireland, Latvia, Mexico, New Zealand, Switzerland and the United Kingdom). A smaller number of OECD countries have opted for a review led by the president or prime minister's office (Italy and Luxembourg) with mixed results. Other OECD countries tend to have a mixed model of spending review governance, where a number of government actors have significant responsibilities. In Japan, experts outside the government have primary responsibility for spending review procedures.

Despite their growing popularity, spending review outcomes are not always clear. Ten OECD countries concluded that 90% or more of their fiscal objectives from past spending reviews have been met (Canada, Greece, Ireland, Italy, Latvia, Luxembourg, Sweden, Switzerland, Mexico and the United Kingdom). However, nine OECD countries do not have any information on the fiscal outcomes of spending review (Australia, Denmark, Finland, France, Germany, Japan, Poland, Portugal and the United States). More challenging still, 13 OECD countries have no information on the realisation of performance objectives of past spending reviews. Better tracking of spending review implementation and effectiveness represents an area for potential improvement.

Methodology and definitions

Data refer to 2016 and draw upon country responses to questions from the 2016 OECD Performance Budgeting Survey. Survey responses were predominantly senior budget officials in OECD countries. Responses were received from 33 out of 35 OECD countries and represent the countries' own assessments of current practices and procedures. Data refer only to central/federal governments and exclude performance budgeting practices at the state/local levels.

A narrow spending review covers 0% to 5% of total government spending, a broad spending review covers 5% to 20% of government spending and a comprehensive spending review covers 20% to 100% of government spending.

The central budget authority is a public entity, or several co-ordinated entities, responsible for the custody and management of all (or the majority of) the public money. It is often part of the central government's ministry of finance.

Figure 5.6 shows the number of spending review procedures that each government actor has responsibility for as a percentage of all spending review procedures undertaken by government actors. It weights all procedures equally.

Further reading

OECD (2017), "2016 OECD Performance Budgeting Survey Highlights: Integrating Performance and Results in Budgeting", OECD Publishing, Paris, *www.oecd.org/gov/budgeting/Performance-Budgeting-Survey-Highlights.pdf*.

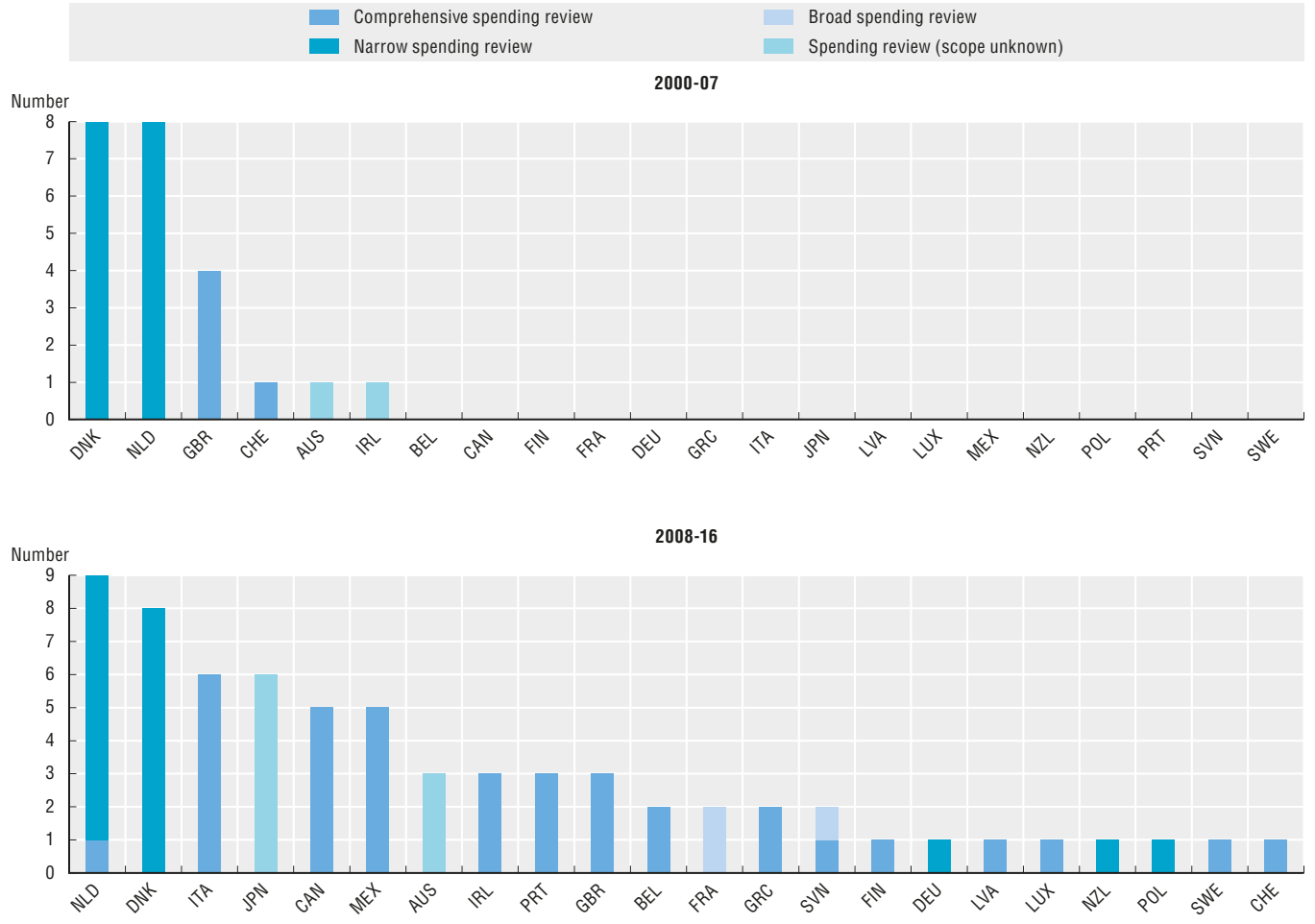
OECD (2008), "Performance Budgeting: A User's Guide", OECD Policy Brief, OECD Publishing, Paris, *www.oecd.org/gov/budgeting/Performance-Budgeting-Guide.pdf*.

Figure notes

5.5: Data covers the period 2008 until 4th March 2016. Only OECD countries that have undertaken spending review are shown. The United States has undertaken spending review but did not provide information on the frequency and scope.

5.6: Only OECD countries that have undertaken spending review are shown. Australia has undertaken spending review but did not provide information on the governance model.

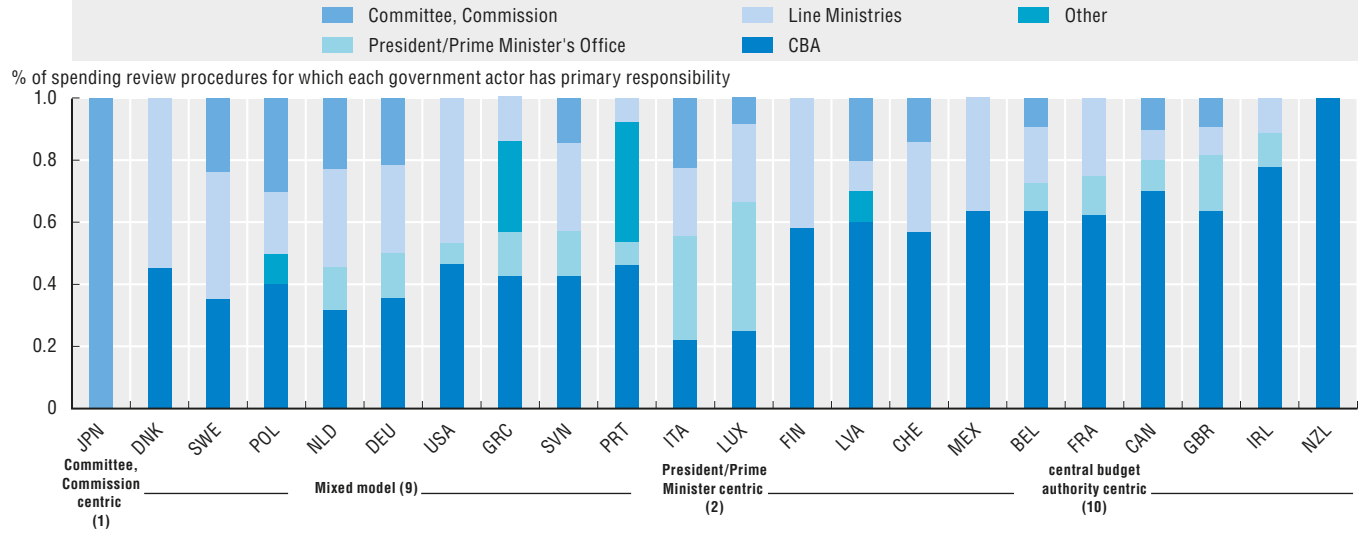
5.5. Frequency and scope of spending reviews, 2000-2007 and 2008-2016



Source: OECD (2016), Performance Budgeting Survey, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933532751

5.6. Spending review governance model, 2016



Source: OECD (2016), Performance Budgeting Survey, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933532770

Infrastructure governance

High-quality infrastructure is one of the backbones for achieving long-term inclusive development. Nevertheless, infrastructure projects can sometimes fail to meet their time frame, budget and service delivery objectives. This is often due to shortcomings in the country's governance framework for infrastructure.

Good governance of infrastructure not only promotes value for money and affordability, but also helps to make the right projects happen in a manner that is trusted by users and citizens. Successful governance of infrastructure demands a clear regulatory and institutional framework, robust co-ordination across levels of governments and sustainable performance throughout the life cycle of the asset. In addition, it requires a comprehensive preparation phase, including overall strategic planning, open and transparent prioritisation mechanisms and decision processes that are based on affordability and cost-efficiency (OECD, 2017). However, designing a clear and coherent strategic vision is difficult due to the complex nature of infrastructure policy, as it needs to address multiple and potentially contradictory objectives such as growth, productivity, affordability, inclusive development and environmental concerns.

Strategic long-term planning is a key element for successful infrastructure development, but only about half of OECD countries have a long-term strategic infrastructure vision that cuts across all sectors. Complementing the long-term vision, governments should also identify a short list of priority projects, taking into account opposing policy goals, existing infrastructure needs and budget constraints. Based on data collected in 2016, 16 OECD countries prepare such a short list. Nine countries (Australia, Austria, Hungary, Italy, Korea, Netherlands, New Zealand, Turkey and the United Kingdom) combine both approaches. Transport bottlenecks and regional development goals are the most common drivers of strategic infrastructure plans in OECD countries. Only four countries report climate change as an important driver.

Prioritisation, approval and funding should be based on a formal set of criteria to ensure value for money, affordability, transparency and accountability. Value for money can be defined as what a government judges to be an optimal combination of quantity, quality, features and price (i.e. cost), expected over the whole of the project's lifetime. It can be measured in absolute cost-benefit terms or in relative terms in comparison to other delivery modalities. Value for money is essential for ensuring affordability and sustainability and helps policy-makers to prioritise projects so that the maximum value is generated for society as a whole.

While being part of a long-term strategic plan and having strong cost-benefit analysis are important criteria for shortlisting and financing a project, political motivation is usually a key driver of infrastructure investment decisions. Strong citizen or business interests are key for project prioritisation, but are less important when it comes to funding and approving. Only about 50% of OECD countries have a systematic process for ensuring absolute value for money from infrastructure projects, and decisions between different delivery modes are not always based on quantitative, comparative analyses.

Methodology and definitions

Data in all figures come from the 2016 OECD Survey of Infrastructure Governance. The survey was conducted in the beginning of 2016, encompassing 26 OECD countries. Respondents to the questionnaire were predominately senior officials in the central/federal ministry of finance, as well as in other relevant line ministries.

The governance of infrastructure encompasses a range of processes, tools and norms of interaction, decision making and monitoring used by governments and their counterparts providing infrastructure services. It thus relates to the interactions between government institutions internally, as well as their interactions with private sector users and citizens.

Data on key pillars of strategic infrastructure plans and criteria for project prioritisation and approval are available online (see annex F).

Further reading

OECD (2017), "Getting Infrastructure Right: A Framework for Better Governance", *OECD Publishing, Paris*.

OECD (2017), "Review of Gaps and Governance Standards of Public Infrastructure in Chile", *OECD Publishing, Paris*.

OECD(2012), Recommendation of the Council on Principles for Public Governance of Public-Private Partnerships, OECD Publishing, Paris.

Figure Notes

Data for Canada, Greece, Iceland, Israel, Latvia, Poland, Portugal, Slovak Republic, and United States are not available.

5.7: Ireland has an overall *medium-term* infrastructure plan of six to seven years, published in 2015. In Mexico, the plan refers to the central government from a sectoral perspective. In Austria, Spain and Hungary, the plan refers to the central government level only. Only countries that did not have an overall long-term strategic infrastructure plan were asked about their long-term sectoral infrastructure plan. In Australia and Belgium, regions and local authorities are mainly responsible for infrastructure investment, and the answers given refer to the central/federal government only.

5.9: Japan did not answer the question.

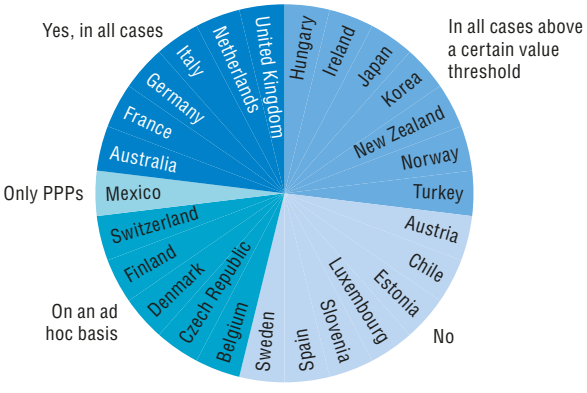
5.7. Existence of a Strategic approach to the planning and prioritisation of infrastructure projects, 2016

Country	Overall long term strategic infrastructure plan	Plan integrates central government and sub-national governments	Long-term sectoral infrastructure plan	Short list of priority projects
Australia	●	●	-	●
Austria	●	❍	-	●
Belgium	❍	-	●	❍
Chile	❍	-	●	●
Czech Republic	❍	-	●	❍
Denmark	❍	-	❍	●
Estonia	❍	-	●	●
Finland	❍	-	❍	❍
France	❍	-	●	❍
Germany	❍	-	●	❍
Hungary	●	❍	●	●
Ireland	❍	-	-	●
Italy	●	●	-	●
Japan	●	●	-	❍
Korea	●	●	-	●
Luxembourg	❍	-	❍	●
Mexico	●	-	-	❍
Netherlands	●	-	-	●
New Zealand	●	●	-	●
Norway	❍	-	●	❍
Slovenia	❍	-	●	●
Spain	●	❍	-	❍
Sweden	●	●	-	❍
Switzerland	❍	-	●	●
Turkey	●	●	-	●
United Kingdom	●	●	-	●
OECD total				
● Yes	13	8	10	16
❍ No	13	3	3	10

Source: OECD (2016), Survey of Infrastructure Governance, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933534955

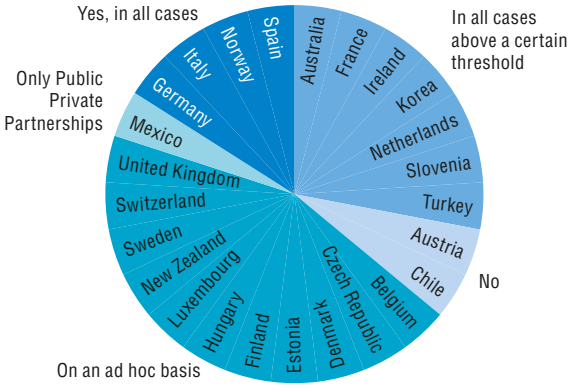
5.8. Formal process for ensuring absolute value for money from infrastructure projects, 2016



Source: OECD (2016) Survey of Infrastructure Governance, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933532789

5.9. Process for quantitative comparison between delivery modes, 2016



Source: OECD (2016) Survey of Infrastructure Governance , OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933532808

Quality of governments' financial reporting

Financial reporting is one of the foundations of good fiscal management. High-quality financial reports are essential to ensure that government's fiscal decisions are based on the most up-to-date and accurate understanding of its financial position. Financial reports are also the mechanism through which legislators, auditors and the public at large hold governments accountable for their financial performance. Finally, financial reports are a critical source of information for markets and other stakeholders to understand the government's financial operations and their implications for their own economic decisions.

There are three main criteria for high-quality financial reports: their completeness, in terms of the nature of financial operations reported; their comprehensiveness, in terms of entities covered; and their integrity, in terms of the degree of external validation.

In around three-quarters of OECD countries, governments have improved the completeness of their financial reports by moving away from pure cash accounting toward accrual accounting. Governments that have adopted accrual accounting establish balance sheets that: report on their stocks of assets and liabilities; show whether liabilities are matched by corresponding assets; and measure whether their activities and decisions generate a fiscal burden. However, countries have progressed to different levels in populating their balance sheet. For example, civil service pensions and natural resources are reported in the balance sheet by 11 and 3 OECD countries respectively.

Fiscal activity is carried out by different levels of government. Government agencies, pension funds or local governments can raise, spend, and in some cases borrow significant fiscal resources. Where information on the financial situation of these public entities is not centralised, consolidated and publicly available, the transparency of public finances is more limited. However, only five OECD countries (14%) provide an overview of the public sector as a whole in their financial statements.

External independent and public assessment of the financial information prepared by the government is one of the major safeguards of financial report' integrity. In all OECD countries, year-end financial reports are subject to independent external control or audit by national supreme audit institutions. To perform these audits, international auditing standards are used in 19 OECD countries 56%, showing that audit techniques have been modernised simultaneously with the adoption of accrual accounting by governments.

Overall, there has been clear progress in the completeness and comprehensiveness of governments' financial reports over the last two decades. However, a high proportion of supreme audit institutions' audit reports mentions various issues and concerns with financial reports, showing that governments still have a way to go for improving the quality of their reporting practices.

Methodology and definitions

Data are from the 2016 OECD Accruals Survey. Survey respondents were senior officials from finance ministries. Responses represent the countries' own assessment of current practices.

Accrual accounting is the method by which financial transactions are budgeted or recognised in the financial reports at the time at which the underlying economic event occurs, regardless of when the related cash is received or paid, and assets and liabilities are reported in a balance sheet.

Supreme audit institutions are independent national bodies, such as auditor general offices or courts of audit, responsible, among other tasks, for auditing or controlling the government's annual financial report.

Further reading

OECD/IFAC (2017), "Accrual Practices and Reform Experiences in OECD Countries", OECD Publishing, Paris, *http://dx.doi.org/10.1787/9789264270572-en*.

Cavanagh J. (2016), "Implementing Accrual Accounting in the Public Sector, International Monetary Fund", Washington, DC, *www.imf.org/external/pubs/cat/longres.aspx?sk=44121.0*

Figure notes

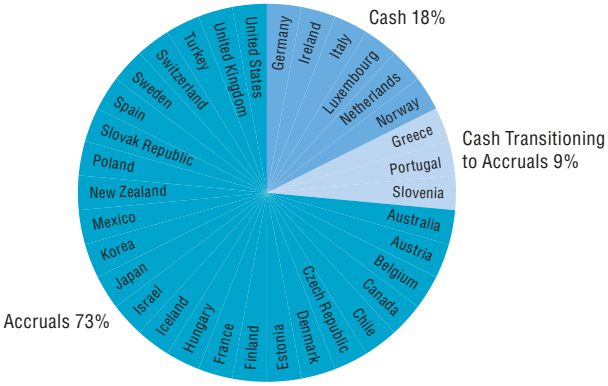
5.12: Countries that answered as having both accrual financial statements and cash financial reports (the Czech Republic and Hungary) are classified as "accruals". Luxembourg is classified as "cash" but is planning a transition to accrual accounting.

5.13: Some countries in "central government" specified that their financial statements include social security funds (Hungary, the Netherlands, Norway, Portugal and Spain). Countries in "central and local governments" all include social security funds.

5.14: In Australia, natural resources are owned by state governments and not reported in the federal government financial statements.

Information on data for Israël : http://dx.doi.org/10.1787/888932315602.

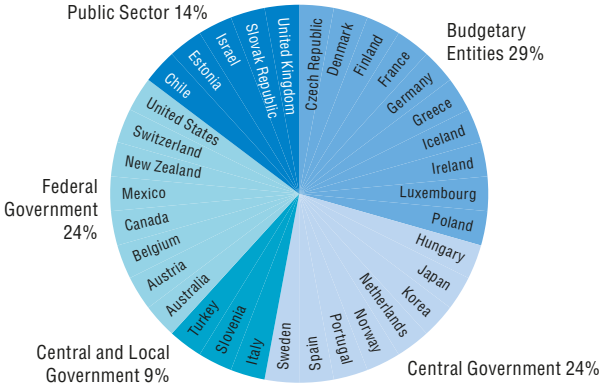
5.12. Accounting basis for annual financial reports, 2015



Source: OECD (2016), Accruals Survey, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933532827

5.13. Institutional coverage in annual financial report, 2015



Source: OECD (2016), Accruals Survey, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933532846

5.14. Reporting practices of selected assets and liabilities in annual financial statements for countries implementing or transitioning to accrual accounting, 2015

	Tax receivables	Natural ressources	Land buildings	Infrastructure assets, excluding PPPs	PPP assets and liabilities	Heritage assets	Defence assets and inventories	Derivatives	Civil and military service pensions	Social benefits	Audit mechanism
Australia	■	◓	■	■	■	■	■	■	■	◓	●
Austria	■	◓	■	■	■	■	■	■	▲	◓	●
Belgium	▲	×	■	■	◓	◓	■	■	◓	◓	❑
Canada	■	◓	■	■	■	■	■	▲	■	■	●
Chile	■	◓	■	◓	◓	◓	◓	■	◓	◓	❑
Czech Republic	■	◓	■	■	▲	■	■	■	◓	×	●
Denmark	■	×	■	■	■	◓	■	■	◓	◓	●
Estonia	■	▲	■	■	■	×	■	■	■	■	●
Finland	◓	◓	■	■	■	■	◓	■	▲	◓	●
France	■	×	■	■	■	■	■	■	▲	■	●
Greece	■	◓	◓	◓	◓	◓	◓	◓	◓	◓	●
Hungary	■	◓	■	■	▲	◓	■	▲	×	▲	❑
Iceland	■	◓	◓	◓	◓	◓	◓	◓	■	◓	●
Israel	■	■	■	■	■	▲	■	■	■	■	❑
Japan	■	×	■	■	■	×	■	■	×	■	❑
Korea	■	◓	■	■	■	▲	◓	■	■	◓	❑
Mexico	▲	◓	■	■	▲	◓	■	×	◓	◓	●
New Zealand	■	◓	■	■	■	■	■	■	■	■	●
Poland	■	◓	■	■	■	■	■	×	×	■	❑
Portugal	◓	◓	■	■	◓	◓	■	◓	◓	■	❑
Slovak Republic	■	×	■	■	■	×	■	■	■	■	●
Slovenia	■	■	■	■	◓	■	■	■	◓	×	●
Spain	■	◓	■	■	▲	■	■	■	◓	◓	❑
Sweden	■	■	■	■	×	■	■	■	■	◓	●
Switzerland	■	◓	■	■	×	◓	◓	■	▲	◓	●
Turkey	■	◓	■	■	■	◓	■	■	◓	◓	●
United Kingdom	■	◓	■	■	■	■	■	■	■	◓	●
United States	■	▲	■	■	■	▲	■	■	■	▲	●
OECD Total											
■ Reported in balance sheet	24	3	26	25	16	12	22	21	11	9	
▲ Reported in disclosures	2	2			4	3		2	4	2	
◓ Not reported	2	18	2	3	6	10	6	3	10	15	
● Audit opinion in accordance with the applicable international auditing standards											19
❑ Compliance control or other type of control											9
× Not applicable		5			2	3		2	3	2	

Source: OECD (2016), Accruals Survey, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933534974

6. HUMAN RESOURCES MANAGEMENT

Delegation in human resources management

Staff performance management

Use of separate human resources management practices for senior civil servants

Political influence in senior staffing

Data-informed human resources management

Employee surveys

Delegation in human resources management

Human resources management (HRM) decisions, regarding for example employee selection, recruitment, remuneration, working conditions and dismissal, may be taken by central HRM authorities or delegated to line ministries, departments or agencies. Delegation, under appropriate framework conditions and minimum standards, empowers and enables public managers to better direct their staff, allowing them to consider in their HRM decisions both the unique requirements of their own organisations and the merits of individual employees. This could lead to a better alignment of human resources (HR) planning and business strategy. However, delegation without some level of common HRM standards and central oversight often result in uneven pay scales, limits opportunities for government-wide strategic HR planning, and opens the door to nepotism and political interference in staffing decisions.

The composite index presented here summarises the extent of delegation of human resources management practices in line ministries in central government. Results show that there is no single model or common standard of delegation in HRM in OECD countries, and the variance in the extent of delegation across OECD countries is considerable. In 2016, several OECD countries demonstrated a high degree of delegation, with the Slovak Republic and Sweden standing out as the most prominent examples. In the Slovak Republic, there is no central HRM unit to oversee minimum standards, which contributes to challenges in collecting useful data for HR planning or establishing common performance processes. In Sweden, delegation is accompanied by effective standards managed from the central HR authority and this enables more effective delegation. In comparison, Luxembourg and Israel display relatively lower levels of delegation, with central HRM bodies in these countries retaining greater responsibility over such decisions.

Almost all OECD countries (with the exception of Germany and the Slovak Republic) have at least one central HRM unit at central/national/federal level. 22 OECD countries have a central unit responsible for at least some key HRM functions, the most common of which are pay setting, the establishment of performance appraisal systems, codes of conduct and ethics issues. Eleven OECD countries (Australia, Austria, Belgium, Finland, France, Iceland, Ireland, Italy, Portugal, Slovenia and Sweden) have a central HRM unit that plays a co-ordinating role across line ministries but is not formally responsible for HRM functions.

Since the survey was last conducted in 2010, the Slovak Republic, Germany, Italy, and Ireland have all increased delegation significantly. By contrast, the Czech Republic has become increasingly centralised. In the Netherlands there are also more centralised HR policies such as the job family system and performance management system, and more Shared Services working for all ministries. Despite these shifts among specific countries, it is not possible to identify a clear trend one way or the other. The HR functions that are most often delegated to ministries are the management of the variable portion of pay (e.g. bonuses), training and individual career management. Central HR Units and the Ministry of Finance tend to be more involved in issues like the general management of pay systems, performance appraisal systems, the codes of conduct and ethics issues.

Methodology and definitions

Data refer to 2016 and 2010 and were collected through the 2016 and 2010 OECD Survey on Strategic Human Resources Management. Respondents were predominately senior officials in central government HRM departments, and data refer to HRM practices in central government. The survey was completed by all OECD countries (except Luxembourg and Latvia in 2010), as well as the OECD accession countries Colombia, Costa Rica and Lithuania. Definitions of the civil service as well as the organisations governed at the central level of government differ across countries and should be considered when making comparisons. The terms public and civil service/servants are used interchangeably throughout this chapter.

The index on delegation of HRM practices is composed of the following variables: the existence of a central HRM body, and the role of line ministries in determining the number and types of posts within organisations; the allocation of the budget envelope between payroll and other expenses; staff compensation levels; position classification, recruitment and dismissals; and conditions of employment. The index ranges from 0 (no delegation) to 1 (high level of delegation). Missing data for countries were estimated by mean replacement.

See the Annex online for further country-specific information as well as details on the methodology and factors used in constructing the index. The variables composing the index and their relative importance are based on expert judgements. They are presented with the purpose of furthering discussion, and consequently may evolve over time.

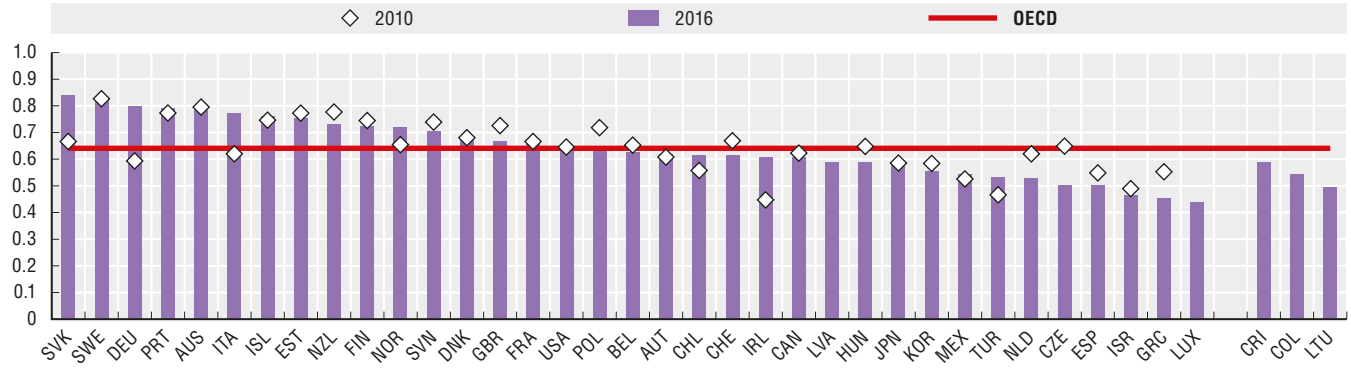
Further reading

OECD (2011), Public Servants as Partners for Growth: Toward a Stronger, Leaner and More Equitable Workforce, OECD Publishing, Paris.

Figure notes

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

6.1. Extent of delegation of human resources management practices in line ministries in central government, 2016 and 2010



Source: OECD (2016, 2010), Strategic Human Resources Management Survey, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933532865

6.2. Delegation of key HRM responsibilities to line ministries in central government, 2016

	General management of pay systems (salary levels, progressions)	Flexibility of working conditions (number of hours, etc.)	Allocation of budget envelope between payroll and other expenses	Performance appraisal systems	Management of the variable portion of pay benefits; performance-related pay	Number and types of posts within organisations	Recruitment into the civil service
Australia	■	■	■	■	■	■	■▲
Austria	◆	◆	■	◆	■	◆	■
Belgium	◆	◆	■	◆	❖	■	◆
Canada	◆	◆❖	■	◆■	◆❖	■	■▲
Chile	◆■	■	◆■	❖■	◆■▲	◆■	◆■
Czech Republic	◆	◆■	◆	◆	❖■	◆❖	■
Denmark	❖	◆■	◆	■▲	■	■	■▲
Estonia	■	■▲	■	■	■	■	■
Finland	◆■	❖	■	❖	■	■	■
France	◆	❖■▲	◆■	❖■▲	❖	◆■	◆■▲
Germany	■	■	■	■	■	■	■
Greece	◆	◆	x	◆	x	x	◆
Hungary	◆	■	◆■	◆	◆❖■	◆■	■
Iceland	◆	■▲	■	x	❖■	■	■▲
Ireland	x	❖	◆	◆	x	■	◆❖
Israel	◆	◆	◆	■	◆	◆	◆
Italy	❖■	❖■	■	■	■	■	■
Japan	❖	❖	x	❖	❖	❖	❖
Korea	◆	◆	◆	❖	❖	x	❖
Latvia	◆	◆■	◆■	◆	■	◆■	■
Luxembourg	◆	◆	◆	◆	x	◆	❖
Mexico	◆	◆■	◆■	◆■	◆■	◆■	◆■
Netherlands	◆	◆■	◆	◆	◆	■	■
New Zealand	■	■	x	■	■	x	■
Norway	❖	❖	◆■	■▲	■▲	■	▲
Poland	■	■	◆■	◆	■	■	■
Portugal	■	■	■	■	■	■	■
Slovak Republic	■	■	■	■	▲	■	■
Slovenia	❖	■	◆	■	■	❖	■
Spain	◆	◆	◆❖	◆❖	■	◆❖	◆❖
Sweden	■	■▲	■	■▲	■▲	■	■▲
Switzerland	❖	◆■	❖	◆	■	❖	■▲
Turkey	◆	■	◆	■	◆	◆	❖
United Kingdom	■	■	◆	■	■	■	■
United States	◆	■	■	◆	■	■	■
Total OECD							
Central HRM body ◆	19	14	18	15	7	11	8
Central HRM body but with some latitude for ministries/ agencies ❖	6	7	2	6	8	5	6
3 Ministries/ agencies ■	12	23	20	18	23	23	25
4 Unit/team level ▲	0	4	0	4	4	0	8
x = not applicable/ not available	1	0	3	1	3	3	0
Colombia	◆	■	x	❖	◆	◆■	x
Costa Rica	◆	x	◆	◆	■	◆	◆
Lithuania	◆	◆	◆	◆	◆	■	■

Source: OECD (2016), Strategic Human Resources Management Survey, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933534993

Staff performance management

Improving public service quality, accessibility and responsiveness, while carefully managing limited resources, requires effective performance management in the public sector. Defining appropriate performance indicators for policies and services can inform the performance objectives of employees. Such practices help to clarify organisational goals for staff so that they gain a better understanding of their role within the organisation and how to best contribute towards strategic organisational objectives. Performance assessments also strengthen incentives to improve performance by allowing for the recognition of individual and collective efforts in a consistent and transparent manner. Performance assessments can help to identify gaps in skills and can feed into strategic HR planning and training.

Today, almost all OECD countries have formal performance assessments that are mandatory for central government employees. The composite indicator assesses the use of performance assessments to inform HR decisions, including formal requirements, tools used and implications of performance assessments for employees. Chile and the United Kingdom integrate performance assessments into their HR decision making to a greater extent than other OECD countries. Conversely, Spain and Iceland do not conduct mandatory formalised performance assessments for employees, while in Norway and the Slovak Republic they are conducted for some staff only. Some 16 OECD countries have identified employee performance management as an area of current reform. New performance management systems have recently been implemented in Canada and Ireland. Canada has standardised a single system across the entire federal public service, while Ireland has simplified their assessments to a two-point scale: satisfactory or not.

Relating performance assessment results to rewards for staff remains a challenging issue in many OECD countries. Performance incentives include career opportunities (such as promotions) and pay. The use of performance-related pay (PRP) in the form of bonuses (18 countries) or performance-based permanent pay increases (21 countries) has been relatively stable since the survey was last conducted in 2010. PRP can vary according to the range of staff positions to which it applies, whether the targets and the incentives apply to individuals or to groups, the extent to which rankings are used, and the size of awards. Denmark and Japan use PRP more extensively than other countries. Both countries apply PRP to most government employees through a combination of one-off performance bonuses and performance-based permanent pay increases. In these cases, PRP can amount to over 40% of an employee's base salary. In Poland, on the other hand, PRP is only used for specific professions. Belgium, Greece, Iceland, Luxembourg, Mexico, and Turkey report not using PRP at all.

Methodology and definitions

Data refer to 2016 and 2010 and were collected through the 2016 and 2010 OECD Survey on Strategic Human Resources Management. Respondents were predominantly senior officials in central government HRM departments, and data refer to HRM practices in central government. In 2016, the survey was completed by all OECD countries, as well as the OECD accession countries Colombia, Costa Rica and Lithuania. Definitions of the civil service as well as the organisations governed at the central level of government differ across countries and should be considered when making comparisons. The terms public and civil service/servants are used interchangeably throughout this chapter.

The index on performance assessment is composed of the following variables: existence of a formalised performance assessment; use of performance assessment tools; performance assessment criteria; and importance of performance assessment for career advancement, remuneration, and contract renewal. The index on PRP is composed of the following variables: use of a PRP mechanism and for which staff categories; use of one-off bonuses and/or merit increments; and maximum proportion of basic salary that PRP represents.

Indices range between 0 (no use) and 1 (high use). Missing data were estimated by mean replacement. Indices provide information on the formal use of performance assessments and PRP in central government, but do not provide any information on their implementation or on the quality of work performed.

See the Annex online for further country-specific information as well as details on the methodology and factors used in constructing the index. The variables composing the index and their relative importance are based on expert judgements. They are presented with the purpose of furthering discussion, and consequently may evolve over time. Comparisons between the index on performance assessment from *Government at a Glance* 2011 and 2017 should be made with caution, as weightings and the number of country responses vary.

Further reading

OECD (2016), Engaging Public Employees for a High-Performing Civil Service, OECD Publishing, Paris.

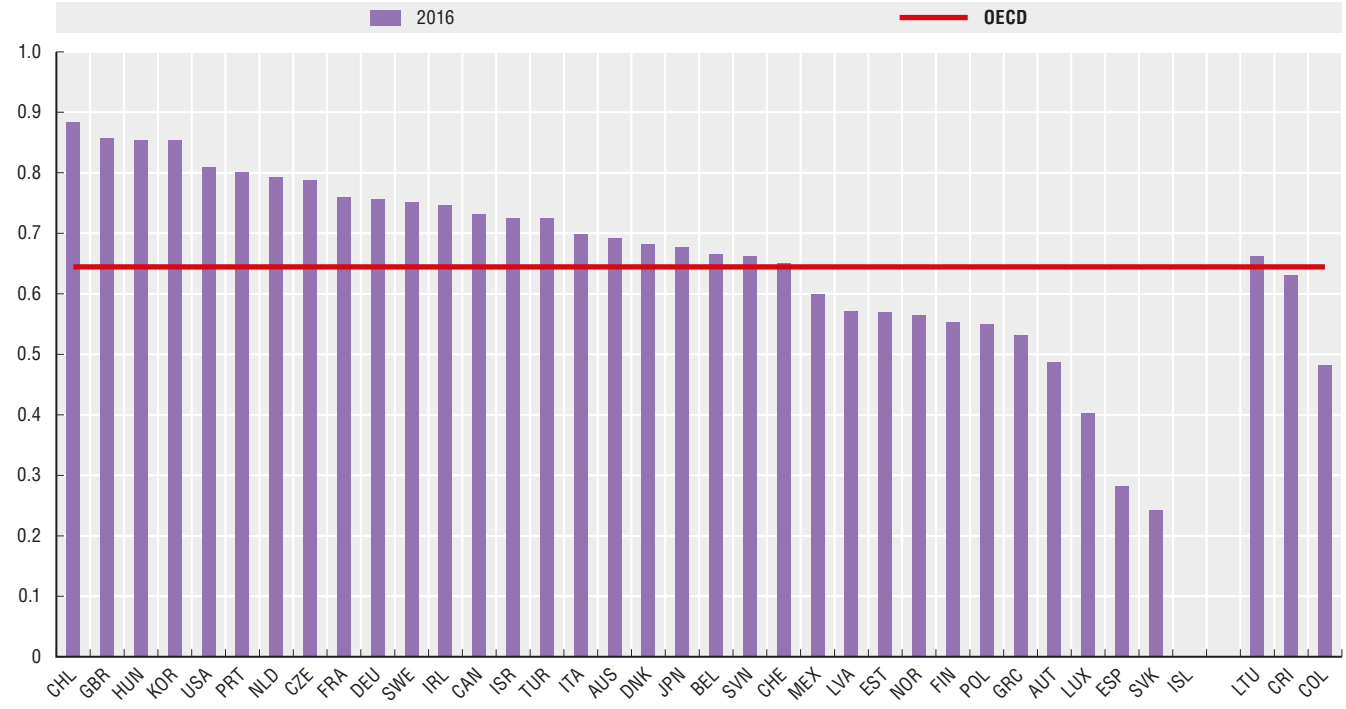
Figure notes

6.3 Data not included for New Zealand.

6.4 The average for OECD countries includes the six OECD countries that have reported not having a PRP system: Belgium, Greece, Iceland, Luxembourg, Mexico and Turkey.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

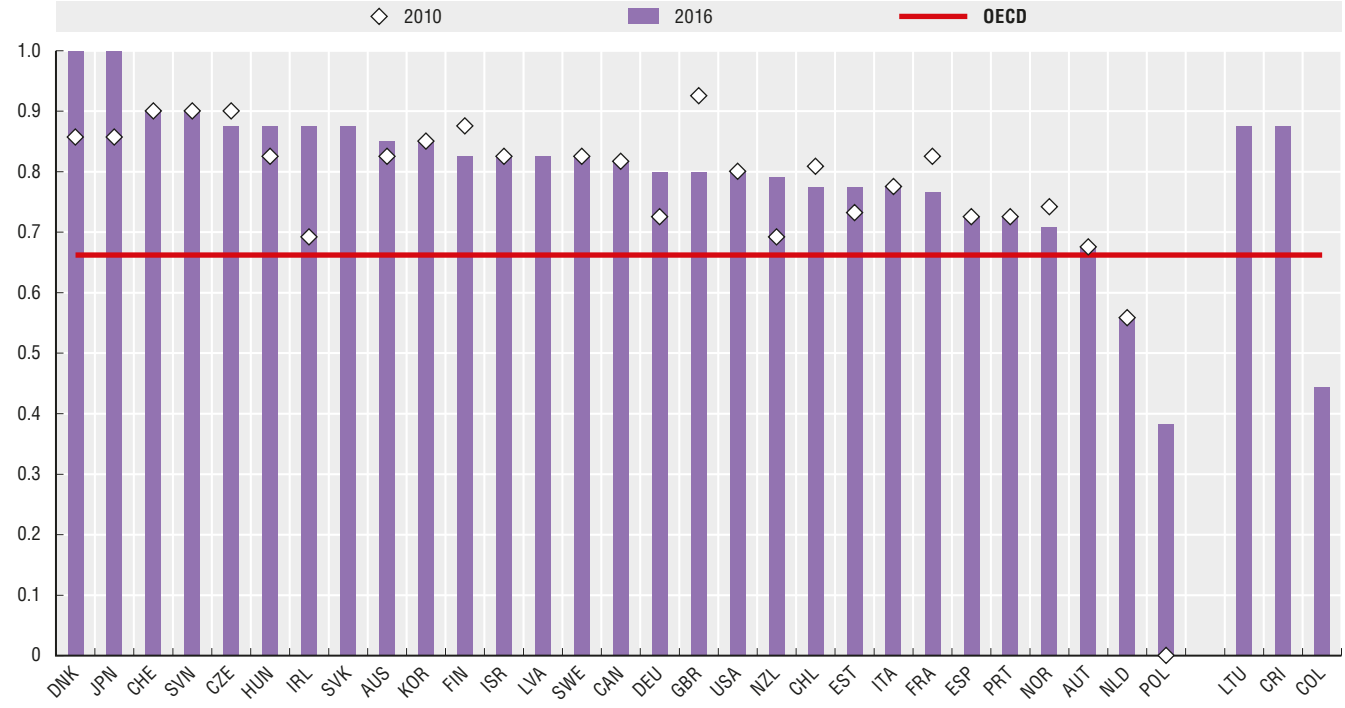
6.3. Extent of the use of performance assessments in HR decisions in central government, 2016



Source: OECD (2016), Strategic Human Resources Management Survey, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933532884

6.4. Extent of the use of performance-related pay in central government, 2016 and 2010



Source: OECD (2016, 2010), Strategic Human Resources Management Survey, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933532903

Use of separate human resources management practices for senior civil servants

Senior civil servants (SCS) are located at a critical junction between policy making and delivery. They must display leadership capabilities to execute challenging policy agendas quickly and draw from institutional expertise and the experience of the civil service to contribute to evidence-based decision making. SCS are expected to be politically responsive, have a deep understanding of the citizens they serve, and be effective managers capable of steering high-performing public sector organisations. Improving governmental performance, agility and efficiency therefore rests partly on the quality and capacity of the senior civil service.

In recognition of the central role played by top managers, all OECD countries except Sweden and the Slovak Republic identify a specific group of SCS managed under different human resources management (HRM) policies. The composite indicator shows the extent to which separate management rules and practices are applied to SCS. It examines whether SCS are considered as a separate group of public servants, whether policies exist for identifying leaders and potential talent early in careers, and if SCS have separate performance assessment practices. Among OECD countries, France, Canada and the United Kingdom have the highest degree of institutionalisation of the management of their SCS.

In most OECD countries, greater emphasis is placed on capacity building and incentivising improved performance of the SCS than of other employees. A total of 19 OECD countries have a specific performance management system for SCS, while in 9 others, SCS are subject to the same performance regime as other civil servants. The most common features of performance management systems for SCS are performance-related pay (18 countries), dismissal as a result of poor performance (15 countries), fixed-term contracts (15 countries), and performance agreements with the minister (14 countries) or the administrative head of the civil service (10 countries). Nine OECD countries report using 360 degree appraisal at senior management levels.

Developing and selecting highly skilled senior leaders is one of the highest priority areas of human resource reform in OECD countries today. There is a defined skills profile applying specifically to the SCS in 24 OECD countries, and SCS tend to be recruited through a more centralised process than other civil servants (22 countries). Many countries have recently reviewed their SCS skills profile in light of changing expectations for effective public sector leadership. For example, the Netherlands' new leadership vision emphasises reflection, co-operation and integrity. Despite this emphasis on leadership development, only 13 OECD countries report having policies in place to identify potential senior managers early on in their careers, and only 8 countries report programmes to recruit graduates from universities and develop them for senior management positions (e.g. fast stream programmes). Offering opportunities for career development and leadership to qualified candidates early in their careers could not only help attract talent to the civil service, but also allow for early mentoring and capacity building.

Methodology and definitions

Data refer to 2016 and were collected through the 2016 OECD Survey on Strategic Human Resources Management. Respondents were predominantly senior officials in central government HRM departments, and data refer to HRM practices in central government. The survey was completed by all OECD countries, as well as the OECD accession countries Colombia, Costa Rica and Lithuania. Definitions of the civil service as well as the organisations governed at the central level of government differ across countries and should be considered when making comparisons. The terms public and civil service/servants are used interchangeably throughout this chapter.

The index on senior civil service is composed of the following variables: the existence of a separate group of SCS; the existence of policies for early identification of potential SCS; the use of centrally defined skills profiles for SCS; and the use of separate recruitment, performance management and performance-pay practices for SCS. The index ranges between 0 (HRM practices not differentiated for SCS) and 1 (HRM practices very differentiated for SCS). Missing data for countries were estimated by mean replacement. The index is not an indicator of how well SCS are managed or how they perform.

See the Annex online for further country-specific information and details on the methodology and factors used in constructing the index. The variables composing the index and their relative importance are based on expert judgements. They are presented with the purpose of furthering discussion, and consequently may evolve over time. Comparisons between the indices presented in *Government at a Glance* 2011 and 2017 should be made with caution, as weightings and the number of country responses vary between the two.

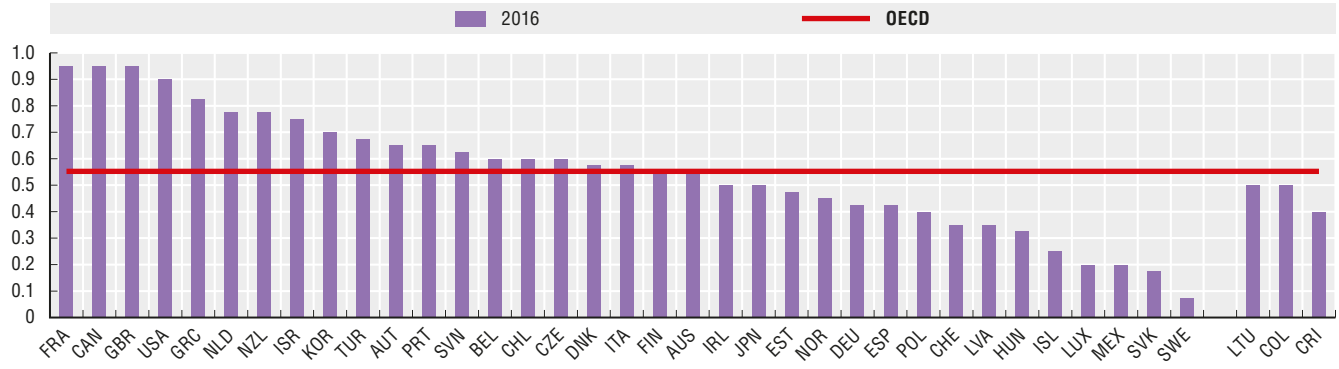
Further reading

OECD (2016), Engaging Public Employees for a High-Performing Civil Service, OECD Publishing, Paris.

Figure notes

Information on data for Israel: http://dx.doi.org/10.1787/888932315602.

6.5. Extent of the use of separate human resources management practices for senior civil servants in central government, 2016



Source: OECD (2016), Strategic Human Resources Management Survey, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933532922

6.6. Central government human resources management practices for SCS, 2016

	Existence of a separate group of SCS	SCS are encouraged to have more career mobility	SCS are recruited with a more centralised process	The appointment term of SCS is shorter than for regular staff	Existence of a performance-management regime for SCS	Selected features of the performance-management regime for SCS	
						Performance agreement at D1	Dismissal as a result of poor performance
Australia	●	●	●	❍	●	◆❑	●
Austria	●	❍	❍	●	❖	❍	●
Belgium	●	❍	●	●	●	◆	●
Canada	●	●	●	❍	●	❑	❍
Chile	●	❍	●	❍	●	◆❑	●
Czech Republic	●	❍	●	●	❍	x	x
Denmark	●	❍	●	●	●	❑	❍
Estonia	●	❍	●	●	●	❍	❍
Finland	●	●	●	❍	●	❍	●
France	●	●	●	●	●	◆	❍
Germany	●	●	●	❍	❍	x	x
Greece	●	❍	●	●	❖	❍	●
Hungary	●	●	❍	❍	❍	x	x
Iceland	●	❍	❍	●	❍	x	x
Ireland	●	●	●	●	●	◆	❍
Israel	●	●	❍	●	●	❍	●
Italy	●	❍	❍	❍	●	◆	●
Japan	●	❍	❍	❍	❖	x	x
Korea	●	●	❍	●	●	❑	●
Latvia	●	●	●	❍	●	◆	
Luxembourg	●	❍	❍	❍	❍	x	x
Mexico	●	❍	❍	❍	❖	❍	●
Netherlands	●	●	●	●	❖	◆❑	❍
New Zealand	●	●	❍	●	●	❑	❍
Norway	●	❍	●	❍	●	◆❑	❍
Poland	●	❍	❍	❍	❍	x	x
Portugal	●	❍	●	●	●	◆	●
Slovak Republic	❍	❍	❍	●	❍	x	x
Slovenia	●	❍	●	●	❖	x	❍
Spain	●	❍	❍	❍	❖	◆	●
Sweden	❍	❍	●	●	●	◆	❍
Switzerland	●	❍	●	❍	❖	◆	●
Turkey	●	●	●	●	❖	◆	❍
United Kingdom	●	●	●	❍	●	❑	●
United States	●	❍	●	❍	●	❑	●
Total OECD	**33**	**14**	**22**	**18**	**19**		**15**
Yes = ●							
No = ❍							
No, it is the same for all civil servants = ❖					9		
Performance agreement with the Minister (at D1) ◆						14	
Performance agreement with the Administrative head of the civil service (at D1) ❑						10	
Not applicable = x							
Costa Rica	●	❍	❍	❍	❖	❍	●
Colombia	●	❍	●	●	●	◆	❍
Lithuania	●	●	❍	❍	●	◆	●

Source: OECD (2016), Strategic Human Resources Management Survey, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933535012

Political influence in senior staffing

A professional and politically impartial civil service ensures a high level of competence, integrity and continuity in developing policy advice and implementation that serves the public interest. Exerting political influence in senior staffing decisions can stem from a government's desire to ensure responsiveness from the civil service by staffing the management with people who share their political views. However, without appropriate levels of transparency and accountability (e.g. open confirmation and vetting by elected officials), high levels of political influence can also result in the spread of patronage and favouritism that may undermine the professionalisation of the civil service. Political influence can also result in higher levels of turnover at senior management levels, which contributes to a lack of management stability and continuity required to oversee long-term improvement and reforms. Furthermore, political influence in civil service staffing decisions may result in a preference for political agents rather than public managers with the skills and competencies necessary to be effective leaders. This can ultimately result in a loss of trust in public institutions if citizens perceive public managers to be appointed based on political affiliation rather than leadership and policy competence.

The level of politically influenced turnover in OECD countries is one indication of the extent to which politics and/or political affiliation play a role in staffing the civil service. Among the four levels of senior civil servants (with level D1 representing the most senior staff and D4 representing the least senior), the lower levels (levels D3 and D4) tend to experience little if any turnover with a change of government. On the other hand, politically motivated turnover is relatively higher in the upper levels (levels D1 and D2). The group with the highest turnover is advisors to ministries' leadership, who are often appointed by the minister.

In Chile, Spain and Turkey all positions change systematically in the two top echelons of senior civil servants after the election of a new government. The government of Chile has recognised the challenges associated with this high level of turnover and is taking steps to address the issue by strengthening the National Civil Service Directorate and the Senior Executive Service. All public service positions change in the top echelon (D1) with a new government in Hungary and the Slovak Republic.

In 17 OECD countries (Austria, Belgium, Canada, Denmark, Estonia, Finland, Iceland, Ireland, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Sweden, the United Kingdom and the United States), there is no or very few turnover in any of the four levels of senior civil servants when there is a change in government. These tend to be countries with parliamentary systems, or with long traditions of stability and professionalisation at the top levels.

Methodology and definitions

Data refer to 2016 and were collected through the 2016 OECD Survey on Strategic Human Resources Management. Respondents were predominantly senior officials in central government HRM departments, and data refer to HRM practices in central government. The survey was completed by all OECD countries, as well as the OECD accession countries Colombia, Costa Rica and Lithuania. Definitions of the civil service, as well as the organisations governed at the central level of government, differ across countries and should be considered when making comparisons. The terms public and civil service/servants are used interchangeably throughout this chapter.

The classifications used to define the four levels of senior civil servants (D1 to D4) for which data is presented here are adapted from the International Standard Classification of Occupations (ISCO-08) developed by the International Labour Organization (ILO). For detailed definitions of each of the levels, please see the Annex online. Advisors to the ministry's leadership refer to political advisors who provide ideas or plans that are used by a government as a basis for making decisions.

Further reading

OECD (2016), Engaging Public Employees for a High-Performing Civil Service, OECD Publishing, Paris.

Figure notes

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

6.7. Staff turnover with a change of government, 2016

	Advisors to the ministry's leadership	Senior management		Middle management	
		D1	D2	D3	D4
Australia	■	⊙	❍	❍	❍
Austria	■	❍	❍	❍	❍
Belgium	●	❍	❍	❍	❍
Canada	❍	❍	❍	❍	❍
Chile	●	●	●	■	■
Czech Republic	●	⊙	❍	⊙	⊙
Denmark	●	❍	❍	❍	❍
Estonia	■	❍	❍	❍	❍
Finland	●	❍	❍	❍	❍
France	●	⊙	❍	❍	❍
Germany	❍	⊙	❍	❍	❍
Greece	●	⊙	⊙	⊙	⊙
Hungary	●	●	■	⊙	⊙
Iceland	●	❍	❍	❍	❍
Ireland	●	❍	❍	❍	❍
Israel	■	■	⊙	❍	❍
Italy	●	■	❍	❍	❍
Japan	❍	❍	❍	❍	❍
Korea	●	■	⊙	❍	❍
Latvia	●	⊙	⊙	❍	❍
Luxembourg	❍	❍	❍	❍	❍
Mexico	⊙	⊙	⊙	⊙	⊙
Netherlands	❍	❍	❍	❍	❍
New Zealand	❍	❍	❍	❍	❍
Norway	❍	❍	❍	❍	❍
Poland	●	■	⊙	⊙	❍
Portugal	●	❍	❍	❍	❍
Slovak Republic	●	●	■	⊙	⊙
Slovenia	■	⊙	❍	❍	❍
Spain	●	●	●	⊙	❍
Sweden	●	❍	❍	❍	❍
Switzerland	⊙	⊙	❍	❍	❍
Turkey	●	●	●	■	⊙
United Kingdom	●	❍	❍	❍	❍
United States	●	❍	❍	❍	❍
Total OECD					
All (95-100%) ●	21	6	3	0	0
Many (50-94%) ■	5	3	2	2	1
Some (5-49%) ⊙	2	9	6	8	6
None (0-5%) ❍	7	17	24	25	28
Colombia	●	●	■	⊙	⊙
Costa Rica	●	■	❍	❍	❍
Lithuania	●	⊙	❍	❍	⊙

Source: OECD (2016), Strategic Human Resources Management Survey, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933535031

Data-informed human resources management

The digital transformation is touching all aspects of the public sector and human resources management (HRM) is no exception. Data helps decision makers understand their current context, identify trends, plan for the future and manage risks. Data on the civil service workforce can help to provide insights on the composition of the workforce, and on the civil service's ability to recruit, retain and manage the performance of civil servants. It is a fundamental input into effective strategic human resource (HR) planning and management, and, when collected and held centrally, can be a powerful tool for benchmarking organisations and informing reform. Furthermore, workforce data can be a potent mechanism to ensure transparency and accountability with regards to the diversity of the workforce and effective HRM practices.

Almost all countries centralise data on the number of employees, gender and age, while 18 OECD countries do so for data on disability status. Only nine OECD countries collect data on other minorities. A total of 21 OECD countries collect data on educational attainment of their central workforce in a standardised way. Korea, Slovenia and Switzerland appear to have a high level of standardised HRM data held in a central database. In countries like the Slovak Republic and Poland, many administrative data is not collected nor centralised, and therefore not available for comparative purposes. Some countries collect and store HRM data in a decentralised way. Germany, for example, collects data on a variety of employee characteristics, but holds no data centrally.

Collecting data is only the first step towards data-informed HRM. Data needs to be analysed and communicated to managers and decision makers in a way that provides insight and supports accountability. Most OECD countries package HR data for regular reporting to the public, the political level (e.g. parliament) and senior civil servants. In 25 OECD countries, the data is systematically incorporated into HR planning and usually communicated to managers in dashboard formats. Conversely, fewer than half of OECD countries use this data to inform training plans (12 countries) or assess management performance (15 countries). In the majority of OECD countries (28 countries), administrative data on the workforce is proactively shared online through, for example, the country's open data portal.

Developing data systems that can link data together to track employees' career development and inform better HRM is still a challenge for many OECD countries. For example, tracking retention rates of civil servants at different ages or by different demographic indicators can provide useful information to assess the inclusive nature of the civil service, however, few countries appear to be able to provide data on these kinds of indicators. Tracking inclusion may also require building datasets that can better account for minority groups in the civil service. While many of the Anglo-Saxon countries have developed relatively extensive categories, European countries tend to focus primarily on gender.

Methodology and definitions

Data refer to 2016 and were collected through the 2016 OECD Survey on Strategic Human Resources Management (SHRM). Respondents were predominantly senior officials in central government HRM departments and data refer to HRM practices in central government. The survey was completed by all OECD countries, as well as the OECD accession countries Colombia, Costa Rica and Lithuania. Definitions of the civil service as well as the organisations governed at the central level of government differ across countries and should be considered when making comparisons. The terms public and civil service/servants are used interchangeably throughout this chapter.

The index on the collection and availability of administrative HR data measures the existence of the following administrative data records at the central/federal level: number of employees, level, function, age, gender, disabilities, other minority status, level of education, length of service, languages spoken, type of contract, union membership, part-time work, other flexible working arrangements, total sick days used, training days used, special leave used, mobility within the civil service, staff turnover, retirements, resignations and dismissals. The index ranges from 0 (low level of data collection at central level) to 1 (high level of data collection at central level). Missing data for countries were estimated by mean replacement.

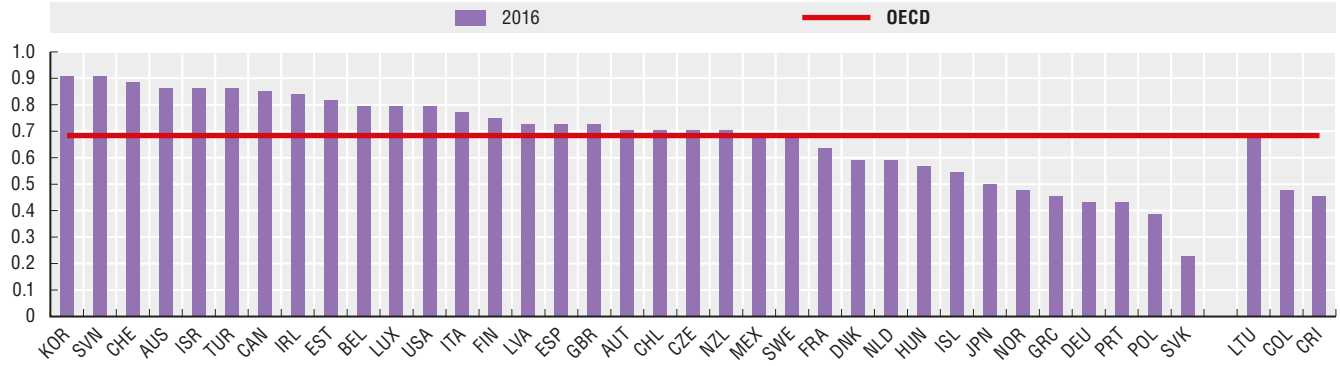
See the Annex online for further country-specific information as well as details on the methodology and factors used in constructing the index. The variables composing the index and their relative importance are based on expert judgements. They are presented with the purpose of furthering discussion, and consequently may evolve over time.

Figure notes

See the Annex online for further country-specific information as well as details on the methodology and factors used in constructing the index.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

6.8. Collection and availability of administrative human resources (HR) data in central government, 2016



Source: OECD (2016), Strategic Human Resources Management Survey, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933532941

6.9. Use of administrative human resources (HR) data in central government, 2016

	In regular reports	Dashboards for management decision making	Integrated in workforce planning system / cycle	To inform organisational training plans	Performance assessments (e.g. of managers)	Collective bargaining	Public availability of data
Australia	■◆❑	●	●	●	●	●	⊙
Austria	■◆❑	●	●	●	❍	●	⊙
Belgium	◆❑	❍	●	❍	❍	❍	⊙
Canada	■◆❑	●	●	❍	●	●	⊙
Chile	❑	❍	❍	❍	❍	❍	⊙
Czech Republic	◆❑	●	●	❍	❍	●	⊙
Denmark	■	●	❍	●	❍	❍	⊙
Estonia	■◆❑	●	●	❍	❍	❍	⊙
Finland	❍	❍	❍	❍	❍	❍	❍
France	◆❑	❍	●	❍	●	●	❖
Germany	■	●	❍	❍	❍	❍	⊙
Greece	❍	❍	❍	❍	❍	❍	⊙
Hungary	❍	❍	●	●	❍	❍	❍
Iceland	■◆❑	●	❍	❍	❍	●	❖
Ireland	■❑	●	●	●	●	●	⊙
Israel	■◆❑	❍	●	❍	❍	●	⊙
Italy	■◆❑	❍	●	❍	●	❍	⊙
Japan	❑	●	❍	❍	❍	❍	⊙
Korea	■◆❑	●	●	●	●	❍	⊙
Latvia	■◆❑	●	●	❍	❍	●	⊙
Luxembourg	◆❑	❍	❍	❍	❍	●	⊙
Mexico	■◆❑	❍	●	●	●	❍	❖
Netherlands	■◆❑	●	●	❍	●	●	⊙
New Zealand	■◆❑	●	●	●	●	●	⊙
Norway	❍	❍	❍	❍	❍	●	❍
Poland	■◆❑	●	❍	❍	❍	❍	⊙
Portugal	■◆❑	●	●	●	●	❍	⊙
Slovak Republic	◆	❍	●	●	❍	●	❖
Slovenia	■◆❑	❍	●	❍	●	●	⊙
Spain	■◆❑	●	●	●	❍	●	⊙
Sweden	■◆❑	●	●	❍	●	●	⊙
Switzerland	◆❑	●	●	❍	❍	●	⊙
Turkey	■◆❑	●	●	●	●	●	⊙
United Kingdom	■◆❑	●	●	❍	●	❍	⊙
United States	■◆❑	●	●	❍	●	❍	⊙
Total OECD							
Yes = ●		22	25	12	15	19	
No = ❍							
Reports to the SCS ■	23						
Reports to the political level ◆	26						
Reports to the public ❑	28						
Data is proactively shared online ⊙							28
Data is shared only on request ❖							4
Colombia	■❑	❍	●	●	❍	●	❍
Costa Rica	◆	❍	❍	❍	❍	❍	❖
Lithuania	■◆❑	●	●	●	●	❍	❍

Source: OECD (2016), Strategic Human Resources Management Survey, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933535050

Employee surveys

Employee surveys allow public organisations to measure and monitor employee perceptions of their work and work environment, which can provide useful input to performance-related indicators such as employees' engagement to their work and their employers, their well-being at work, and their perceptions of management and leadership. Employee surveys can also measure and assess important indicators related to diversity and inclusion, such as employees' perceptions of harassment and discrimination in the workplace. When common surveys are run across many government entities, results can be used to benchmark performance, identify areas of high and low engagement, and undertake informed and appropriate management responses and civil service reforms. When surveys are run at regular intervals, they can be used to track changes over time, including the impacts of reform measures.

The use of employee surveys in OECD countries is widespread. Only five OECD countries do not use the tool. Among the rest, the scope of surveys is diverse. Some 19 countries conduct centralised surveys across the full central public administration, 19 also report different surveys conducted at individual ministries/agencies. Most OECD countries conduct employee surveys at regular intervals, with 14 countries conducting annual surveys, while 7 OECD countries conduct surveys every two years, and 10 OECD countries undertake surveys more seldom. Additionally, employee surveys are a current area of reform activity in 10 OECD countries (including a number of countries that indicate not yet using the instrument) and an area of significant reform discussion in an additional 16 countries.

Another area of variation is the content of employee surveys. A majority of OECD countries use their employee surveys to measure employee engagement, motivation, satisfaction and commitment. Indicators of employee well-being (e.g. work/life balance, stress and work intensity) and employees' perceptions of management and leadership also figure prominently. Fewer countries use their employee surveys to assess integrity issues such as corruption or conflict of interest. Skills match, which can be an indicator of workforce productivity, is less often assessed. This could be a useful indicator to develop as OECD research suggests that the ability of organisations to put skills to use is an important driver of productivity in the private and public sector. Data from the United States suggests that employees in the federal bureaucracy report significantly higher underuse of their skills than private sector benchmarks.

Employee surveys can also be powerful tools to assess and address issues related to diversity and inclusion. Only 10 OECD countries use their surveys to directly assess workplace inclusion, while 12 ask about experience of harassment and 15 of discrimination. Segmenting results of the surveys by demographic indicators and looking at variations in responses between, for example, men and women, different age groups, or members of minority groups can also provide valuable insights. For example, the US engagement index is analysed across five demographic categories and for specific "mission critical occupations" that are particularly difficult to attract and retain. In this way, the employee survey helps to develop better employer branding strategies to attract the right workforce, and more targeted HRM strategies to retain employees.

Methodology and definitions

Data refer to 2016 and were collected through the 2016 OECD Survey on Strategic Human Resources Management (SHRM). Respondents were predominantly senior officials in central government HRM departments, and data refer to HRM practices in central government. The survey was completed by all OECD countries, as well as the OECD accession countries Colombia, Costa Rica and Lithuania. Definitions of the civil service as well as the organisations governed at the central level of government differ across countries and should be considered when making comparisons. The terms public and civil service/servants are used interchangeably throughout this chapter.

Further reading

OECD (2016), *Engaging Public Employees for a High-Performing Civil Service*, OECD Publishing, Paris.

Figure notes

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

6.10. Scope and content of employee surveys, 2016

	Surveys in central public administration	Regularity of surveys	Aspects assessed in employee surveys					
			Employee engagement	Skills match (between job and employee)	Inclusion (of, for example, minorities)	Integrity at the workplace	Effectiveness of management	Work / life balance
Australia	■ ❑	▲ △	●	●	●	●	●	●
Austria	■	❖	●	❍	❍	❍	●	●
Belgium	❑	▲ ⊙	●	●	❍	❍	❍	●
Canada	■ ❑	▲ ❖	●	●	●	●	●	●
Chile	■ ◆ ❑	▲ △ ❖	❍	●	❍	❍	●	●
Czech Republic	■ ❑	△	●	❍	❍	❍	❍	●
Denmark	❑	△	●	●	❍	❍	❍	●
Estonia	■ ❑	▲ △ ⊙ ❖	●	❍	●	●	❍	❍
Finland	■ ❑	△	●	❍	❍	●	●	●
France	■ ◆ ❑	❖	❍	❍	❍	❍	●	❍
Germany	❑	▲	❍	❍	❍	●	●	●
Greece	❍	x	x	x	x	x	x	x
Hungary	❍	x	x	x	x	x	x	x
Iceland	■ ❑	▲ △	●	●	●	●	●	●
Ireland	■	⊙	●	●	❍	❍	●	●
Israel	■	△	●	●	●	●	●	●
Italy	❑	❖	❍	❍	❍	❍	●	●
Japan	❍	x	x	x	x	x	x	x
Korea	■	❖	●	❍	❍	❍	❍	●
Latvia	■	⊙	❍	❍	❍	●	●	●
Luxembourg	❍	x	x	x	x	x	x	x
Mexico	■ ◆	△	●	●	❍	●	❍	●
Netherlands	◆ ❑	⊙ ❖	●	❍	❍	●	●	●
New Zealand	❑	▲	●	●	●	❍	●	●
Norway	■	❖	●	●	●	●	●	●
Poland	❑	▲	❍	❍	❍	❍	❍	❍
Portugal	■	⊙	❍	❍	❍	❍	❍	❍
Slovak Republic	◆	▲	❍	❍	❍	❍	●	❍
Slovenia	❑	△	❍	❍	❍	●	●	❍
Spain	❍	x	x	x	x	x	x	x
Sweden	❑	⊙	●	●	●	●	●	●
Switzerland	■	△ ❖	●	❍	❍	❍	●	●
Turkey	◆ ❑	▲ △	●	❍	❍	●	●	●
United Kingdom	■	△	●	●	●	●	●	●
United States	■ ◆ ❑	△	●	●	●	●	●	●
Total OECD			**21**	**14**	**10**	**16**	**22**	**24**
Yes, centralised surveys across the whole CPA ■	19							
Yes, administrative sectors conduct their own surveys ◆	7							
Yes, each ministry / government conducts its own surveys	19							
No ❑	5							
Yes ❍								
x: not applicable		5	5	5	5	5	5	5
On an as-needed basis ▲		11						
Every year △		14						
Every two years ⊙		7						
More seldom than every two years ❖		10						
Lithuania	❍	x	x	x	x	x	x	x
Colombia	■ ❑	▲ △ ❖	●	❍	❍	●	❍	●
Costa Rica	❍	x	x	x	x	x	x	x

Source: OECD (2016), Strategic Human Resources Management Survey, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933535069

7. PUBLIC SECTOR INTEGRITY

Institutional arrangements for public sector integrity systems

Co-ordination mechanisms for implementing integrity policies

Monitoring and evaluating public integrity systems

Internal control and risk management

Institutional arrangements for public sector integrity systems

Given the many elements that make up coherent and comprehensive public sector integrity systems, adequate institutional arrangements should be in place to support system design, implementation, and ongoing monitoring and evaluation. As such, countries should clearly delineate institutional mandates as well as ensure organisations are equipped with the sufficient resources and capacities to effectively carry out their responsibilities.

Countries vary extensively in how they organise their public integrity systems, and in many cases responsibilities are shared between one or more institutions. A decentralised approach prevails, however, with individual line ministries within the executive branch being responsible for designing and leading the bulk of integrity policies: from integrity rules and codes of conduct to policies for the management of conflict of interest policies, the transparency of lobbying activities, and internal control and risk management.

The same applies, in the design of a country's national integrity or anti-corruption strategy, although in such instances centres of government in the executive branch in some cases take the lead (8 countries). Centres of government may adopt this role for various reasons, including to support a more comprehensive approach, to facilitate inter-institutional co-ordination and/or to ensure greater oversight. In Canada, for instance, the Treasury Board Secretariat performs this key function. In the United Kingdom, the Cabinet Office takes on this role and leads the Joint Anti-Corruption Unit, an inter-departmental group responsible for developing the next anti-corruption strategy.

In certain countries, autonomous bodies have more prominent roles. These bodies are considered at arm's length and their mandates may also expand beyond the executive branch. Mexico's National Anti-Corruption System (NACS), for example, is enshrined in the Constitution and led by the Co-ordination Committee which is presided by a representative from civil society. The NACS Co-ordination Committee designs the national anti-corruption action plan. In Latvia, the Corruption Prevention and Combating Bureau (KNAB) has been the leading specialised anti-corruption authority since 2002. Amongst other activities, the KNAB is responsible for development and co-ordination of the implementation of the national anti-corruption programme. Japan's National Public Service Ethics Board is in charge of the maintenance of ethics pertaining to the duties of national public employees.

Such institutions may also be responsible for receiving complaints from whistle-blowers, which benefit from this greater autonomy with a stronger guarantee that confidentiality and anonymity will be protected. However, some countries have established dedicated agencies such as Canada's Public Sector Integrity Commissioner.

For similar reasons, other types of autonomous bodies (such as electoral institutes and supreme audit institutions) are also commonly responsible for policies concerning political financing (15 countries) and control and audit (15 countries) where independence is prized in order to ensure effective oversight.

Methodology and definitions

Data were collected through the OECD 2016 Survey on Public Sector Integrity from 31 OECD countries and 6 non-OECD countries. Survey respondents were public officials responsible for integrity policies in their respective central/federal governments.

The term "public integrity system" is defined as a system including the laws, regulations, policies and practices, and also officials, bodies and units that specifically contribute to the integrity of the public sector.

"Central integrity body or unit" refers to the organisational segment (department, directorate, section, division, teams/task forces, commission, etc.) that is responsible for integrity policies across the central government.

The term "centre of government" (CoG) is defined as the administrative structure that serves the executive (president or prime minister, and the cabinet collectively). The centre of government has a great variety of names across countries, such as general secretariat, cabinet office, chancellery, office/ministry of the presidency, council of minister's office.

The term "autonomous bodies" is defined as bodies that have financial, administrative and operational independence as protected by legislation (usually in the constitution) and are charged with a concrete policy portfolio/agenda.

Further reading

OECD (2017), *Recommendation of the Council on Public Integrity*, OECD, Paris.

OECD (2017), "OECD Integrity Review of Peru", OECD Publishing, Paris.

OECD (2017), "OECD Integrity Review of Mexico", OECD Publishing, Paris.

Figure notes

Data on Argentina, Brazil and Peru were included on an ad-hoc basis.

7.1: The full range of policies in the U.S. integrity system are developed and implemented by separate agencies and entities with subject or branch specific jurisdictions.

7.1. Institutions responsible for design of integrity system policies

	Design of the national integrity and/or anti-corruption strategy	Design of integrity policies related to					
		Code of conduct / ethics for civil servants	Conflict of interest for civil servants	Whistle-blowing	Lobbying	Financing of political parties and campaigns	Internal audit and control in the executive branch
Australia	▲	●	●	●	●	●	●
Austria	▲♦	●▲	▲	●▲	▲	●	▲■
Belgium	●▲	▲	▲	▲■	▲	▲	▲■
Canada	●▲	●▲	●▲	●■	●■	■	●▲
Chile	▲■	▲	■	▲■	■	■	●▲
Czech Republic	▲	▲	▲	▲	▲	▲■	▲■
Estonia	▲	-	▲	▲	▲-	-	■
Finland	▲	▲♦	▲	▲	❑	▲■	▲
France	▲	▲■	▲■ -	▲	▲■	▲■	▲■♦
Germany	▲	▲	▲	▲	▲	▲	▲■
Greece	▲	▲	▲	▲	▲	▲	●▲■
Hungary	▲	■	●▲	■	▲	▲■	▲
Iceland	●▲	●	●■	●▲	●▲	▲■	▲
Ireland	❑	-	▲	▲	▲	▲	-
Italy	■	▲■	■	▲■	-	-	▲■ -
Japan	●■	●▲■	●■	■	❑	-	▲
Korea	▲■	▲	▲	▲	▲	■	■
Latvia	■	●	■	●	■	■	▲
Mexico	■	▲	▲	▲	■	■	▲■
Netherlands	▲	▲	▲	■	▲	▲	▲
New Zealand	●▲	●▲■	●▲■	●▲■	●■	●▲■	●▲■
Norway	❑	▲	▲	▲	▲	▲	▲
Poland	▲	●	❑	▲	●	■	▲
Portugal	■	■	■	■	❑	■	▲
Slovak Republic	▲	▲	●▲	▲	❑	▲	●▲■
Slovenia	●▲■	●▲■	●▲■	▲■	▲■	▲	▲
Spain	●▲	●▲	●▲	❑	●▲	●▲	●▲
Sweden	■	■	■	■	❑	-	-
Switzerland	▲■♦	▲	▲	▲■	●	●	▲■
United Kingdom	●♦	●	●	●	●	■	●■
United States	❑	▲	▲	▲	●▲-	▲■	●▲■
OECD Total							
● Centre of government	8	11	10	7	9	5	9
▲ Ministry or unit within a ministry	21	21	21	21	16	16	25
■ Autonomous body	10	8	10	12	7	15	15
♦ Inter-institutional committee	3	1	0	0	0	0	1
❑ N/A	3	0	1	1	5	0	0
- Other	0	2	1	0	3	4	3
Argentina	▲	▲	▲	▲	▲	▲	▲
Brazil	●	▲	▲	❑	❑	■	▲
Colombia	●▲■	■	▲	■	●	■	●▲■
Costa Rica	●	▲	▲■	▲■	❑	■	♦
Lithuania	●■♦	●	■	❑	■	■♦	▲-
Peru	♦	●	●	●■♦	♦	■♦	■

Source: OECD (2016), Survey on Public Sector Integrity, OECD, Paris

StatLink http://dx.doi.org/10.1787/888933535088

Co-ordination mechanisms for implementing integrity policies

Public integrity systems are composed of a multitude of actors responsible for various specific policy areas. Furthermore, these actors span both central and sub-national (i.e. regional and local) levels of government. Mechanisms for vertical and horizontal inter-institutional co-ordination are therefore crucial to ensure effective implementation throughout the whole of government, as well as to prevent duplication or fragmentation which can lead to waste of public resources and/or ineffective policies.

Many integrity systems are decentralised. In 71% of countries (22 countries), state or local governments are considered autonomous and able to determine their own integrity policies. This includes many (but not all) OECD federal and quasi-federal countries such as Belgium, Spain and Switzerland. Indeed, the notion of local integrity systems makes sense in many countries, given that integrity risks can vary considerably across territories and administrative jurisdictions, and one-size-fits all approaches would likely be ineffective. For instance, state and local governments may have comparatively greater competencies for the delivery of public services, resulting in higher interactions with citizens and firms, which can create opportunities for corruption. They may also have higher levels of at-risk expenditure such as social spending or public procurement contracts, which require additional measures of control. For instance, in 2015 in the OECD, 63% of public procurement spending occurred at sub-central level.

Even where state and local governments are autonomous in the design and implementation of integrity policies, they are often supported by the central level through co-ordination mechanisms. Indeed, only few countries (3 countries) do not have in place any co-ordination mechanism. The most common forms of support are guidance by a central government integrity body (9 countries), regular meetings in a specific integrity committee or commission (11 countries), and involvement of state and local governments in the design of the policies themselves (7 countries).

Other countries have adopted more formal approaches to co-ordination. In Estonia, Japan, Mexico and New Zealand, for instance, legal agreements or contracts between central and sub-national governments are utilised. Unlike other methods, such agreements may bind actors to comply with agreed-upon objectives and initiatives. Overall, however, few countries reported adopting many co-ordination tools simultaneously. This could be reflective of such commonly cited challenges as high fluctuation of staff, high administrative burdens associated with co-ordination, and a fear by subnational levels that co-ordination would encroach on their decision-making powers.

Co-ordination is similarly important across line ministries and departments to mainstream policies across policy sectors and ensure compliance. Normative requirements are therefore the most common tool (29 countries), followed by ongoing guidance by a central government body or unit (22 countries). Many countries (17 countries) also require that line ministries have their own integrity units in place. This greatly facilitates co-ordination since it identifies a concrete focal point that can be held accountable for results. In Austria, Canada and Germany for example, ethics officers and contact points in line ministries have established networks for exchanging good practices and seeking advice.

Methodology and definitions

Data were collected through the OECD 2016 Survey on Public Sector Integrity from 31 OECD countries and 6 non OECD countries. Survey respondents were public officials responsible for integrity policies in their respective central/federal governments.

Central government is often called federal or national government, depending on the country. For the purposes of this survey, the central government consists of the institutional units controlled and financed at the central level plus those non-profit institutions that are controlled and mainly financed by central government. For purposes of the survey, only the executive branch of central government was considered.

Sub-national governments refer to state (regional) or local (municipal) government administrations. For the purposes of the survey, only the executive branch was considered.

Further reading

OECD (2017), Recommendation of the Council on Public Integrity, OECD, Paris.

OECD (2017), "OECD Integrity Review of Peru", OECD Publishing, Paris.

OECD (2017), "OECD Integrity Review of Mexico", OECD Publishing, Paris.

Figure notes

Data on Argentina, Brazil and Peru were included on an ad-hoc basis.

7.2: In France, autonomous bodies, under national legislation, are in charge of integrity policies at both national and sub-national level. Within the legally defined framework, sub-national bodies are furthermore free to independently adopt their own implementation mechanisms.

7.3: In Belgium, the Netherlands, Norway and the U.S., central and sub-national bodies engage in informal co-ordination on many of the subject specific elements of an integrity system.

7.2. Autonomous sub-national integrity policies

Source: OECD (2016), Survey on Public Sector Integrity, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933532960

7.3. Co-ordination mechanisms for integrity policies

	Co-ordination between central and sub-national integrity bodies					Kinds of mechanisms used to mainstream integrity policies across line ministries			
	Regular meetings in specific integrity committee or commission	Guidance by a central government body (or unit)	Inter-institutional design of integrity policies	Legal agreements /memorandums of understanding between levels of government	No coordination	Normative requirements (i.e. policies and guidance)	Guidance by a central government body (or unit)	Line ministries have dedicated integrity officials or units	Head of central government body participates in meetings of the council of ministers
Australia	●					●		●	
Austria	●		●			●		●	
Belgium					●	●	●	●	
Canada						●	●	●	
Chile		●					●		●
Czech Republic						●		●	
Estonia	●			●		●			
Finland	●					●	●		●
France					●	●	●	●	
Germany		●				●	●	●	
Greece		●	●			●	●		
Hungary		●	●			●	●		
Iceland						●	●		
Ireland						●	●		
Italy	●	●	●			●	●	●	
Japan				●		●	●	●	
Korea		●	●			●	●	●	●
Latvia			●			●			
Mexico	●	●		●		●	●		●
Netherlands						●	●	●	
New Zealand	●	●		●		●	●	●	
Norway	●	●				●			
Poland					●	●	●		
Portugal						●			
Slovak Republic	●							●	
Slovenia			●			●	●	●	●
Spain	●					●	●	●	
Sweden	●					●	●		●
Switzerland						●			
United Kingdom						●	●	●	●
United States						●	●	●	
OECD Total	**11**	**9**	**7**	**4**	**3**	**29**	**22**	**17**	**7**
Argentina		●		●		●	●		●
Brazil	●	●		●		●		●	
Colombia		●				●	●		
Costa Rica		●				●			●
Lithuania		●				●	●	●	●
Peru	●					●	●	●	

Source: OECD (2016), Survey on Public Sector Integrity, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933535107

Monitoring and evaluating public integrity systems

As with any other public policy, performance measurement provides evidence for the design of more effective public integrity policies. It also supports implementation by helping policymakers to monitor compliance with integrity policies, detect potential bottlenecks and identify unaddressed integrity risks.

The majority of OECD and partner countries have in place approaches for monitoring and evaluating their public sector integrity policies, with the exception of Estonia, Latvia, Portugal and Switzerland. Evaluations may be conducted centrally by one entity, or individually by line ministries and other public sector organisations. The most common aspects under scrutiny by central governments in the executive branch include the existence and quality of codes of conduct and fraud risk mapping exercises and existence and compliance with conflict of interest policies and asset declaration policies.

Countries use a variety of means to collect performance information, including employee surveys (14 countries), interviews and focus groups (8 countries), public opinion polls (6 countries), and case studies (7 countries). Most commonly however, organisations' internal administrative data is used, with 18 countries reporting this as a source of information. Administrative data is often used because it is more readily available. Indeed, it is frequently internal to organisations. However, it usually only reflects inputs and outputs from integrity initiatives (i.e. budget and staff data, trainings or meetings held, participants attending, declarations received, etc.).

While such information is certainly valuable, it also has its limitations in terms of providing insights related to desired policy outcomes (i.e. the quality of results, internalisation of integrity values, etc.). A well-balanced analytical framework for monitoring and evaluating integrity systems should complement administrative data with additional sources from external entities (citizens, firms, etc.) as well as with perception data. Mexico's National Statistics Office (INEGI), for example, collects detailed perception data on citizens' experiences with corruption in a standard sample of public services delivered by federal, state and municipal authorities. The office also regularly collects opinion surveys on perceived levels of corruption for various public institutions. Korea's Anti-Corruption and Civil Rights Commission developed the anti-corruption initiative assessment (AIA) and the integrity assessment (IA) that combine quantitative administrative data and perception data collected from surveys to monitor and benchmark organisations in their implementation of anti-corruption policies. Hungary's supreme audit institution assesses public sector institutions through a periodic questionnaire that in turn provides inputs for developing corruption risk indices.

Methodology and definitions

Data were collected through the OECD 2016 Survey on Public Sector Integrity from 31 OECD countries and 6 non OECD countries. Survey respondents were public officials responsible for integrity policies in their respective central/federal governments.

The term "public integrity system" is defined as a system including the laws, regulations, policies and practices, and also officials, bodies and units that specifically contribute to the integrity of the public sector.

Further reading

OECD (2017), *Recommendation of the Council on Public Integrity*, OECD, Paris.

OECD (2009), "Integrity in Government: Towards Output and Outcome Measurement", OECD, Paris.

OECD (2009), "Measuring Government Activity", OECD Publishing, Paris.

Figure notes

Data on Argentina, Brazil and Peru were included on an ad-hoc basis.

7.4: In Canada, the existence of codes of conduct is often covered by evaluations, while evaluation of the quality of codes of conduct is unknown/varies widely. In Poland, the respective evaluation has to date been conducted once, in 2014. In Australia, Austria, Canada, Hungary, New Zealand, Norway, Slovak Republic, Sweden, the United Kingdom and the United States, elements of the integrity system are monitored and evaluated by individual entities or agencies with subject matter expertise. Scope and methods may vary.

7.4. Evaluations of public sector integrity systems: Scope and methods

	Elements covered by evaluations						Methods used for evaluations				
	Existence and compliance with conflict of interest policies	Existence and quality of codes of conduct	Existence and compliance with asset declaration policies	Existence and quality of integrity/ corruption/fraud risk mapping exercises	Existence and strength of internal controls to mitigate corruption/fraud risks	Extent of awareness of integrity policies by public officials	Organisational administrative data	Employee survey polls	Interviews/ focus groups	Public opinion polls	Case studies
Australia	●	●	○	●	●	●	●	●	○	○	○
Austria	-	-	-	-	-	-	○	●	○	○	●
Belgium	♦	●	▲	♦	▲	▲	○	●	●	○	○
Canada	▲	-	▲	♦	▲	♦	●	●	○	○	○
Chile	●	♦	●	●	●	●	●	●	●	○	○
Czech Republic	●	●	N/A	●	○	●	●	○	○	○	○
Estonia	No central evaluation of public integrity system										
Finland	-	-	-	-	-	-	○	○	○	○	○
France	●	●	●	♦	♦	♦	●	○	○	○	○
Germany	○	○	N/A	●	●	○	●	○	○	○	○
Greece	▲	♦	●	♦	●	●	●	○	○	○	○
Hungary	○	○	○	●	○	○	●	○	●	○	○
Iceland	○	○	○	○	○	●	○	●	○	○	○
Ireland	○	○	○	○	○	○	○	○	○	○	○
Italy	●	●	●	♦	●	-	●	○	○	○	●
Japan	▲	●	●	N/A	♦	●	●	○	●	○	○
Korea	●	●	○	●	●	●	●	●	○	●	●
Latvia	No central evaluation of public integrity system										
Mexico	●	●	●	-	-	▲	●	●	○	○	○
Netherlands	●	●	●	●	●	●	●	●	●	○	○
New Zealand	▲	▲	▲	▲	▲	▲	○	●	○	●	○
Norway	-	-	-	-	-	-	●	●	●	●	●
Poland	-	●*	-	-	-	●*	●	○	○	○	○
Portugal	No central evaluation of public integrity system										
Slovak Republic	-	-	-	-	-	-	○	○	○	○	○
Slovenia	●	●	●	●	●	●	○	○	○	●	●
Spain	●	●	●	●	▲	♦	●	○	○	●	○
Sweden	-	-	-	-	-	-	○	●	●	○	●
Switzerland	No central evaluation of public integrity system										
United Kingdom	●	▲	●	▲	♦	▲	●	●	○	○	○
United States	-	-	-	-	-	-	●	●	●	●	●
OECD Total											
● Always	11	12	10	9	8	10	● Yes	18	14	8	6	7
♦ Often	1	2	0	5	3	3	○ No	9	13	19	21	20
▲ Sometimes	4	2	3	2	4	4						
○ Never	4	4	5	2	4	3						
- Unknown/ varies widely	7	7	7	8	8	7						
Argentina	No central evaluation of public integrity system										
Brazil	No central evaluation of public integrity system										
Colombia	○	○	●	♦	♦	▲	●	●	○	○	○
Costa Rica	No central evaluation of public integrity system										
Lithuania	No central evaluation of public integrity system										
Peru	○	▲	♦	♦	♦	○	●	○	○	○	○

Source: OECD (2016), Survey on Public Sector Integrity, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933535126

Internal control and risk management

All organisations, including those in the public sector, are susceptible to external and internal integrity risks, such as fraud and corruption. In the absence of mechanisms to identify, analyse and respond to such risks, they can lead to negative consequences like economic losses, security breaches and reputational damage. In turn, these impacts can erode citizens' confidence in public services and trust in government.

In order to safeguard integrity in public sector organisations, effective internal control systems and risk management activities are critical, particularly in high-risk areas, such as financial management, information technology and public procurement. By taking a risk-based approach, public sector organisations can apply cost-effective controls that strengthen oversight, without overly burdening the organisation and hindering efficiency. At the same time, this can reduce the perception of an overly strict burden of control among staff and thereby strengthen their intrinsic commitment to integrity.

Ownership of the internal control system inside an entity resides first and foremost with managers, as they are the first line of defence (IIA, 2013). Specifically, managers are responsible for the design, implementation, monitoring and improvement of the internal control system and risk management function. This is recognised in laws and policies of many countries. Having laws that ensure managers' ownership over these activities can provide incentives for managers, and aid countries in achieving committed oversight and stronger accountability. The majority of countries reported that managers in the executive branch are held responsible by law for monitoring and implementing control (26 countries) and risk management (22 countries) activities. Moreover, about half of the surveyed countries (16 countries) have laws that hold managers responsible for integrity risk management policies in particular.

Countries also face implementation challenges to mainstream internal control functions and activities within management systems and daily operations. For instance, eleven surveyed OECD countries indicated a moderate or severe challenge for promoting internal control processes as a tool for fostering integrity and improving organisational performance, as opposed to a stand-alone and bureaucratic tick-box exercise. Nine countries noted weak support from political leadership and the senior administrative hierarchy as a moderate or serious challenge.

Having a central internal audit function, particularly one with an emphasis on including integrity in their strategic objectives, can strengthen the coherence and harmonisation of the government's response to integrity risks. Auditing of multiple entities at a central level can leverage available audit resources (e.g. concentration of fraud forensic or cyber security experts); enhance the government's ability to identify systemic, cross-cutting issues; and put measures in place to respond from a whole-of-government perspective. At the same time, a centralised internal audit function could be perceived as external control, and an outsider, with limited knowledge of individual entity's systems and operations. Fifteen OECD countries reported having a central internal audit function that has responsibilities for auditing more than one government ministry. Ten of these countries have central audit functions that have adopted dedicated integrity objectives in their mandates or strategies.

Methodology and definitions

Data were collected through the OECD 2016 Survey on Public Sector Integrity from 31 OECD countries and 6 non OECD countries. Survey respondents were public officials responsible for integrity policies in their respective central/federal governments.

The term "internal control" is defined as "the process designed, implemented, and maintained by those charged with governance, management, and other personnel to provide reasonable assurance about the achievement of an entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations". This definition follows the Committee of Sponsoring Organizations (COSO) of the Treadway Commission's integrated framework for internal control. See *www.coso.org/IC.htm* for further information.

Risk management is an integrated part of an entity's management system, effected by an entity's senior management, line managers, and other personnel, designed to identify, understand and assess potential risks and opportunities (and their interdependence) that may affect the entity and manage those risks and opportunities to be within its risk tolerance, so as to provide proper disclosure and reasonable assurance regarding the achievement of entity objectives.

Further reading

OECD (2017), *Recommendation of the Council on Public Integrity*, OECD, Paris.

OECD (2015), *Recommendation on Public Procurement*, OECD, Paris.

The Institute of Internal Auditors (2013), "Three Lines of Defense in Effective Risk Management and Control", IIA Position Paper, The Institute of Internal Auditors, Altamonte Springs, *www.theiia.org/goto/3Lines*.

Figure notes

Data on Argentina, Brazil and Peru were included on an ad-hoc basis.

7.6: Czech Republic and Chile have plans to develop a centralised audit function.

The Swedish National Audit Office, an external audit institution located under the Parliament, audits the whole public sector.

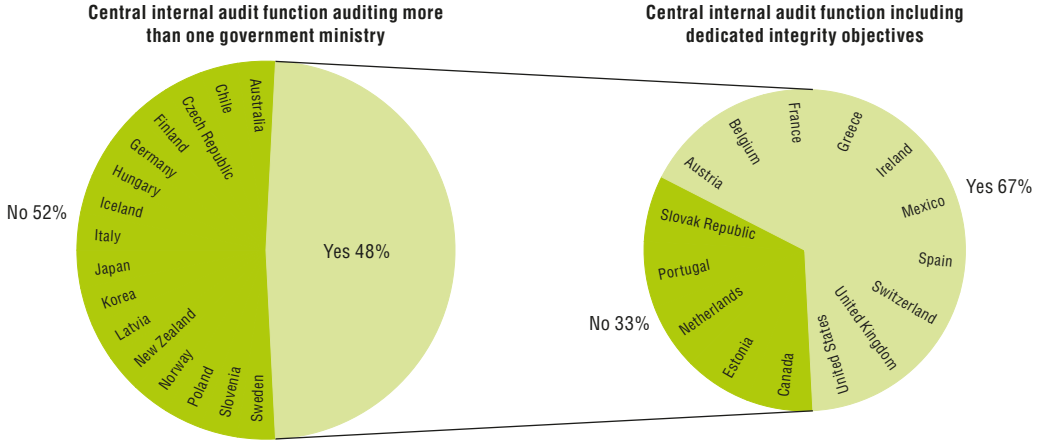
7.5. Laws require line managers in the executive branch to implement and monitor internal control and risk management policies

	Yes, for internal control policies	Yes, for risk management policies	Yes, specifically for integrity/ corruption risk management
Australia	●		●
Austria	●	●	●
Belgium	●	●	
Canada	●	●	●
Chile	●	●	●
Czech Republic	●	●	
Estonia	●	●	
Finland	●	●	
France	●	●	
Germany	●	●	●
Greece	●	●	
Hungary	●	●	●
Iceland			
Ireland			
Italy	●	●	●
Japan	●		
Korea	●	●	●
Latvia	●		
Mexico	●	●	●
Netherlands	●	●	●
New Zealand	●	●	●
Norway			
Poland	●	●	
Portugal	●		
Slovak Republic	●	●	●
Slovenia	●	●	●
Spain	●	●	●
Sweden			
Switzerland	●	●	●
United Kingdom			
United States	●	●	●
OECD Total	**26**	**22**	**16**
Argentina			
Brazil	●	●	
Colombia	●	●	●
Costa Rica	●	●	
Lithuania	●	●	●
Peru	●	●	

Source: OECD (2016), Survey on Public Sector Integrity, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933535145

7.6. Existence of centralised internal audit function with dedicated strategic integrity objectives



Source: OECD (2016), Survey on Public Sector Integrity, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933532979

8. REGULATORY GOVERNANCE

Stakeholder engagement for developing regulations

Stakeholder engagement is a crucial element of regulatory policy. It helps to ensure that regulations are in the public interest by involving those that are affected by regulations, including citizens, businesses, civil society and other community members. Stakeholder engagement improves the quality of rule making by collecting ideas, expertise and evidence from stakeholders about policy problems to be solved and possible solutions to address them. It also ensures that regulation is user-centred and responds to the needs of those governed. By consulting all affected parties, stakeholder engagement enhances the inclusiveness of policies and supports the development of a sense of ownership of regulations. This in turn strengthens trust in government, social cohesion and compliance with regulations.

The *OECD Indicators of Regulatory Policy and Governance (iREG)* provide the first comprehensive evidence base of progress made by OECD countries in improving the way they regulate based on the practices described in the *2012 OECD Recommendation of the Council on Regulatory Policy and Governance*. The more of these practices a country has adopted, the higher its indicator score. The composite indicator is composed of four equally weighted categories: *methodology* gathers information on methods and tools for stakeholder engagement; *oversight and quality control* records information on mechanisms to monitor and evaluate stakeholder engagement practices; *systematic adoption* records formal requirements, and how often they are conducted in practice; and *transparency* records information relating to the principles of open government. The maximum score for each category is 1, and the total score for the composite indicator ranges from 0 to 4. While Government at a Glance 2015 presented some of the underlying data for *iREG*, this edition includes three composite indicators constructed on the basis of survey data. The *iREG* composite indicator on stakeholder engagement presented here is also one of the central indicators used to measure the dimension "civic engagement" of the *OECD Better Life Index*.

Most OECD countries have adopted stakeholder engagement practices and developed a methodology for conducting stakeholder engagement. OECD countries use different forms of stakeholder engagement, ranging from public online consultation to formal consultation with social partners as well as informal consultation mechanisms. The highest scores are received by countries such as Canada, Estonia, Mexico, the Slovak republic, the United Kingdom and the United States that have invested in a transparent stakeholder engagement framework and oversight and quality control mechanisms. For example, countries with high scores make stakeholder engagement processes open to any member of the public and publish stakeholder comments as well as the government's responses to them. They have assigned some institutional responsibility for oversight of stakeholder engagement and publish information on the functioning of their stakeholder engagement system (such as the Mexican Federal Commission for Regulatory Improvement (COFEMER)). Countries that do not systematically conduct public consultations, that consult stakeholders only at a late stage in the regulatory development process or that do not have minimum periods for submitting comments tend to score low, including Ireland, Israel, Japan and Portugal. Indicator scores for stakeholder engagement in developing subordinate regulations are slightly lower than for developing primary laws in most OECD countries, which is due to the fact that processes are less strict for subordinate regulations.

Methodology and definitions

The Indicators of Regulatory Policy and Governance (iREG) draw upon responses provided by delegates to the OECD Regulatory Policy Committee and central government officials to the OECD Regulatory Indicators Survey for all OECD countries and the European Commission in 2014, and for Latvia in 2016. The data only cover primary laws and subordinate regulations initiated by the executive. In the majority of OECD countries, most primary laws are initiated by the executive, except for Mexico and Korea, where a higher share of primary laws are initiated by the legislature (respectively 90.6% and 84%). All questions on primary laws are not applicable to the United States as the executive does not initiate primary laws at all. More information on the *iREG* indicators can be found in an Annex online and at : *www.oecd.org/gov/regulatory-policy/indicators-regulatory-policy-and-governance.htm*.

Primary laws are regulations that must be approved by the legislature, while subordinate regulations can be approved by the head of government, by an individual minister or by the cabinet.

Further reading

OECD (forthcoming), *Best Practice Principles on Stakeholder Engagement in Regulatory Policy*, OECD Publishing, Paris.

OECD (2015), *OECD Regulatory Policy Outlook 2015*, OECD Publishing, Paris.

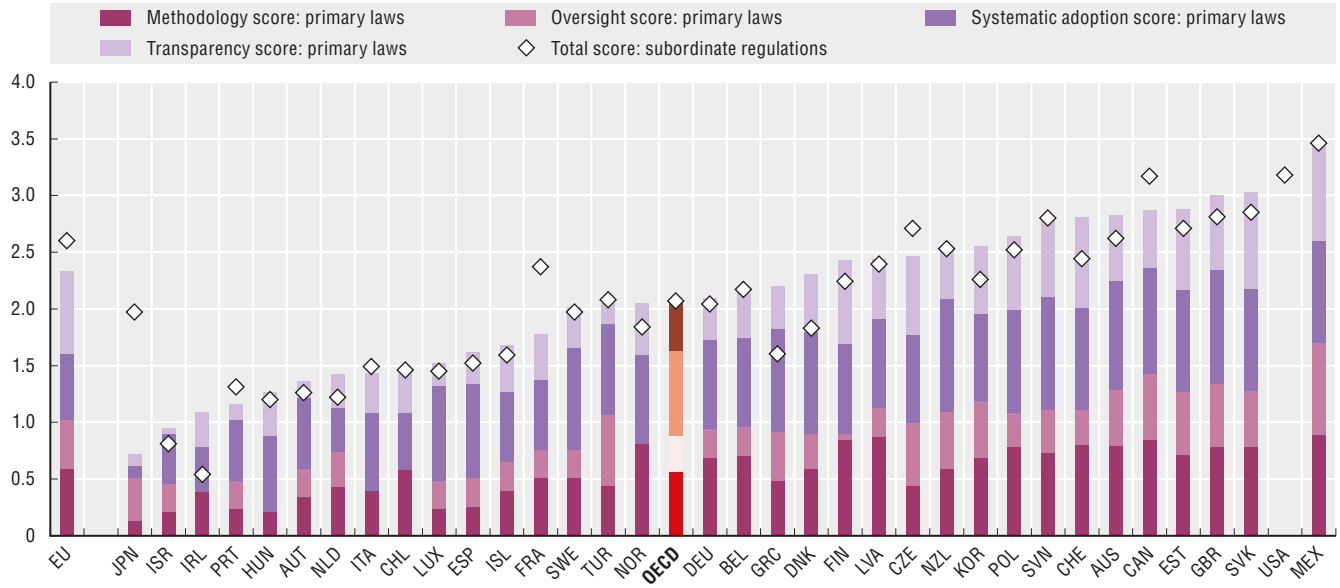
OECD (2012), *2012 OECD Recommendation of the Council on Regulatory Policy and Governance*, OECD Publishing, Paris.

Figure notes

8.1: Country scores are presented in order of total scores for primary laws, with the exception of the United States, for which the score for subordinate regulations is taken as a basis.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

8.1. Stakeholder engagement in developing regulations, 2014



Source: OECD (2015), Indicators of Regulatory Policy and Governance (iREG), OECD Publishing, Paris, *http://www.oecd.org/gov/regulatory-policy/indicators-regulatory-policy-and-governance.htm*.

StatLink http://dx.doi.org/10.1787/888933532998

8.2. Minimum periods, openness and response mechanisms for stakeholder engagement, 2014

	Formal requirement for a minimum period for consultations with the public on primary laws	Any member of the public can choose to participate in a consultation for:	Are regulators required to publish a response to consultation comments online?
Australia		▲	❍
Austria	✓	✦	❍
Belgium	✓	▲	△
Canada		■	❍
Chile		✦	❍
Czech Republic		✦	△
Denmark		■	❑
Estonia	✓	■	❑
Finland	✓	■	❍
France		✦	❍
Germany		✦	❍
Greece	✓	■	❍
Hungary	✓	■	❑
Iceland		✦	❍
Ireland		✦	❍
Israel		●	❍
Italy		✦	❍
Japan		●	❍
Korea	✓	■	❍
Latvia	✓	■	❍
Luxembourg	✓	✦	❍
Mexico	✓	■	❑
Netherlands		✦	❍
New Zealand		■	✧
Norway	✓	■	❍
Poland	✓	✦	✧
Portugal		✦	❍
Slovak Republic	✓	■	❑
Slovenia	✓	■	❍
Spain	✓	✦	❍
Sweden	✓	■	❍
Switzerland	✓	■	✧
Turkey	✓	●	❍
United Kingdom		■	❑
European Union	✓	✦	❑
OECD Total	18		
■ All primary laws		16	
▲ Major primary laws		2	
✦ Some primary laws		13	
● Never		3	
❑ For all public consultations on primary laws			6
△ For consultations regarding major primary laws			2
✧ For some public consultations on primary laws			3
❍ Never			23

Source: OECD (2015), Indicators of Regulatory Policy and Governance (iREG), OECD Publishing, Paris, *http://www.oecd.org/gov/regulatory-policy/indicators-regulatory-policy-and-governance.htm*.

StatLink http://dx.doi.org/10.1787/888933535164

Regulatory Impact Assessment

Regulatory Impact Assessment (RIA) is both a document and process for supporting decision makers on whether and how to regulate to achieve public policy goals. RIA helps to improve the design of regulations by assisting policy makers in identifying the best solution to address a policy problem. RIA examines the costs and benefits of regulation and non-regulatory alternatives of achieving policy goals, in order to identify the approach that is likely to deliver the greatest net benefit to society. RIA can assist in promoting policy coherence by pointing to the trade-offs inherent in regulatory proposals, and identifying who is likely to benefit from a regulation and who will bear the costs. RIA can also improve the use of evidence in policy making and help avoid regulatory failure arising from unnecessary regulation, or failing to regulate when regulation is needed. Finally, RIA documents the evidence and increases accountability of policy decisions.

The indicator presented here is part of the *iREG* indicators and a key OECD indicator to measure the adoption of evidence-based policy making processes. It is based on the practices described in the *2012 OECD Recommendation of the Council on Regulatory Policy and Governance*. The more of these practices a country has adopted, the higher is its indicator score. The composite indicator is composed of four equally weighted categories: *methodology* gathers information on different assessments included in RIA, *oversight and quality control* records mechanisms to monitor and ensure the quality of RIA, *systematic adoption* records formal requirements and how often RIA is conducted in practice, and *transparency* records how open RIA processes are. The maximum score for each category is 1, the total score for the composite indicator ranges from 0 to 4.

Virtually all OECD countries have introduced formal requirements and a methodology for conducting RIA. Countries with high scores for methodology, such as the Canada and the United Kingdom, have gone beyond the mere assessment of potential costs of regulation. They assess a wide range of impacts of regulatory proposals, make the depth of RIA proportionate to the significance of a regulation, and consider compliance and enforcement issues. Most countries with a high score on the indicator have invested in the transparency and oversight of their RIA system, e.g. the Czech Republic, Estonia, Germany, Mexico and the United Kingdom. This includes measures like the online publication of RIAs in a central registry, the establishment of an oversight body that can return inadequate impact assessments for revision or the publication of performance reports on the RIA system. The OECD average on the indicator for subordinate regulations is slightly lower than for primary laws. The gap is most pronounced for Denmark, Greece and Iceland, which score substantially higher for primary laws.

RIA is an integral part of regulatory governance and should be integrated with other regulatory management tools. Releasing RIA documents for public consultation provides transparency in the rule-making process and the opportunity to obtain data and information for analysis. However, only 18% of OECD countries have a requirement to conduct public consultations on RIAs for all or major new primary laws. RIA can also pave the way for *ex post* evaluations of regulations by establishing criteria against which a regulation will be assessed after implementation, including whether its underlying policy goals have been achieved. Linking RIA to *ex post* evaluation is still a work in progress: only about 40% of OECD countries identify a process for assessing progress in achieving a regulation's policy goals when developing new primary laws.

Methodology and definitions

The Indicators of Regulatory Policy and Governance (iREG) draw upon responses provided by delegates to the OECD Regulatory Policy Committee and central government officials to the 2014 OECD Regulatory Indicators Survey for all OECD countries and the European Commission. The data only cover primary laws and subordinate regulations initiated by the executive. In the majority of OECD countries, most primary laws are initiated by the executive, except for Mexico and Korea, where a higher share of primary laws is initiated by the legislature (respectively 90.6% and 84%). All questions on primary laws are not applicable to the United States as the US executive does not initiate primary laws at all. More information on the iREG indicators can be found in an Annex online and at *www.oecd.org/gov/regulatory-policy/indicators-regulatory-policy-and-governance.htm*.

Primary laws are regulations which must be approved by the legislature, while subordinate regulations can be approved by the head of government, by an individual minister or by the cabinet.

Further reading

Arndt, C. et al. (2016), "Building regulatory policy systems in OECD countries", *OECD Regulatory Policy Working Papers*, No. 5, OECD Publishing, Paris.

OECD (2015), *OECD Regulatory Policy Outlook 2015*, OECD Publishing, Paris.

OECD (2012), *2012 OECD Recommendation of the Council on Regulatory Policy and Governance*, OECD Publishing, Paris.

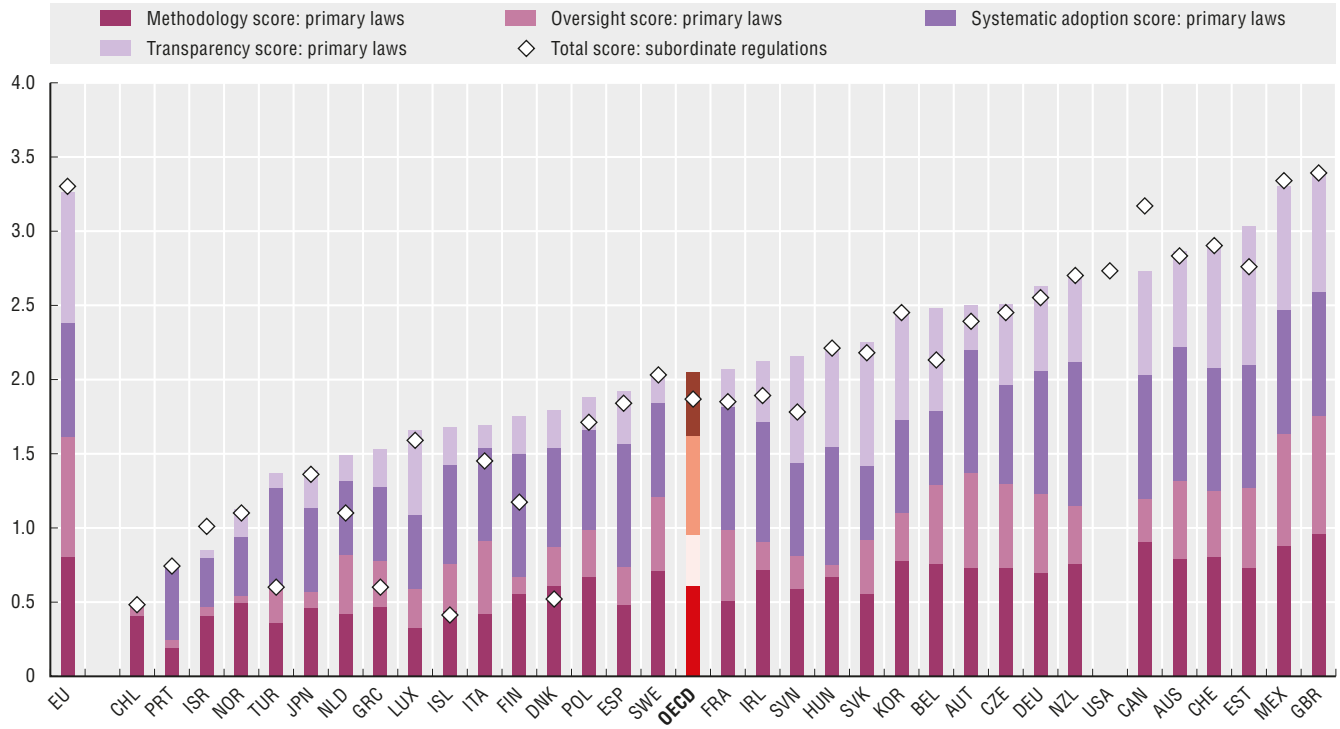
Figure notes

Data for Latvia are not available.

8.3: Country scores are presented in order of total scores for primary laws, with the exception of the United States, for which the score for subordinate regulations is taken as a basis.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

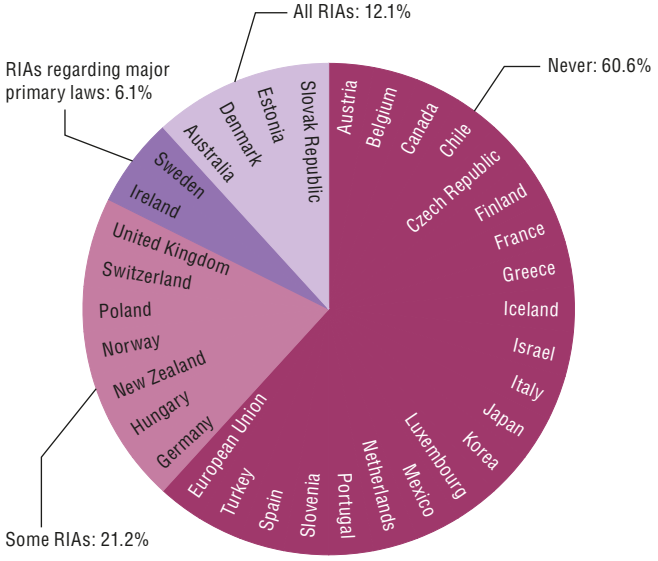
8.3. Regulatory Impact Assessment for developing regulations, 2014



Source: OECD (2015), Indicators of Regulatory Policy and Governance (iREG), OECD Publishing, Paris, *http://www.oecd.org/gov/regulatory-policy/indicators-regulatory-policy-and-governance.htm*.

StatLink http://dx.doi.org/10.1787/888933533017

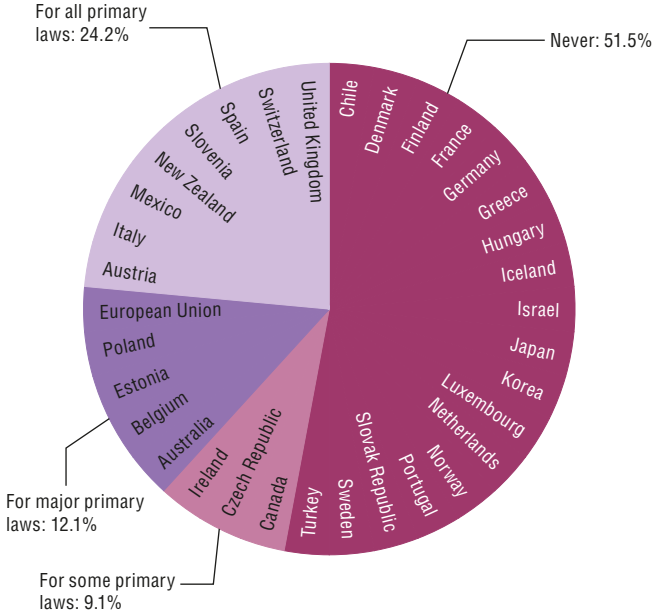
8.4. Are RIAs for primary laws required to be released for consultation with the general public? 2014



Source: OECD (2015), Indicators of Regulatory Policy and Governance (iREG), OECD Publishing, Paris, *http://www.oecd.org/gov/regulatory-policy/indicators-regulatory-policy-and-governance.htm*.

StatLink http://dx.doi.org/10.1787/888933533036

8.5. Are regulators required to identify a process for assessing progress in achieving a primary law's goals when developing primary laws? 2014



Source: OECD (2015), Indicators of Regulatory Policy and Governance (iREG), OECD Publishing, Paris, *http://www.oecd.org/gov/regulatory-policy/indicators-regulatory-policy-and-governance.htm*.

StatLink http://dx.doi.org/10.1787/888933533055

Ex post evaluation of regulation

The evaluation of regulations is essential to ensure that they are relevant and fit for purpose. Only after implementation can the effects and impacts of regulations be fully assessed, including direct, indirect and unintended consequences. Regulations may become outdated as the result of changes, such as in societal preferences or technological advancement. Without review or evaluation processes, red tape and regulatory costs tend to organically grow over time. This complicates the daily life of citizens and impedes the efficient functioning of business. *Ex post* evaluation should not be considered as the final stage in the life of regulations, but as a deliberate and responsible loop back into the regulatory cycle that provides an understanding of areas for potential improvement and a tool for regulatory planning. *Ex post* evaluation is also instrumental to increase transparency and accountability of regulatory performance, and hence trust in government action.

The *iREG* indicator for *ex post* evaluation is based on the practices described in the *2012 OECD Recommendation of the Council on Regulatory Policy and Governance*. The more of these practices a country has adopted, the higher is its indicator score. The composite indicator is composed of four equally weighted categories: *methodology* gathers information on different assessments used in *ex post* evaluations, *oversight and quality control* records mechanisms to monitor the quality of *ex post* evaluations, *systematic adoption* records formal requirements and the use of different types of *ex post* evaluations, and *transparency* records the openness of *ex post* evaluations. The maximum score for each category is 1, and the total score for the composite indicator ranges from 0 to 4.

The average score on the *iREG* indicator for *ex post* evaluation for primary laws is lower (1.48) than for the indicators on stakeholder engagement and regulatory impact assessment processes for developing new regulations. This suggests that the implementation of *ex post* evaluation seems to have lower priority for many OECD countries than *ex ante* regulatory governance tools. A systematic approach to *ex post* evaluation is not widespread across the OECD, and methodologies applied vary strongly. Many countries still lack standardised evaluation techniques, and only about a third of OECD countries systematically assesses whether a regulation's underlying policy goals have been achieved when conducting *ex post* evaluations. By contrast, those countries that conduct *ex post* evaluations frequently involve stakeholders in the process and make evaluations publicly available. Only a few OECD countries have put in place oversight and quality control mechanisms for *ex post* evaluation, including Australia and the United Kingdom.

For many OECD countries, scores for *ex post* evaluation practices for primary laws and subordinate regulations differ only marginally. Canada and the United States receive substantially higher scores on the indicator for subordinate regulations, which may reflect the fact that subordinate regulations play an important role in the regulatory frameworks of these countries. On the other hand, Chile and Poland have higher scores on the indicator for primary laws than for subordinate regulations.

The majority of OECD countries (27 countries) have conducted principle-based *ex post* reviews, i.e. they focus on a specific aspect of regulations as an initial filter to identify which regulations warrant review or reform. Most countries focus on reducing administrative burdens and compliance costs or the promotion of competition. Countries could move away from the assessment of individual regulations towards more strategic and systematic evaluation efforts. This could be achieved by conducting comprehensive in-depth reviews that assess the cumulative impact of the regulatory framework in a sector as a whole, with a particular focus on the policy outcomes. So far, only nine OECD countries have conducted such reviews. At the same time, capacities need to be built for conducting evaluations. Countries may benefit from the establishment of a standing body that regularly undertakes comprehensive in-depth evaluations of sectors or policy areas to inform large-scale reforms.

Methodology and definitions

The Indicators of Regulatory Policy and Governance (iREG) draw upon responses provided by delegates to the OECD Regulatory Policy Committee and central government officials to the 2014 OECD Regulatory Indicators Survey for all OECD countries and the European Commission. More information on the *iREG* indicators can be found in an Annex online and at *www.oecd.org/gov/regulatory-policy/indicators-regulatory-policy-and-governance.htm*.

Primary laws are regulations which must be approved by the legislature, while subordinate regulations can be approved by the head of government, by an individual minister or by the cabinet.

Further reading

Arndt, C. et al. (2016), "Building regulatory policy systems in OECD countries". *OECD Regulatory Policy Working Papers*, No. 5, OECD Publishing, Paris.

OECD (2015), *OECD Regulatory Policy Outlook 2015*, OECD Publishing, Paris.

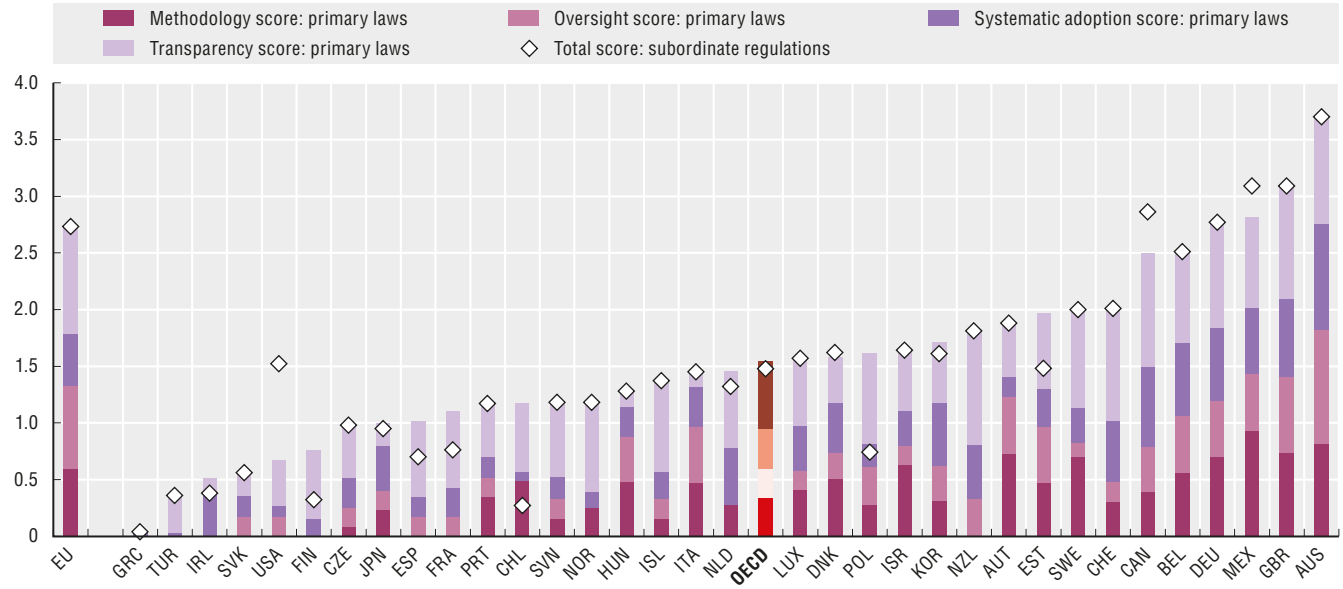
OECD (2012), *OECD 2012 Recommendation of the Council on Regulatory Policy and Governance*, OECD, Paris.

Figure notes

Data for Latvia are not available.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

8.6. *Ex post* evaluation of regulations, 2014



Source: OECD (2015), Indicators of Regulatory Policy and Governance (iREG), OECD Publishing, Paris, *http://www.oecd.org/gov/regulatory-policy/indicators-regulatory-policy-and-governance.htm*.

StatLink http://dx.doi.org/10.1787/888933533074

8.7. Ad hoc reviews of the stock of regulation conducted in the last 12 years, 2014

	Principle-based reviews	Public stocktakes which invite businesses and citizens to provide information on the effectiveness, efficiency and burdens imposed by regulation	Reviews which compare regulation, regulatory processes, and/or regulatory outcomes across countries, regions or jurisdictions	"In-depth" reviews
Australia	✓	✓	✓	✓
Austria				
Belgium	✓	✓		✓
Canada	✓	✓	✓	✓
Chile				
Czech Republic	✓			
Denmark	✓	✓		
Estonia	✓			
Finland	✓	✓		
France	✓			✓
Germany	✓		✓	
Greece				
Hungary	✓			
Iceland	✓			✓
Ireland	✓			
Israel	✓			
Italy	✓			
Japan				✓
Korea			✓	
Luxembourg	✓	✓		
Mexico	✓	✓	✓	✓
Netherlands	✓	✓		
New Zealand	✓			✓
Norway	✓			
Poland	✓	✓		
Portugal				
Slovak Republic	✓	✓		
Slovenia	✓			
Spain	✓			
Sweden	✓			
Switzerland	✓	✓	✓	
Turkey				
United Kingdom	✓	✓		✓
United States	✓	✓		
European Union	✓	✓	✓	✓
OECD Total	27	13	6	9

Source: OECD (2015), Indicators of Regulatory Policy and Governance (iREG), OECD Publishing, Paris, *http://www.oecd.org/gov/regulatory-policy/indicators-regulatory-policy-and-governance.htm*.

StatLink http://dx.doi.org/10.1787/888933535183

Applying behavioural insights to policy design and delivery

Behavioural insights (BI) aim to improve the welfare of citizens and consumers through policies and regulations that are formed based on studies, derived using experiments and observation. BI is about taking an evidence-based approach to policy making, empirically testing different approaches to solving issues and problems before considering their implementation. By using a mix of traditional economic strategies and insights from psychology, cognitive science and other social sciences, it identifies patterns of behaviour that replace and challenge established assumptions on what is thought to be rational behaviour.

BI are gaining popularity among governments as a useful tool to create new solutions that can be relatively simple and particularly effective. BI tackle directly the behavioural biases that often prevent governments' interventions from achieving expected results. New frontiers for this method push policy-making beyond the individual and seek to impact organisational behaviour, allowing government to make an effective impact on, for example, regulated sectors and public and private organisations.

In a unique survey, the OECD (2017) mapped the application of BI around the world and across a number of sectors, including consumer protection, education, energy, environment, finance, health and safety, labour market, public service delivery, taxes and telecommunications. Results show that BI are no longer seen as a fashionable short-term trend, but have taken root in many countries. Moreover, the application of BI shows greater potential than is currently being practised. BI seem to be used only some of the time and primarily at the later design and implementation stages for new policies, rather than the initial 'research/diagnostics' stage. This means they are applied when a policy is already in place, to fine-tune and improve implementation and compliance. The next step is to take BI into consideration when evaluating and designing policies.

Evaluation of experiment results is another area of attention for future growth. Good scientific methods require results and impacts to be evaluated, particularly to make any assumptions on what can or cannot work. However, results show that only 36% of cases underwent evaluation, compared to 30% that did not. Even without counting some of the 34% of cases that did not provide a response (probably as the result of a lack of any evaluation), this seems to suggest that this is an area in need of further development as it risks weakening the effectiveness of applying BI.

Regarding transparency, results of experiments provide a mixed picture. Some 50% of the reported case studies were published, mostly as a government or institutional report and the rest online – often by a consulting firm, international institution or non-governmental partner – or via academic journals and working papers. The remaining cases were either published via internal private documents (9%) or did not provide information (41%), which, for some, may be an indication that the results have yet to be published.

As governments continue to progress in the use of BI, it is increasingly important to share what works, and what does not. For example, the US Social and Behavioural Sciences Team (SBST) and the United Kingdom's Behavioural Insights Team (BIT) both produce annual reports. Regular reporting of results can serve the dual benefit of addressing ethical issues raised about the appropriateness of public bodies applying BI, while also maintaining high standards in their application.

Methodology and definitions

The data presented come from the OECD 2016 Behavioural Insights Case Study Survey, which was circulated to OECD delegates as well as academic and practitioner networks to capture both the diversity of BI applications and the state of play across countries and sectors. A total of 59 institutions (Annex online) representing 22 OECD and partner countries, the United Nations Development Programme (UNDP) and the World Bank responded to the survey. A total of 82% of respondents were central government departments and regulatory and tax authorities (split evenly). Subnational and local governments, central banks, international organisations, government programmes and bodies set up for a highly-specialised purpose compose the rest. Further information on the survey and work on BI can be found at *www.oecd.org/gov/regulatory-policy/behavioural-insights.htm*.

Further reading

OECD (2017), *Behavioural Insights and Public Policy: Lessons from around the World*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/9789264270480-en*.

OECD (2016), *Protecting Consumers through Behavioural Insights: Regulating the Communications Market in Colombia*, OECD Publishing, Paris. *http://dx.doi.org/10.1787/9789264255463-en*.

Lunn, P. (2014), *Regulatory Policy and Behavioural Economics*, OECD Publishing, Paris. *http://dx.doi.org/10.1787/9789264207851-en*.

Figure notes

8.8: Data represent responding institutions that answered "yes" to applying behavioural insights "at least some of the time".

8.9 and 8.10: The 59 respondents provided 158 case studies. Data for Austria, Belgium, the Czech Republic, Estonia, Greece, Iceland, Japan, Korea, Latvia, Luxembourg, Mexico, Norway, Poland, the Slovak Republic, Slovenia, and Turkey are not available. Data for Singapore, UNDP and the World Bank were included on an ad hoc basis, as they have well-advanced behavioural insights units.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

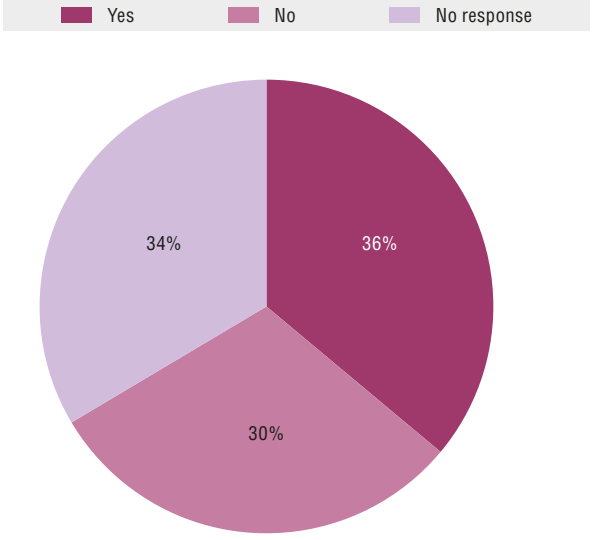
8.8. Share of public bodies in countries using behavioural insights "at least some of the time" by policy stage, 2016

	Research / Diagnosis	Design	Implementation
Australia	♦	●	●
Canada	♦	●	●
Denmark	■	■	■
Finland	●	●	●
France	●	■	■
Germany	♦	♦	♦
Hungary	■	■	■
Ireland	●	●	●
Israel	●	●	●
Italy	●	●	■
Netherlands	●	●	●
New Zealand	●	●	●
Portugal	■	●	■
Spain	♦	♦	♦
Sweden	■	■	■
Switzerland	■	■	●
United Kingdom	●	●	●
United States	●	●	●
OECD Total			
● >66%	9	11	10
♦ 33.1% to 65.9%	5	2	2
■ <33%	4	5	6
Colombia	♦	♦	♦
Brazil	■	●	■
Singapore	●	●	●
South Africa	X	X	X
UNDP	●	●	●
World Bank	■	●	●
X No Response			

Source: OECD (2016) Behavioural Insights Case Study Survey, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933535202

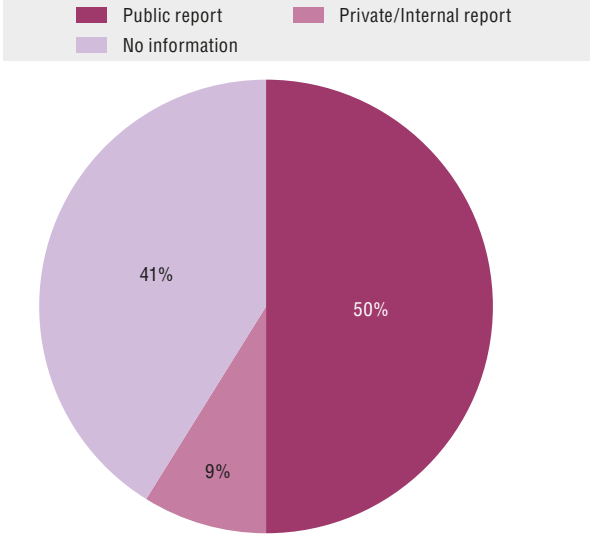
8.9. Percentage of case studies for which experimental results are evaluated, 2016



Source: OECD (2016) Behavioural Insights Case Study Survey, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933533093

8.10. Method for publication of behavioural insights case studies, 2016



Source: OECD (2016) Behavioural Insights Case Study Survey, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933533112

9. PUBLIC PROCUREMENT

Size of public procurement

Strategic public procurement

E-procurement

Central purchasing bodies

Procurement and the delivery of infrastructure projects

Size of public procurement

Public procurement, the purchase of goods, services and works by governments and state-owned enterprises, is increasingly used by governments as a strategic tool to deliver their mandates and achieve broader policy objectives. In addition to conforming to standard principles and existing rules, governments are devoting efforts to increase efficiency and effectiveness of this key government function. From identifying the needs, determining the person or organisation to supply them; to ensuring delivery of purchases, within the agreed timeframe and to the expected quality, public procurement has implications for public sector performance and citizen's satisfaction. In fact, it is relevant not only for central governments, but also for sub-central governments, as the majority of public procurement spending in the OECD countries (63%) is carried out at this level.

The sheer size of public procurement, approximately representing 12% of GDP in OECD countries, makes it a key economic activity-it ranges from 5.1% in Mexico to 20.2% in the Netherlands. The large volume along with close and complex interaction between the public and private sectors expose public procurement to various risks of waste, mismanagement and corruption throughout the whole procurement cycle. This large purchasing power of governments could in turn be leveraged to result in impacts on the broader economy. While the average level of public procurement spending in the OECD countries stays rather constant over time, it is rather volatile in some countries. The economic leverage of public procurement is more pronounced at times of economic recession-the relative size of public procurement spending in terms of GDP experienced an increase between 2007 and 2009 (+1.5 p.p.). Being under fiscal pressure, governments are promoting reforms in their public procurement systems, by developing and adopting new technologies and tools in order to better manage this significant public resource spending. Some examples include capacity development strategies, digitalisation and automation of public procurement processes, and strategic aggregation of demands mainly through central purchasing bodies.

Public procurement helps governments deliver their mandates to provide public services to citizens. Health expenditures on average represents the largest share, accounting for almost one third of public procurement spending in OECD countries (29.8%), representing even over 40% of public procurement spending in Belgium (47%), Italy (44.8%), Japan (44.5%) and Germany (42%). Variations in the structure of public procurement spending reflect each country's specific public service portfolio. Economic affairs (17%), education (11.9%), defence (10.1%) and social protection (9.8%) represent significant shares of public procurement spending across OECD countries. These large spending areas, closely related to social well-being of the population, are also often associated with high perceived risks. Efficient and effective public procurement is therefore essential to responding to the needs of the citizens, standing more and more as a key pillar of good governance and helping to restore trust in the public sector.

Methodology and definitions

The size of general government procurement spending is estimated using data from the OECD National Accounts Statistics (database), based on the System of National Accounts (SNA). General government procurement is defined as the sum of intermediate consumption (goods and services purchased by governments for their own use, such as accounting or information technology services), gross fixed capital information (acquisition of capital excluding sales of fixed assets, such as building new roads) and social transfers in kind via market producers (purchases by general government of goods and services produced by market producers and supplied to households). Public corporations were excluded in the estimation of procurement spending.

Data on general government procurement spending are disaggregated according to the Classification of the Functions of Government (COFOG) in Figure 9.2. Further information about the types of expenditures included in each category is available in Annex C.

Data on the change in the structure of general government procurement spending by function, 2012 to 2015 and general government procurement by level of government, 2007, 2009 and 2015 are available online (see annex F).

Further reading

OECD (2016), *Public Governance Reviews; Improving ISSSTE's Public Procurement for Better Results*, OECD Publishing, Paris.

OECD (2015), "Recommendation of the Council on Public Procurement", OECD, Paris, *www.oecd.org/gov/ethics/OECD-Recommendation-on-Public-Procurement.pdf*.

OECD (2015), *Government at a Glance 2015*, OECD, Paris.

Figure notes

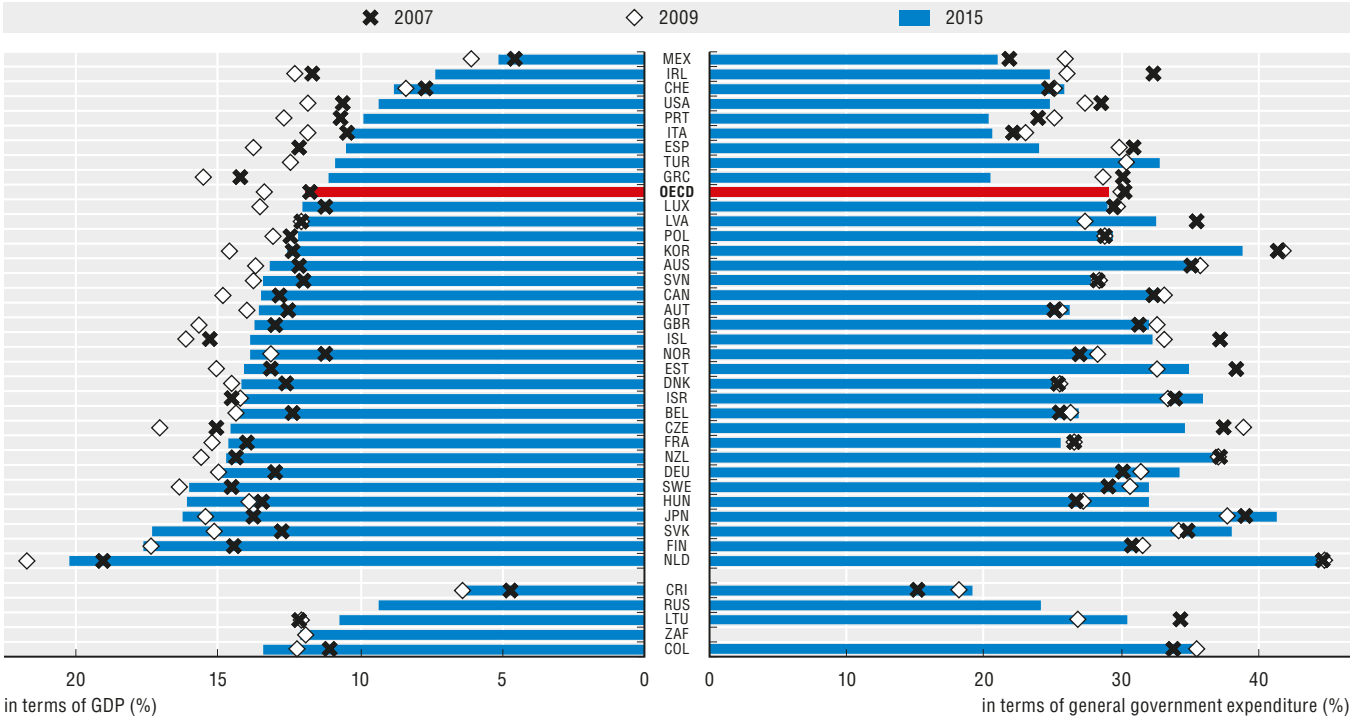
Data for Chile are not available. Data for Costa Rica, Russia and South Africa are for 2014 rather than 2015.

Large share of general government procurement in the Netherlands is spent on social transfers in kind via market producers-this relatively high level could be due, in part, to the country's system of scholastic grants as well as the country's mandatory health insurance system whereby the government subsidises individuals' purchase of coverage from private providers.

9.1: Data for Turkey are not included in the OECD average because of missing time series.

9.2: Data for Australia, Canada, Mexico, New Zealand and Turkey are not available. Data for Iceland are not included in the OECD average due to missing time-series. Data for Korea are for 2014 rather than 2015.

9.1. General government procurement spending as a percentage of GDP and total government expenditures, 2007, 2009 and 2015



Source: OECD National Accounts Statistics (database). Data for Australia are based on a combination of Government finance statistics and National Accounts data provided by the Australian Bureau of Statistics.

StatLink http://dx.doi.org/10.1787/888933533131

9.2. Structure of general government procurement spending by function, 2015

	General public services	Defence	Public order and safety	Economic affairs	Environmental protection	Housing and community amenities	Health	Recreation, culture and religion	Education	Social protection
Austria	11.6	1.4	3.0	22.0	1.3	0.7	35.7	4.1	9.1	11.0
Belgium	11.1	1.4	1.9	9.7	3.1	1.1	47.0	2.9	8.6	13.1
Czech Republic	5.5	3.3	4.0	21.5	6.5	3.1	31.4	4.9	14.9	4.9
Denmark	14.8	4.3	2.6	11.7	1.4	0.6	30.6	5.5	12.9	15.6
Estonia	11.8	8.7	3.0	20.6	3.2	2.0	25.4	6.3	15.9	3.2
Finland	21.9	4.7	2.3	14.0	0.7	0.9	21.9	3.6	12.2	17.7
France	8.0	5.8	2.4	12.5	4.3	2.7	38.3	3.9	6.7	15.6
Germany	9.5	3.8	3.4	9.6	2.6	1.2	42.0	2.5	7.1	18.4
Greece	22.6	8.0	1.1	18.6	5.6	1.9	29.3	2.6	8.1	2.2
Hungary	15.4	1.4	3.2	26.0	6.4	4.3	23.2	5.7	9.4	5.1
Iceland	10.8	0.0	5.3	12.0	2.4	1.6	31.1	11.0	16.8	9.1
Ireland	6.3	1.2	4.6	15.3	3.2	5.5	33.2	4.2	9.3	17.1
Israel	7.4	28.4	3.3	2.7	2.5	1.5	30.1	4.2	10.0	10.0
Italy	11.3	3.0	3.2	10.5	8.1	3.3	44.8	4.2	5.7	5.8
Japan	6.5	3.2	2.1	14.1	5.8	1.9	44.5	1.5	7.0	13.4
Korea	10.8	11.4	3.0	19.2	4.5	4.8	30.3	2.9	10.7	2.5
Latvia	11.6	3.8	6.1	21.5	3.1	5.9	15.3	6.2	19.5	6.8
Luxembourg	9.7	0.6	2.0	22.1	3.7	2.8	30.9	4.9	11.0	12.4
Netherlands	6.6	2.2	3.3	12.6	5.0	1.6	36.0	3.2	8.7	20.9
Norway	10.9	6.6	2.5	20.4	4.2	4.3	25.6	4.4	10.9	10.2
Poland	6.5	5.9	4.1	27.5	3.8	4.6	27.0	5.1	11.1	4.4
Portugal	9.9	3.1	5.9	22.2	2.0	2.2	32.2	3.1	16.8	2.5
Slovak Republic	9.4	2.6	5.6	28.3	4.2	3.6	34.9	3.1	6.4	2.0
Slovenia	9.3	1.5	2.8	24.2	6.3	3.8	30.0	6.1	12.2	3.7
Spain	11.0	3.5	3.8	16.9	6.3	2.9	31.5	5.5	10.7	8.0
Sweden	19.0	4.2	2.9	13.4	1.0	3.4	21.8	3.0	15.1	16.1
Switzerland	21.8	5.7	5.7	16.4	4.4	1.5	2.2	3.1	18.1	21.1
United Kingdom	3.1	10.7	6.0	13.0	4.4	1.3	31.8	2.9	13.4	13.4
United States	9.8	21.3	6.4	23.4	0.0	2.6	13.5	1.4	18.3	3.3
OECD	**9.1**	**10.1**	**4.2**	**17.0**	**3.1**	**2.4**	**29.8**	**2.6**	**11.9**	**9.8**
Costa Rica	5.5	0.0	8.1	13.2	3.9	4.5	36.0	1.9	21.3	5.6
Lithuania	6.8	5.0	5.0	23.0	3.6	2.1	25.1	3.5	16.5	9.5

Sources: OECD National Accounts Statistics (database); Eurostat Government finance statistics (database).

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Strategic public procurement

Governments continue to use public procurement to pursue secondary policy objectives while delivering goods and services necessary to accomplish their missions in a timely, economical and efficient manner. The high relevance of public procurement for economic outcomes and sound public governance, as implied by its large volume, makes governments use public procurement as a strategic policy lever for achieving additional policy goals, which aim to address environmental, economic and social challenges according to national priorities.

Environmental considerations continue to be the key policy objectives that are addressed through public procurement. Almost all OECD countries surveyed (29 countries) support green public procurement through various policies and strategies at the central level and those developed by specific procuring entities. In comparison to 2014, two more countries (Estonia and the Slovak Republic) have developed policies to support green public procurement. Central policies are often accompanied by detailed guidance on how to implement them, such as those developed by the Ministry of Environment in Estonia and by the Environmental Protection Agency in Ireland. Specific legislative provisions also require countries to take into consideration energy efficiency, environmental considerations and life-cycle costs in procurement.

Public procurement policies and strategies are increasingly used in OECD countries to incorporate economic policies, in particular, fostering participation and development of small and medium-sized enterprises (SMEs). While division of the contract into lots is the most widely used approach to support SMEs in the majority of the OECD countries (21 countries), more than half of them, such as Australia, Israel and Korea, also use guidelines (20 countries), and training and workshops (17 countries) to support SMEs in public procurement. In particular, member countries of the European Union (EU) reinforced the strategic use of public procurement through the transposition of the 2014 public procurement EU directives. The transposition of the directives facilitated SMEs' access to public procurement through more simplified and flexible procedures and by encouraging partitioning contracts into lots.

As one of the main demand-side innovation policies, public procurement is used in the majority of OECD countries (24 countries) to support innovative goods and services, except for Chile, Greece, Iceland, Israel, Japan and the Slovak Republic. Various measures exist to support strategic innovation procurement. They range from legal instruments and more comprehensive government programmes to non-legal instruments, such as guidance, which is the most widely used approach (16 countries). Less often, specific legislative provisions and policies stipulate preferences for innovative goods and services through set-aside and bid preferences, such as in Austria, Latvia and Turkey, and sometimes even preferential treatments including waiving fees and quotas for innovative firms, such as in Mexico and Spain. There are also government programmes that support pre-commercial procurement to help late-stage innovative products and services to enter the market. Examples include Canada's Build in Canada Innovation Program and Denmark's Market Development Fund.

Methodology and definitions

Data were collected through the 2016 OECD Survey on Public Procurement, which focused on strategic public procurement, e-procurement, central purchasing bodies, public procurement at sub-central levels and infrastructure projects. A total of 30 OECD countries responded to the survey, as well as 3 OECD accession countries (Colombia, Costa Rica and Lithuania) and 1 OECD key partner country, India. Respondents to the survey were country delegates responsible for procurement policies at the central government level and senior officials in central purchasing bodies.

Green public procurement is defined by the European Commission as "a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured."

Strategic use of public procurement for innovation is defined as any kind of public procurement practice that is intended to stimulate innovation through research and development and the market uptake of innovative products and services.

Further reading

OECD (2017), Public *Procurement for Innovation: Good Practices and Strategies*, OECD Publishing, Paris.

OECD (2015a), "Recommendation of the Council on Public Procurement", OECD, Paris, *www.oecd.org/gov/ethics/OECD-Recommendation-on-Public-Procurement.pdf*.

OECD (2015b), "Procurement - Green procurement", OECD, Paris, *www.oecd.org/gov/public-procurement/green/*.

Figure notes

9.5: Australia's ICT Sustainability Plan expired in June 2015 but Australia's Commonwealth Procurement Rules require that officials consider the relevant financial and non-financial costs of each procurement, including but not limited to environmental sustainability of the proposed goods and services. In Norway, the first national action plan, Environmental and Social Responsibility in Public Procurement, was adopted in 2007 and then rescinded.

9.6: Specific legislative provisions include set-aside and bid preferences.

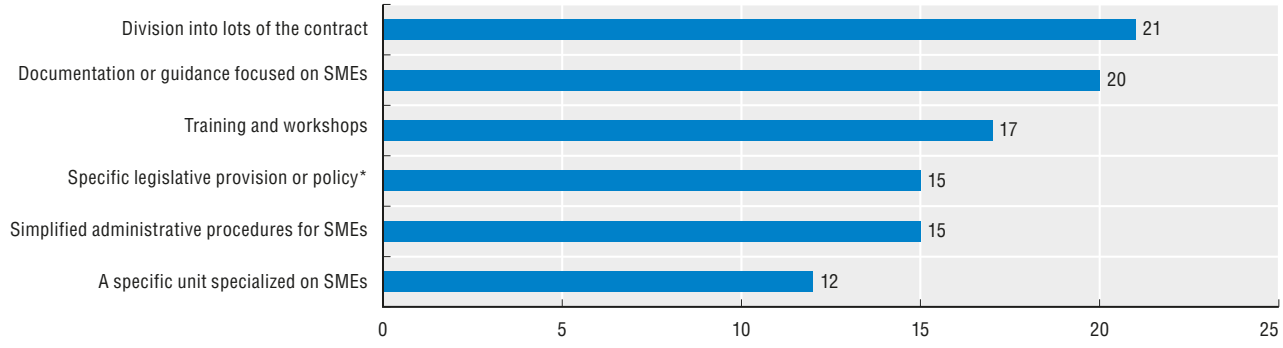
9.5. Development of public procurement strategies/policies to support secondary policy objectives

	Green public procurement		SMEs		Innovative goods and services	
	2016	2014	2016	2014	2016	2014
Australia	■	●	●	●	●	●
Austria	●◆	●	●◆	◆	●◆	●
Belgium	●◆	●◆	●	●	●	●
Canada	●◆	●◆	●	●	◆	●
Chile	●◆	●◆	●◆	●◆	❍	●
Czech Republic	".."	".."	".."	".."	".."	".."
Denmark	●	●	●	●	●	●
Estonia	●	❍	●	❍	●	❍
Finland	●◆	●	◆	◆	●◆	◆
France	".."	●◆	".."	●◆	".."	●◆
Germany	●	●	●	●	●	●
Greece	◆	●◆	◆	●	❍	❍
Hungary	●	◆	●	●	●	●
Iceland	●	●	❍	❍	❍	❍
Ireland	●	●	●	●	●	●
Israel	●	".."	●	".."	❍	".."
Italy	●	◆	◆	◆	◆	◆
Japan	●	●	●	●	❍	●
Korea	●	●	●	●	●	●
Latvia	●	".."	●	".."	◆	".."
Luxembourg	".."	●◆	".."	●◆	".."	◆
Mexico	●	●	●	●	●	●
Netherlands	◆	◆	◆	◆	◆	◆
New Zealand	●◆	●◆	●◆	●◆	●◆	●◆
Norway	◆	■	◆	●◆	●◆	●◆
Poland	●◆	●	●	●	●	●
Portugal	●	●	●	◆	◆	◆
Slovak Republic	◆	❍	●	❍	❍	❍
Slovenia	●	●◆	●	●	●	●
Spain	●	●◆	●	●◆	●	●◆
Sweden	●	●◆	●	●	●	●
Switzerland	".."	●◆	".."	●◆	".."	◆
Turkey	●	●	●	●	●	●
United Kingdom	●	●	●	●	●	●
United States	".."	●	".."	●	".."	●◆
OECD Total						
● Strategies/policies developed at the central level	25	26	24	24	19	22
◆ Internal strategies/policies developed by some procuring entities	11	14	8	12	9	11
■ Rescinded	1	1	0	0	0	0
❍ Never developed	0	2	1	3	6	4
".." No information available	6	3	6	3	6	3
Colombia	●	◆	●	●	●	●
Costa Rica	●	●	●	●	❍	❍
India	❍	".."	●	".."	◆	".."
Lithuania	●	".."	●	".."	●	".."
Russia	".."	❍	".."	●	".."	❍

Source: OECD (2016, 2014), Survey on Public Procurement, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933535240

9.6. Approaches in place to support participation of SMEs in public procurement



Source: OECD (2016), Survey on Public Procurement, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933533150

E-procurement

The use of digital technology in the public sector is a driver of efficiency and supports effective implementation and monitoring of policies by enabling more open, innovative and trustworthy government. In particular, e-procurement enables cost and time savings through automation and standardisation of the procurement process and improves transparency and accountability of the public procurement system.

Recognising the benefits of e-procurement, countries are increasingly digitalising public procurement processes. Every OECD country surveyed has implemented e-procurement systems, often a central platform accompanied by e-procurement systems of specific procuring entities. Yet, the functionalities covered by these systems vary widely across countries. E-procurement systems are most commonly used to publish and store public procurement information. With the exception of Sweden, all surveyed countries (29 countries) announce tenders and notify contract awards on their national central e-procurement systems. Tender documents are also provided on national central e-procurement systems in almost all OECD countries (26 countries) except for Denmark, Poland, Sweden and the United Kingdom where they are provided on e-procurement systems or websites of specific procuring entities. In around half of the OECD countries (15 countries), purchasing authorities at the sub-central level use central e-procurement systems as well.

The functionalities that are related to transactional aspects of e-procurement systems are provided in fewer OECD countries. National central e-procurement platforms in 21 countries provide electronic submission of bids, but far fewer countries do so for e-reverse auctions (11 countries), electronic submission of invoices (10 countries) and online catalogues (11 countries). Plans are in place in several countries to implement further transactional functionalities. For instance, Canada, Israel and Slovenia plan to implement electronic submission of bids in the coming years. The European Commission has developed initiatives supporting transition towards an e-procurement system that covers the whole public procurement cycle, including mandatory e-submission of bids in EU member countries by 2018.

Integration of e-procurement systems into other e-government systems is not yet a common practice in OECD countries. Integration of public procurement into overall public finance management, budgeting and services delivery processes has high potential to lead to better utilisation of public resources through better information transmission, standardisation and automation, and helps to increase accountability. E-procurement systems can also support and facilitate the connection of public procurement to other e-government technology systems. In OECD countries, e-procurement systems are most often integrated with business registries (8 countries), tax registries (7 countries), budgeting systems (6 countries) and social security databases (6 countries). In several countries, the integration of e-procurement with other e-government systems is part of the government agenda, such as in Finland and Poland.

Countries are expanding their e-procurement systems through implementation of additional functionalities on the platforms and integration of the system with other e-government technologies to further enjoy the benefits of digitalising the public procurement cycle. However, only 10 OECD countries (33%), including Estonia, Finland, Korea and Portugal, measure efficiencies generated by the use of e-procurement system, focusing on diverse sources of efficiency, including savings in terms of time and transaction costs.

Methodology and definitions

Data were collected through the 2016 OECD Survey on Public Procurement, which focused on strategic public procurement, e-procurement, central purchasing bodies, public procurement at sub-central levels and infrastructure projects. A total of 30 OECD countries responded to the survey, as well as 3 OECD accession countries (Colombia, Costa Rica and Lithuania) and 1 OECD key partner country, India. Respondents to the survey were country delegates responsible for procurement policies at the central government level and senior officials in central purchasing bodies.

"E-procurement" refers to the integration of digital technologies in the replacement or redesign of paper-based procedures throughout the procurement cycle.

"Public procurement cycle" refers to the sequence of related activities, from needs assessment, through competition and award, to payment and contract management, as well as any subsequent monitoring or auditing.

Further reading

OECD (2016), *The Korean Public Procurement Service: Innovating for Effectiveness*, OECD Publishing, Paris. *http://dx.doi.org/10.1787/9789264249431-en*.

OECD (2015), "Recommendation of the Council on Public Procurement", OECD, Paris, *www.oecd.org/gov/ethics/OECD-Recommendation-on-Public-Procurement.pdf*.

Figure notes

Data for the Czech Republic, France, Luxembourg, Switzerland and the United States are not available.

9.7: In Poland, tender documents are provided on the websites of procuring entities or in the e-procurement systems of some sectoral procuring entities.

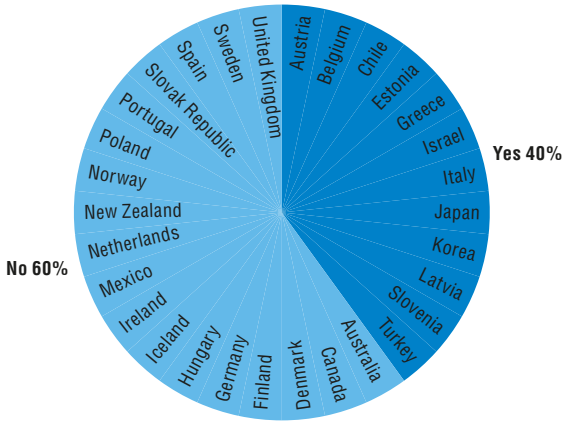
9.7. Provision of e-procurement functionalities

	Announcing tenders	Provision of tender documents	E-submission of bids	E-reverse auctions	Notification of award	E-submission of invoices	Online catalogue
Australia	●	●	●	❍	●	❍	❍
Austria	●◆	●◆	●◆	◆	●	●	◆
Belgium	●	●	●	●	●	◆	●
Canada	●	●	❍	❍	●	◆	◆
Chile	●	●	●	❍	●	❍	●
Denmark	●◆	◆	●◆	◆	●◆	●◆	❍
Estonia	●◆	●◆	●	●	●	◆	❍
Finland	●	●	●	●	●	●	◆
Germany	●◆	●◆	●◆	❍	●◆	❍	❍
Greece	●	●	●	●	●	❍	❍
Hungary	●	●	❍	❍	●	❍	❍
Iceland	●	●	❍	❍	●	●	❍
Ireland	●	●	●	❍	●	❍	❍
Israel	●◆	●◆	❍	●	●	●	❍
Italy	●◆	●◆	●◆	◆	●◆	●	●
Japan	●◆	●◆	●◆	❍	●◆	●◆	●◆
Korea	●	●	●	❍	●	●	●
Latvia	●◆	●◆	●	❍	●◆	❍	❍
Mexico	●	●	●	●	●	❍	❍
Netherlands	●	●	●	❍	●	❍	●
New Zealand	●	●	●	●	●	◆	●
Norway	●	●	◆	❍	●	◆	◆
Poland	●	◆	❍	●	●	❍	●
Portugal	●	●	●	●	●	❍	●
Slovak Republic	●	●	●	●	●	❍	❍
Slovenia	●	●	❍	●	●	●	●
Spain	●	●	●	❍	●	●	●
Sweden	◆	◆	◆	◆	◆	◆	❍
Turkey	●	●	●	❍	●	❍	❍
United Kingdom	●	◆	◆	◆	●	◆	◆
OECD Total							
● In a national central e-procurement system	29	26	21	11	29	10	11
◆ Only in e-procurement systems of some specific procuring entities	1	4	3	5	1	7	5
❍ No	0	0	6	14	0	13	14
Colombia	●	●	●	❍	●	●	●
Costa Rica	●	●	●	●	●	●	●
India	●◆	●◆	●◆	●◆	●	❍	◆
Lithuania	●	●	●	●	●	●	◆

Source: OECD (2016), Survey on Public Procurement, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933535259

9.8. Integration of the e-procurement system(s) with other e-government technologies



Source: OECD (2016), Survey on Public Procurement, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933533169

9.9. Measuring of efficiencies generated by the use of e-procurement system(s)

Source: OECD (2016), Survey on Public Procurement, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933533188

Central purchasing bodies

There are numerous benefits resulting from centralised purchasing activities, including better prices through economies of scale, lower transaction costs and improved capacity and expertise. OECD countries reap the benefits of aggregation of demands and outputs of procurement activities through establishment of central purchasing bodies (CPBs), which are defined as contracting authorities (CAs) providing centralised purchasing activities and, possibly, ancillary purchasing activities.

A key role of most CPBs in OECD countries (28 countries) is the conclusion of framework agreements or other consolidated procurement instruments. Framework agreements (FAs) seek to achieve efficiency gains and greater value for money in the public procurement process using the aggregated purchasing power and expertise of CPBs that creates economies of scale in both supply and demand. Yet, not all goods and services can be procured using this instrument. OECD countries carefully select the goods and services that are subject to such procurement arrangements. The choice of goods and services subject to framework agreements in general depends on competitiveness of the supply market, the impact on the CAs and the recurrence of purchase.

Recent developments on the roles of CPBs in OECD countries reaffirm their strategic role as an efficiency enabler. Since 2014, the CPBs in an increasing number of OECD countries undertake the role of establishing FAs, as in Germany, Norway, Poland and the Slovak Republic. At the same time, fewer countries' CPBs purchase on behalf of other CAs (19 countries) in 2016, compared to 2014. CPBs in OECD countries increasingly focus on strategic aggregation of demands through development and use of procurement tools, including framework agreements and dynamic purchasing systems, to achieve greater value for money. Other common roles of CPBs include co-ordinating training for public officials in charge of public procurement (10 countries) and establishing policies for CAs (9 countries).

The use of FAs established by CPBs are mandatory for CAs at the central level of government in 21 OECD countries (77%), and it is even the case for all CAs in the public sector, including those at the sub-central level, in Korea and the Slovak Republic. Where the use is mandatory for all CAs at the central level of government, CAs at the sub-central level can often join them on a voluntary basis, as is the case in Austria, Portugal and Spain. This type of arrangement gives certainty to both CPBs and suppliers for the use of FAs. Despite the advantages of mandatory use of FAs, CPBs in six OECD countries let CAs use their FAs on a voluntary basis. This type of arrangement could be a result of various obstacles to centralisation, such as regulatory heterogeneity. Under this type of arrangement, CPBs are under particular pressure to keep the terms of their instruments competitive with respect to the market, although CPBs across OECD countries are expected to develop competitive instruments as part of their main objectives.

Methodology and definitions

Data were collected through the 2016 OECD Survey on Public Procurement, which focused on strategic public procurement, e-procurement, central purchasing bodies, public procurement at sub-central levels and infrastructure projects. A total of 30 OECD countries responded to the survey, as well as 3 OECD accession countries (Colombia, Costa Rica and Lithuania) and 1 OECD key partner country, India. Respondents to the survey were country delegates responsible for procurement policies at the central government level and senior officials in central purchasing bodies.

Centralised purchasing activities are activities conducted on a permanent basis, in one of the following forms: the acquisition of supplies and/or services intended for CAs; and/or the award of public contracts or the conclusion of FAs for works, supplies, or services intended for CAs.

"Contracting authority" is any state, regional or local authority that carries out procurement activities.

"Framework agreement" is an agreement with one or more economic operators for the supply of goods, services and, in some cases, works, the purpose of which is to establish the terms governing contracts to be awarded by one or more contracting authorities during a given period, in particular, with regard to maximum price, minimum technical specifications and, where appropriate, the quantities envisaged.

Further reading

OECD (2017), *Public Procurement in Chile: Policy Options for Efficient and Inclusive Framework Agreements*, OECD Publishing, Paris.

OECD (2015), "Recommendation of the Council on Public Procurement", OECD, Paris, *www.oecd.org/gov/ethics/OECD-Recommendation-on-Public-Procurement.pdf*.

Figure notes

9.10: The figure refers to the CPB at the central level where there exist multiple CPBs. N/A represents cases where no CPB exists.

9.11: Data for Belgium, the Czech Republic, Ireland, Luxembourg, Sweden, Switzerland and the United States are not available. Japan and the Netherlands do not have central purchasing bodies.

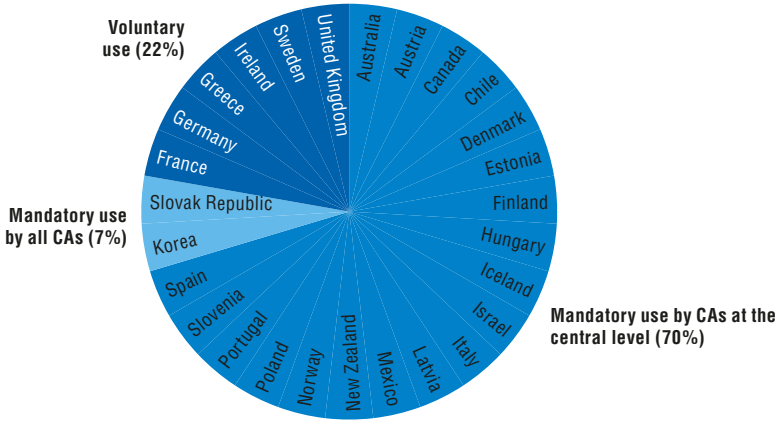
9.10. Role of central purchasing bodies

	CPBs award framework agreements or other consolidated instruments, from which CAs then order		CPBs act as CAs aggregating demand and purchasing		CPBs co-ordinate training for public officials in charge of public procurement		CPBs establish policies for CAs	
	2016	2014	2016	2014	2016	2014	2016	2014
Australia	●	N/A	●	N/A	❍	N/A	❍	N/A
Austria	●	●	●	●	●	❍	❍	❍
Belgium	●	●	●	❍	❍	❍	❍	❍
Canada	●	●	●	●	●	❍	❍	❍
Chile	●	●	❍	❍	●	●	●	●
Czech Republic	".."	".."	".."	".."	".."	".."	".."	".."
Denmark	●	●	●	❍	●	❍	●	●
Estonia	●	●	●	❍	❍	❍	❍	❍
Finland	●	●	●	●	❍	❍	❍	❍
France	●	●	●	●	❍	●	❍	❍
Germany	●	❍	●	●	❍	❍	❍	❍
Greece	●	●	●	●	❍	●	●	●
Hungary	●	●	●	●	❍	❍	❍	❍
Iceland	●	●	❍	❍	●	●	❍	❍
Ireland	●	●	❍	●	●	●	●	●
Israel	●	".."	❍	".."	●	".."	●	".."
Italy	●	●	❍	❍	❍	❍	❍	❍
Japan	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Korea	●	●	●	●	●	●	❍	❍
Latvia	●	".."	●	".."	❍	".."	❍	".."
Luxembourg	".."	❍	".."	●	".."	❍	".."	❍
Mexico	●	●	❍	●	●	●	●	●
Netherlands	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
New Zealand	●	●	●	●	●	●	●	●
Norway	●	❍	●	●	❍	❍	❍	❍
Poland	●	❍	●	●	❍	❍	❍	❍
Portugal	●	●	❍	●	❍	❍	❍	❍
Slovak Republic	●	❍	❍	●	❍	❍	❍	❍
Slovenia	●	●	●	●	❍	❍	❍	❍
Spain	●	●	●	●	❍	❍	●	●
Sweden	●	●	❍	❍	❍	❍	❍	❍
Switzerland	".."	●	".."	●	".."	●	".."	●
Turkey	❍	❍	❍	●	❍	❍	❍	❍
United Kingdom	●	●	●	●	❍	●	●	●
United States	".."	●	".."	●	".."	●	".."	●
OECD Total								
● Yes	28	23	19	22	10	11	9	10
❍ No	1	6	10	7	19	18	20	19
".." No information	4	3	4	3	4	3	4	3
Brazil	".."	❍	".."	●	".."	●	".."	●
Colombia	●	●	❍	❍	❍	●	❍	●
Costa Rica	●	●	●	❍	❍	●	❍	●
India	●	".."	❍	".."	❍	".."	❍	".."
Lithuania	●	".."	❍	".."	❍	".."	❍	".."
Russia	".."	N/A	".."	N/A	".."	N/A	".."	N/A

Source: OECD (2016, 2014), Survey on Public Procurement, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933535278

9.11. Mandatory vs. voluntary use of framework agreements established by CPBs



Source: OECD (2016), Survey on Public Procurement, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933533207

Procurement and the delivery of infrastructure projects

Infrastructure projects constitute a major mandate of governments in the delivery of key public services and have high and direct implications on a country's economic capacity, human development, social inclusion and environmental sustainability. Once a project is planned and financing schemes have been defined, it is critical that governments deliver infrastructure projects in a cost-efficient way that is trusted by users and citizens to fulfil their mandate.

Decisions on how to deliver infrastructure projects involve a close assessment and careful balancing between risk allocation and value for money. The choice of a delivery modality is often criticised for being based on habit rather than on project and market characteristics. Some 15 OECD countries responding to the survey (54%) do not have a specific entity in charge of developing policies for infrastructure projects, including choosing delivery modes. This could hinder the application of a consistent methodology in choosing delivery modes for infrastructure projects. Some 13 OECD countries (46%) have a dedicated entity (or entities) for developing policies for infrastructure projects. These entities are mostly dedicated units in central government. Greece has put in place a dedicated sectoral unit. In Denmark, the central purchasing body is in charge of developing policies for infrastructure projects.

Using public procurement as a strategic infrastructure governance tool helps to shape its effective delivery. Irrespective of the specific delivery mode, public procurement law and regulations apply to infrastructure projects in 19 OECD countries, and at least partially in all other OECD countries surveyed, with the exception of Turkey. The public procurement framework could help address risks of inefficiency and corruption that are often associated with procurement of major infrastructure projects due to their magnitude and complexity. While major principles that govern public procurement, including transparency, fairness and competition, apply consistently, some countries have developed additional national frameworks and guidance on infrastructure delivery to further mitigate risks. Guidance is often provided depending on specific delivery modes. For instance, guidelines for public-private partnerships exist in Germany, Latvia and Norway and on national alliance contracting in Australia.

Methodology and definitions

Data were collected through the 2016 OECD Survey on Public Procurement, which focused on strategic public procurement, e-procurement, central purchasing bodies, public procurement at sub-central levels and infrastructure projects. A total of 30 OECD countries responded to the survey, as well as 3 OECD accession countries (Colombia, Costa Rica and Lithuania) and 1 OECD key partner country, India. Respondents to the survey were country delegates responsible for procurement policies at the central government level and senior officials in central purchasing bodies.

"Public infrastructure" is defined as facilities, structures, networks, systems, plants, property, equipment or physical assets and the enterprises that employ them, which provide public goods or goods that meet a politically mandated, fundamental need that the market is not able to provide on its own.

Major differences between infrastructure delivery models (e.g. design-build, design-bid-build, alliance contracting, private-public partnership, concession and private provision) exist with regard to the allocation of risks and public control over the construction of the infrastructure. See page 91 of OECD (2015a) for more detailed information.

Further reading

OECD (2016), "High-level Principles for Integrity, Transparency and Effective Control of Major Events and Related Infrastructures", OECD, Paris, *www.oecd.org/gov/ethics/High-Level_Principles_Integrity_Transparency_Control_Events_Infrastructures.pdf*.

OECD (2015a), *Effective Delivery of Large Infrastructure Projects: The Case of the New International Airport of Mexico City*, OECD Public Governance Reviews, OECD Publishing, Paris, *http://dx.doi.org/10.1787/9789264248335-en*.

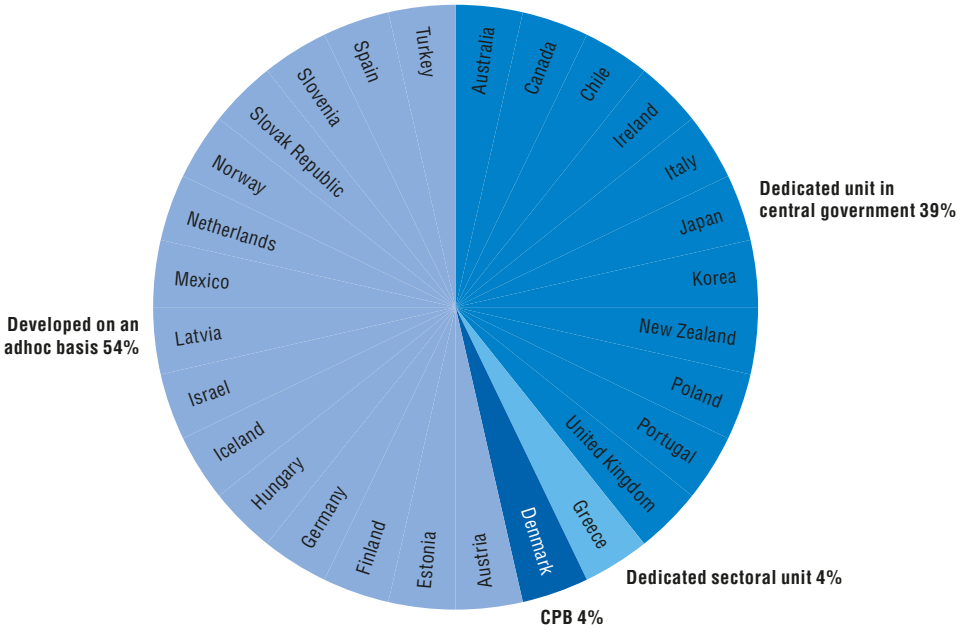
OECD (2015b), "Recommendation of the Council on Public Procurement", OECD, Paris, *www.oecd.org/gov/ethics/OECD-Recommendation-on-Public-Procurement.pdf*.

Figure notes

Data for Belgium, the Czech Republic, France, Luxembourg, Sweden, Switzerland and the United States are not available.

9.13: "Partially (*)" means where public procurement law and regulations are partially applicable and specific law and regulations exist for some or all infrastructure projects.

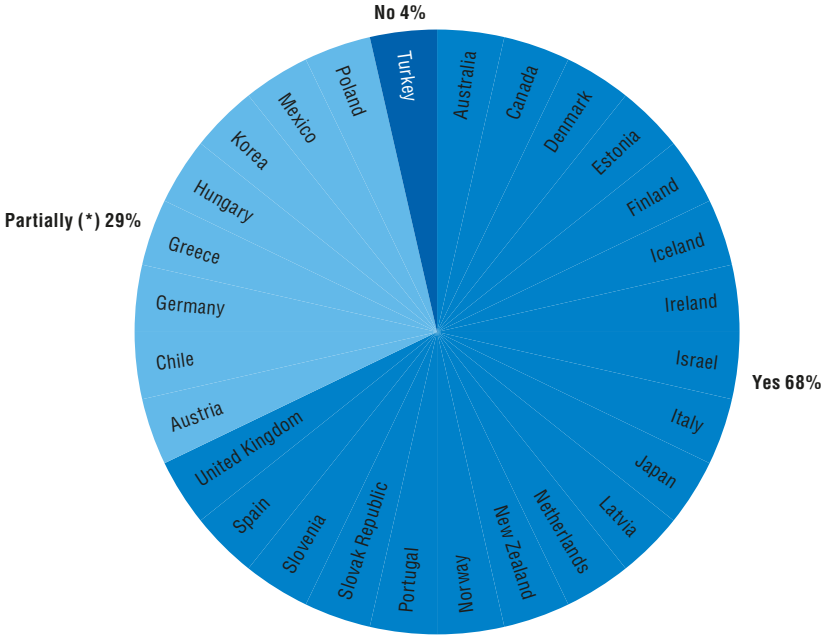
9.12. Entity (or entities) in charge of developing policies for infrastructure projects



Source: OECD (2016), Survey on Public Procurement, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933533226

9.13. Application of public procurement law and regulations to infrastructure projects



Source: OECD (2016), Survey on Public Procurement, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933533245

10. OPEN GOVERNMENT

Open government strategies and objectives

Open government co-ordination and human resource management

Monitoring and evaluation of open government strategies

Citizen participation in policy making

Open Government Data

Open government strategies and objectives

Countries are acknowledging the role of open government reforms as catalysts for democracy, inclusive growth and more efficient public governance. The open government principles of transparency, accountability and participation have the potential to change the relationship between public officials and citizens, making it more dynamic, mutually beneficial and based on reciprocal trust. If implemented in a well co-ordinated manner, open government reforms can provide a tool to achieve broader policy objectives, rather than being an end in themselves. In the Report *Open Government: The Global Context and the Way Forward,* the OECD has updated its definition of open government as "a culture of governance based on innovative and sustainable public policies and practices inspired by the principles of transparency, accountability, and participation that fosters democracy and inclusive growth."

The multitude of policy objectives that OECD countries intend to achieve by implementing open government initiatives reflects the diverse and horizontal nature of open government reforms. For example, the principal objective in Belgium, the Czech Republic and Germany is to improve the transparency of the public sector. Other countries, such as Australia and Canada, go beyond the traditional approach by acknowledging the impact that open government can have to generate economic growth. Greece implements open government initiatives with the primary objective to prevent and fight corruption and Korea seeks to increase citizens' trust in public institutions.

In this multifaceted context, a shared definition of open government at national level and comprehensive national strategy enable countries to better harness the positive contributions that open government reforms can make to national policy objectives, while avoiding ill-defined policy goals. Hence, agreeing upon a single definition by all stakeholders involved is crucial for a successful implementation. Seventeen of all OECD countries (49%) have a single definition for open government. Among them, ten (29%) have created their own country-tailored definition, such as Canada, Chile, France, Luxembourg and the Netherlands. For instance, the Netherlands define open government as a : "transparent, facilitative and accessible government" whereas for Canada it is a "governing culture that holds that the public has the right to access the documents and proceedings of government to allow for greater openness, accountability and engagement." While having a single national definition is crucial, its full recognition and acknowledgement by the whole public sector as well as by all relevant stakeholders becomes paramount for it to achieve the intended outcome, namely to provide a strong basis for a comprehensive open government strategy that allows countries to reap the benefits that open government reforms can yield.

A medium- to long-term comprehensive and coherent national open government strategy is needed to provide clear guidance to the executive at central level and to the concerned institutions at the local level. In the OECD, 17 (49%) of all countries have a single strategic document (i.e. national strategy, national action plans, etc.) at their disposal. Thirteen of these countries (76%) use their open government partnerships biannual action plans as a strategic basis for open government initiatives. While these action plans have the advantage to be implementation focused and impact oriented, only a comprehensive open government strategy ensures the alignment of the various scattered initiatives contained in these plans with national policy objectives and is essential for effective whole-of-government co-ordination.

Methodology and definitions

In 2015, the OECD conducted the Survey on Open Government Co-ordination and Citizen Participation in the Policy Cycle, which was answered by 54 countries. All OECD countries answered the survey, together with thirteen countries from Latin America and the Caribbean, Indonesia, Lithuania, Morocco, Philippines, Romania and Tunisia. Senior government officials in charge of the national open government agenda responded to the survey. The survey was split into two parts: the first part focused on the existing approach to open government at the national level and was answered by the main institution responsible for open government. The second part was answered by the countries' ministries of health and finance and focused on detecting the current approaches to citizen participation throughout the policy cycle.

Further reading

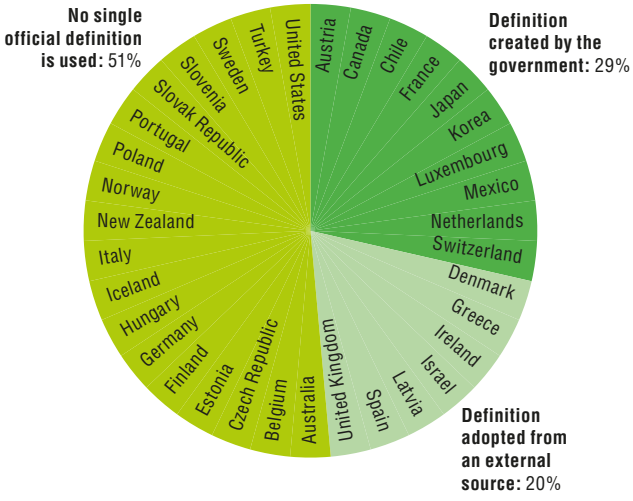
OECD (2016), *Open Government: The Global Context and the Way Forward*, OECD Publishing, Paris, DOI: *http://dx.doi.org/10.1787/9789264268104-en*

Figure notes

10.3: The New Zealand government has not undertaken a prioritisation exercise against the priorities listed. There are elements of all these priorities across a range of government programmes including the Better Public Services Results Programme, and New Zealand's Open Government Partnership Action Plan (the selected OGP grand challenges in New Zealand's Action Plan are improving public services, increasing public integrity and more effectively managing public resources).

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

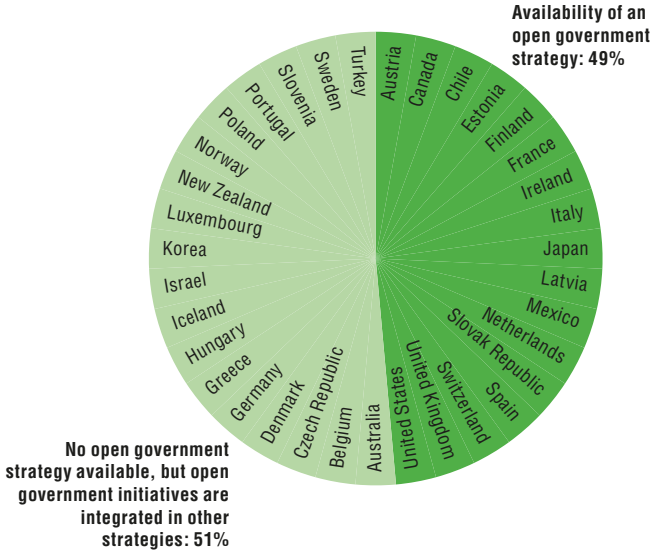
10.1. Existence of a single definition of open government in the country, 2015



Source: OECD (2015), "Survey on Open Government Co-ordination and Citizen Participation in the Policy Cycle", OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933533264

10.2. Existence of an open government strategy in the country, 2015



Source: OECD (2015), "Survey on Open Government Co-ordination and Citizen Participation in the Policy Cycle", OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933533283

10.3. Main policy objectives of open government reforms, 2015

Main objective to implement open government initiatives	Country	OECD Total
Improve the transparency of the public sector	Belgium, Chile, Czech Republic, Denmark, Germany, Hungary, Italy, Japan, Latvia, Netherlands, Poland, Slovakia, Spain, Switzerland, Turkey	15
Improve the accountability of the public sector	France, Iceland, Israel	3
Improve the responsiveness of the public sector to the needs of citizens and business	Luxembourg, Sweden, United Kingdom	3
Increase citizens' trust in public institutions	Ireland, Korea, Slovenia	3
Improve citizen participation in policy making	Estonia, Finland	2
Improve the effectiveness of the public sector	Austria, Norway	2
Improve the efficiency of the public sector	Portugal, United States	2
Generate economic growth	Australia, Canada	2
Prevent and fight corruption	Greece	1
Contribute to solve public challenges and to positively impact the quality of life of citizens and generate social benefits	Mexico	1
Other	New Zealand	1

Source: OECD (2015), "Survey on Open Government Co-ordination and Citizen Participation in the Policy Cycle", OECD, Paris.

Open government co-ordination and human resource management

The effective implementation of an overarching open government strategy highly depends on the enabling environment in which the envisioned reforms are embedded. The cross-cutting nature of such strategy requires strong co-ordination and leadership from the centre of government (CoG), coupled with adequate human and financial resources. Effective governance of open government reforms moreover requires strong capacities of civil servants to design and implement public consultations; respond to citizens, journalists or civil society requesting access to public information; and implement open government related policies such as on open data.

The majority (27 countries) of the 35 OECD countries (77%) have an office dedicated to the horizontal co-ordination of their national open government strategy and initiatives. While the existence of such an office is a crucial element of an efficient co-ordination, its capacity to guide and steer the implementation of the open government strategy and related initiatives greatly depends on a number of factors, including the location of the office. Of the 26 OECD countries that have such office in place, 16 countries (62%) placed it either in the Office of the Head of Government, as in the case of Iceland and Israel, or the Cabinet Office/ Chancellery/Council of Ministers, as in Austria and Belgium. The other 10 OECD countries (38%) place the office in other ministries as for example in Finland, where it is located in the Ministry of Finance, whereas in Slovenia it is placed in the Ministry of Public Administration. While the OECD does not recommend a specific institution to be in charge of the open government agenda, the capacity of the co-ordination office to mobilise high level political support and all relevant actors across the administration is essential for successful implementation of open government reforms.

Open government strategies and initiatives can better deliver tangible results if the civil servants involved in their design and implementation are aware of their benefits. The great majority (32 of the 35 OECD countries) acknowledge the need to work towards a change in how the government operates and have taken action to develop the capacities of civil servants to endorse open government reforms. Eighteen OECD countries (51%) have taken initiatives to go beyond raising passive awareness and added courses on open government principles and practices in the curriculum of national schools of public administration. Furthermore, a majority (20 of the 35 OECD countries, 57%) include open government principles in a common public sector values framework and have developed ad hoc manuals and codes of conduct as in the case of 23 of 35 OECD countries (66%).

Furthermore, countries promote the implementation of open government initiatives through different means. For instance, among others, in Canada, Estonia, Italy, Norway, Poland and Spain open government principles and practices are included in the human resources competency frameworks. Austria, Belgium, Canada, the Czech Republic, Finland, Korea, Mexico and Norway do so by including open government principles and practices in public officials' performance agreements and accountability frameworks. Requiring officials to report publicly (as in 11 of the 35 OECD countries) or internally (as in 9 of the 35 OECD countries) on progress made in implementing open government principles and practices can provide approaches to enhance the accountability of public officials and evade inefficient management of public resources. Eventually, all these approaches can be crucial enablers and catalyst of open government reforms to be implemented in a timely, sustainable and effective manner. Still, a third of countries have not taken specific actions to promote the implementation of open government initiatives at the central level.

Methodology and definitions

In 2015, the OECD conducted the Survey on Open Government Co-ordination and Citizen Participation in the Policy Cycle, which was answered by 54 countries. All OECD countries answered to the Survey, together with thirteen countries from Latin America and the Caribbean, Indonesia, Lithuania, Morocco, Philippines, Romania and Tunisia. Senior government officials in charge of the national open government agenda responded to the survey.

The CoG is defined by the OECD as the institutions or offices that provide direct support and advice to the head of government and the council of ministersIn most countries, the CoG has three core roles: supporting quality decision making by the head of government; policy co-ordination across government; and monitoring the implementation of government strategy.

Further reading

OECD (2016), *Open Government: The Global Context and the Way Forward*, OECD Publishing, Paris. DOI: *http://dx.doi.org/10.1787/9789264268104-en*

Figure notes

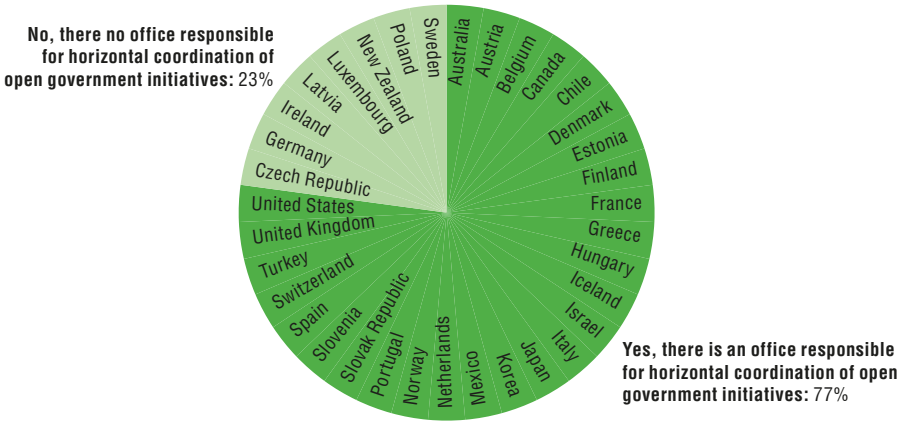
10.4: In Canada and Greece there have been new developments in open government policies since 2015 which are not reflected in this edition of Government at a Glance

10.5: For Canada, "other" refers to training materials that are being developed to help departments implement the directive on open government. For Greece, as far as motivation is concerned, the law provides for an annual contest on the use of open public data by natural and legal persons (developing apps based on the effective use of open public) and excellence awards for public entities that have implemented effective and innovative procedures on open data and reuse policy.

In Denmark there have been new developments in open government policies since 2015 which are not reflected in this edition of Government at a Glance"

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

10.4. Existence of an office responsible for horizontal co-ordination of open government initiatives, 2015



Source: OECD (2015), "Survey on Open Government Co-ordination and Citizen Participation in the Policy Cycle", OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933533302

10.5. Main initiatives to develop capacities and promote implementation of open government, 2015

Country	Developing capacities of public officials by…					Promoting the implementation of open government initiatives by…			
	Adding courses on OG principles and practices in the curriculum of national schools of public administration	Including open government principles in a common public sector values framework	Developing ad hoc manuals/ codes of conduct	No specific actions have been taken so far	Including OG principles and practices in the HR competency framework	Including the implementation of OG principles and practices in public officials' performance agreements and/or evaluations, and accountability frameworks	Requiring officials to regulary report publicly on progress made in implementing open government principles and practices	Requiring officials to regulary report internally on progress made in implementing OG principles and initiatives	No specific actions have been taken so far
Australia	○	●	●	○	○	○	●	○	○
Austria	●	○	●	○	○	●	○	○	○
Belgium	○	○	○	●	○	●	○	○	●
Canada	○	○	○	○	●	●	●	●	○
Chile	○	●	●	○	○	○	●	○	○
Czech Republic	○	●	○	○	○	●	○	○	○
Denmark	○	○	●	●	○	○	○	○	●
Estonia	○	●	●	○	●	○	○	○	○
Finland	●	●	●	○	○	●	●	●	○
France	●	●	○	○	○	○	●	○	○
Germany	●	○	●	○	○	○	●	●	○
Greece	●	●	●	○	○	○	○	○	○
Hungary	●	●	●	○	●	○	○	○	○
Iceland	●	○	●	○	○	○	○	○	●
Ireland	○	●	●	○	○	○	●	●	○
Israel	○	●	●	○	○	○	○	○	●
Italy	●	○	●	○	●	○	●	○	○
Japan	○	○	●	○	○	○	○	●	○
Korea	●	○	●	○	○	●	○	●	○
Latvia	●	●	●	○	○	○	○	●	○
Luxembourg	○	●	●	○	○	○	○	○	●
Mexico	●	●	●	○	○	●	●	●	○
Netherlands	●	●	●	○	○	○	○	○	●
New Zealand	○	○	●	○	○	○	○	○	●
Norway	●	●	○	○	●	●	○	○	○
Poland	●	●	○	○	●	○	○	○	○
Portugal	○	●	○	○	○	○	○	○	●
Slovak Republic	○	○	○	●	○	○	○	●	○
Slovenia	●	○	○	○	○	○	○	○	●
Spain	●	●	●	○	●	○	●	●	○
Sweden	●	●	●	○	○	○	○	○	●
Switzerland	○	○	●	○	○	○	○	○	●
Turkey	○	●	○	○	○	○	○	○	●
United Kingdom	●	○	●	○	○	○	●	○	○
United States	-	-	-	-	-	-	-	-	-
OECD Total	**18**	**20**	**24**	**3**	**7**	**8**	**11**	**10**	**12**
Yes	●								
No	○								
Don't know	-								

Source: OECD (2015), "Survey on Open Government Co-ordination and Citizen Participation in the Policy Cycle", OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933535297

Monitoring and evaluation of open government strategies

The monitoring and evaluation mechanisms that a government has at its disposal are crucial to improve policy design and implementation in the areas of transparency, accountability and citizen participation. The OECD defines monitoring as "a continuing function that uses systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing [...] intervention with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds" (OECD, 2009). Evaluation is defined as "the systematic and objective assessment of an ongoing or completed project, programme or policy, its design, implementation and results. The aim is to determine the relevance and fulfilment of objectives, [...] efficiency, effectiveness, impact and sustainability. An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decision-making process of both recipients and donors." (OECD, 2009).

Without sound monitoring and evaluation systems, open government strategies and initiatives will not be able to deliver on their promises to improve democracy and promote inclusive growth. The cross-cutting nature of the open government strategy implies a high degree of complexity to develop an aggregated view on their impacts across sectors. It also requires a sound understanding on how sector-specific policy initiatives are linked to the broader goals of the strategy. Thus, countries face the challenge to design appropriate monitoring and evaluation approaches that untangle this complexity.

Most (30 of the 35 countries) OECD countries (86%) monitor open government initiatives. The majority of them, 77% rely on the normal monitoring activities of each public institution involved in open government initiatives. Furthermore, Open Government Partnership (OGP) members use the OGP Independent Reporting Mechanism (IRM) or the OGP required annual self-assessment. Other types of monitoring mechanisms from a single institution to an ad hoc monitoring mechanism or an office in charge of monitoring all open government initiatives are also used by a number of countries. For instance, nine of the 30 OECD countries that answered that they monitored open government initiatives use ad hoc monitoring mechanisms. In Finland it takes the form of an Open Government Implementation Support group and in the United Kingdom an Open Government Network. Usually, such ad hoc committees' tasks support the work of the office in charge of open government, by ensuring that all relevant stakeholders from the public sector as well as civil society and the private sector contribute to the development and implementation of open government policies and initiatives. While monitoring is essential to ensure proper implementation, only a thorough evaluation of the positive and negative impacts that the open government strategy or initiatives yielded can offer policy makers the possibility to improve the achievements of current initiatives and the design and implementation of future policies.

However, while the majority of OECD countries collect data on the progress of open government initiatives, only about half (20 OECD countries, 59%) use these data to evaluate their impact. Of those countries that indicated that they evaluate the impact, 16 of the 19 countries (84%) for which data is available use the evaluation activities of each public institution. NGOs are involved in the evaluation process in five of the 19 OECD countries that specified the approach used to evaluate impact (Canada, the Czech Republic, Mexico, Spain and the United States). Similar to the approaches to monitor open government initiatives, the OGP's Independent Reporting Mechanism and self-assessment reports are used by all OECD-OGP member countries that evaluate the impact of open government initiatives. The lack of evidence on the impact of open government strategies and initiatives hampers countries' progress to design and implement strategies that better target the identified needs by stakeholders and citizens alike.

Methodology and definitions

In 2015, the OECD conducted the Survey on Open Government Co-ordination and Citizen Participation in the Policy Cycle, which was answered by 54 countries.

Ad hoc mechanisms can take different forms in OECD countries. Depending on the institutional rooting and mandate of the ad hoc mechanism, tasks can include monitoring, evaluation or co-ordination. They can take the form of an Open Government Steering Committee, an Open Government Implementation Support group or an Open Government Network.

Further reading

OECD (2016), *Open Government: The Global Context and the Way Forward*, OECD Publishing, Paris. DOI: *http://dx.doi.org/10.1787/9789264268104-en*

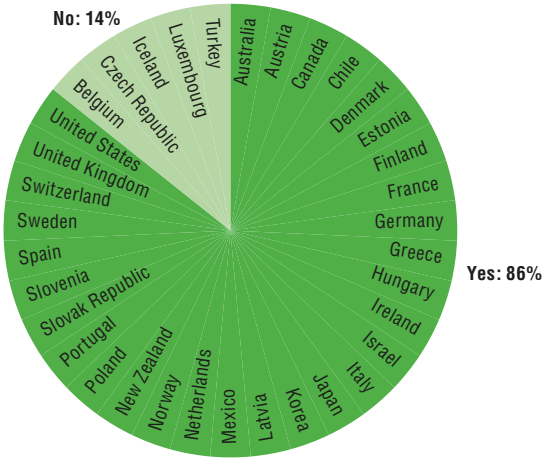
Figure notes

10.7: Luxembourg did not provide an answer to this question.

10.8: Only countries that answered that they evaluate open government initiatives were asked these questions on their approach to evaluate impact. Turkey does evaluate open government initiatives but did not respond to this question.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

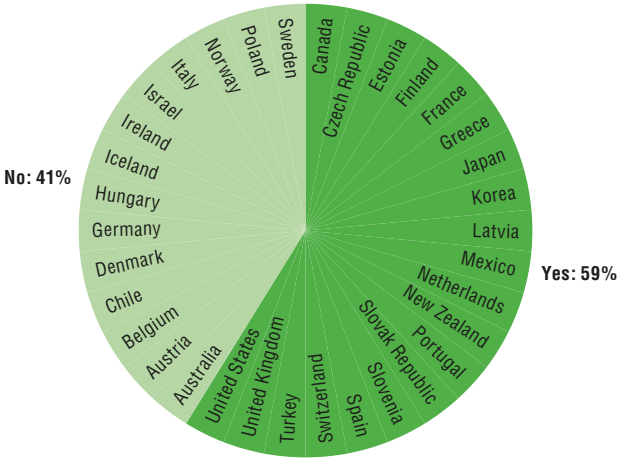
10.6. Monitoring open government initiatives, 2015



Source: OECD (2015), "Survey on Open Government Co-ordination and Citizen Participation in the Policy Cycle", OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933533321

10.7. Evaluating the impact of open government initiatives, 2015



Source: OECD (2015), "Survey on Open Government Co-ordination and Citizen Participation in the Policy Cycle", OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933533340

10.8. Approaches to evaluate the impact of open government initiatives, 2015

Country	Evaluating the impact of open government initiatives through: An ad hoc evaluation mechanism focusing on impacts	The normal evaluation activities of each public institution involved in the Open Government Strategy	Surveys among citizens and stakeholders	Surveys among public officials	Government conducted studies on the impact of open government initiatives in specific areas	Independent assessments conducted by NGOs	Independent assessments conducted by private companies	The OGP assessments (self-assessment and Independent Reporting Mechanism)
Canada	○	○	○	○	○	●	○	●
Czech Republic	○	●	●	○	○	●	○	●
Estonia	○	●	●	○	○	○	○	●
Finland	○	●	○	●	○	○	○	●
France	●	●	○	○	○	○	○	●
Greece	●	●	●	●	●	○	○	●
Japan	○	○	●	○	○	○	○	○
Korea	○	●	○	○	○	○	○	●
Latvia	○	●	○	○	○	○	○	●
Mexico	●	●	○	●	○	●	○	●
Netherlands	○	●	○	○	○	○	○	●
New Zealand	○	●	○	○	○	○	○	●
Portugal	○	●	○	○	○	○	○	○
Slovak Republic	○	●	○	○	○	○	○	●
Slovenia	○	●	○	○	○	○	○	○
Spain	○	●	●	○	●	●	●	●
Switzerland	●	○	○	○	○	○	○	○
United Kingdom	○	●	○	○	○	○	○	●
United States	○	●	○	○	○	●	○	●
OECD Total	**4**	**16**	**5**	**3**	**2**	**5**	**1**	**15**
Yes	●							
No	○							

Source: OECD (2015), "Survey on Open Government Co-ordination and Citizen Participation in the Policy Cycle", OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933535316

Citizen participation in policy making

Effective participation of citizens in policy making is at the heart of open government reforms and has the potential to renew the relationship between policy makers and citizens. In times of declining rates of voter turnout, and low levels of trust in public institutions and membership in political parties, governments acknowledge the need to move from the role of simple provider of services towards the development of closer partnerships with all relevant stakeholders.

An overarching document on citizen participation in policy making, such as manuals, guidelines or strategies, provides an important step towards a more integrated approach to citizen participation. Public servants and citizens might embark on participation processes with different conceptual understandings, which could be clarified and mainstreamed by a comprehensive strategy document. To ensure their coherence, citizen participation strategies should be integrated in national open government efforts. However, fewer than half (16 countries) of all OECD countries (46%) have developed such documents.

Translating policies into tangible improvements for citizens highly depends on the degree and timing of participation in the different steps of the policy cycle. The majority (22 ministries) of the 30 surveyed ministries of Finance give citizens the possibility to provide feedbacks on how public services work (73%). In the ministries of health of Israel, Japan and Luxembourg, the involvement of citizens is most prevalent with 18 of the 24 ministries (75%) during the drafting phase of policies. Nevertheless, in both ministries citizen participation in the evaluation of the impact of policies remains below 50%.

Comparing the different degrees of involvement of citizens throughout policy making, the Survey reveals that service providers ministries, such as the ministries of health, consult more actively with citizens. This is especially true in the initial step of identifying policy priorities, as well as in the implementation phase. The only stage in which the degree of citizen participation in initiatives from the finance ministries exceeds the results from health ministries is the phase of providing feedback. In addition to consulting with citizens, the Swedish Ministry of Health uses feedback from non-governmental organisations and other advocacy groups for patients, elderly or representatives from different regions. In 28 of the 30 ministries of finance (93%) and in all ministries of health citizens are involved in stages of the policy cycle. However, countries do not yet use the full potential to include the feedback of citizens when evaluating whether citizen participation in policy making initiatives created better policies which have a positive impact on the lives of citizens.

Methodology and definitions

In 2015, the OECD conducted the Survey on Open Government Co-ordination and Citizen Participation in the Policy Cycle, which was answered by 54 countries. All OECD countries answered to the Survey, together with thirteen countries from Latin America and the Caribbean (including the two OECD countries Chile and Mexico), Indonesia, Lithuania, Morocco, Philippines, Romania and Tunisia. Senior government officials in charge of the national open government agenda responded to the Survey. The OECD Survey was split into two parts: the first part focused on the existing approach to open government at the national level and was answered by the main institution responsible for open government. The second part of the Survey was answered by the countries' ministries of health, ministries of finance and focused on detecting the current approaches to Citizen Participation throughout the policy cycle. In total, 32 ministries of finance and 25 ministries of health from OECD countries submitted their responses to the Survey. Not all ministries provided answers to all of the questions, which explains the gaps in 10.10 underneath.

Further reading

OECD (2016), *Open Government: The Global Context and the Way Forward*, OECD Publishing, Paris. DOI: *http://dx.doi.org/10.1787/9789264268104-en*

OECD (2009), *Measuring Government Activity*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/9789264060784-en*

Involve (2009), Open Government: beyond static measures, *http://www.oecd.org/gov/46560184.pdf*

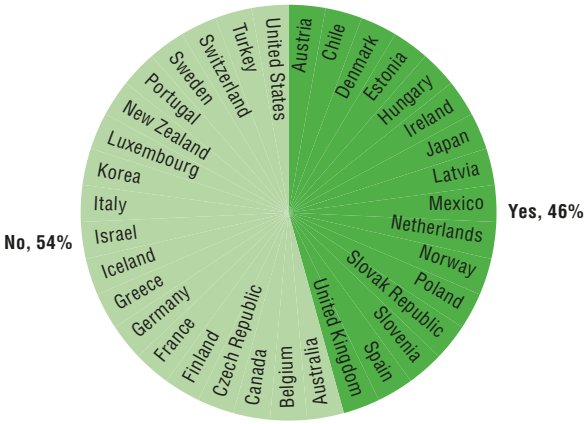
Figure notes

10.9: This question was answered by the main institution responsible for open government coordination.

10.10: MF: Ministry of Finance; MH: Ministry of Health; N.A.: The Ministry did either not respond to the survey or to this question. The ministries of the United States, Korea, Latvia either did not respond to the survey or to this particular question

Information on data for Israel: http://dx.doi.org/10.1787/888932315602.

10.9. Existence of an overarching document focusing on citizen engagement, 2015



Source: OECD (2015), "Survey on Open Government Co-ordination and Citizen Participation in the Policy Cycle", OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933533359

10.10. Involvement of citizens in the policy cycle in the Central/federal Ministries of Finance and Health, 2015

Country	Identification of policy priorities		In drafting policies		In the implementation of policies		In providing feedback on how public services work		In evaluating the impact of policies		Citizens are not involved in the policy cycle	
	MF	MH	MF	MH	MF	MH	MF	MH	MF	MH	MF	MH
Australia	❍	❍	❍	❍	❍	●	●	●	❍	●	❍	❍
Austria	❍	●	❍	●	●	●	●	●	❍	❍	❍	❍
Belgium	❍	●	❍	●	❍	❍	❍	●	●	●	❍	❍
Canada	❍	❍	●	❍	❍	●	❍	●	❍	●	❍	❍
Chile	❍	N.A.	❍	N.A.	❍	N.A.	●	N.A.	❍	N.A.	❍	N.A.
Czech Republic	●	●	●	●	●	❍	●	❍	●	●	❍	❍
Denmark	❍	N.A.	●	N.A.	●	N.A.	●	N.A.	❍	N.A.	❍	N.A.
Estonia	❍	●	●	●	❍	●	●	●	❍	●	❍	❍
Finland	●	●	●	●	●	●	●	●	❍	●	❍	❍
France	❍	●	●	●	●	●	●	❍	❍	●	❍	❍
Germany	❍	●	❍	●	❍	●	❍	❍	❍	❍	❍	❍
Greece	❍	❍	●	●	❍	❍	●	●	❍	❍	❍	❍
Hungary	●	❍	❍	●	❍	❍	●	●	❍	●	❍	❍
Iceland	❍	❍	❍	●	❍	●	●	●	❍	❍	❍	❍
Ireland	❍	N.A.	●	N.A.	❍	N.A.	❍	N.A.	●	N.A.	❍	N.A.
Israel	❍	❍	●	●	❍	❍	❍	●	❍	●	❍	❍
Italy	❍	N.A.	❍	N.A.	❍	N.A.	❍	N.A.	❍	N.A.	●	N.A.
Japan	❍	❍	❍	●	❍	❍	❍	❍	❍	❍	●	❍
Luxembourg	●	●	❍	●	❍	●	●	●	●	❍	❍	❍
Mexico	●	❍	❍	❍	●	❍	●	●	●	❍	❍	❍
Netherlands	❍	N.A.	●	N.A.	❍	N.A.	●	N.A.	●	N.A.	❍	N.A.
New Zealand	●	●	●	❍	●	❍	●	❍	●	❍	❍	❍
Norway	❍	N.A.	●	N.A.	❍	N.A.	●	N.A.	●	N.A.	❍	N.A.
Poland	N.A.	●	N.A.	●	N.A.	●	N.A.	●	N.A.	●	N.A.	❍
Portugal	●	●	●	●	❍	●	●	●	❍	❍	❍	❍
Slovak Republic	N.A.	❍	N.A.	●	N.A.	●	N.A.	●	N.A.	❍	N.A.	❍
Slovenia	●	N.A.	●	N.A.	❍	N.A.	●	N.A.	❍	N.A.	❍	N.A.
Spain	●	❍	●	●	●	❍	●	❍	●	❍	❍	❍
Sweden	❍	●	●	❍	●	❍	❍	●	❍	❍	❍	❍
Switzerland	❍	●	●	❍	●	❍	●	❍	●	❍	❍	❍
Turkey	❍	N.A.	●	N.A.	●	N.A.	●	N.A.	●	N.A.	❍	N.A.
United Kingdom	●	●	❍	●	●	●	●	●	●	●	❍	❍
OECD Total	**10**	**14**	**18**	**18**	**12**	**13**	**22**	**17**	**12**	**11**	**2**	**0**
Yes	●											
No	❍											

Source: OECD (2015), "Survey on Open Government Co-ordination and Citizen Participation in the Policy Cycle", OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933535335

Open Government Data

Open government data (OGD) can be a powerful lever for social and economic development. It can also be used to strenghten public governance by improving the design of public services with a citizen-driven approach, by enhancing public sector efficiency and by spurring public sector integrity and accountability.. By ensuring OGD availability, accessibility and reuse by public, private and civic actors, governments can design more evidence-based and inclusive policies, stimulate innovation inside and outside the public sector, and empower citizens to take better-informed personal decisions.

Recognizing the benefits of OGD, a number of international instruments have been adopted over the past five years to encourage the adoption of policies that promote access to government data. For instance, the G8 Open Data Charter was adopted in 2013 followed by the International Open Data Charter (IODC) in 2015, and the G20 Anti-corruption Open Data Principles, also adopted in 2015.

The OECD OURdata Index (Open-Useful-Reusable data Index) is one of the tools (together with national OGD policy reviews and analytical work) developed by the OECD to support member countries in their effort to promote OGD. It aims to summarise some of the relative strengths and weaknesses of countries on a selected set of indicators and to help identify potential areas for actions. It measures the level of implementation of the IODC principles at the Central/federal level based on a framework developed by the OECD.

Three key findings come out from the 2017 edition of the OECD OURdata Index.

Firstly, governments have made important efforts to support the provision of a large quantity of data in an open, free and accessible format but further efforts could be made to pro actively support their re-use. Most countries have for instance adopted an "open by default" policy whereby all government data should be open unless there are legitimate justifications for not doing so. However, at the Central/federal level, the extent to which countries conduct initiatives to promote data re-use outside government (such as hackhatons and co-creation events) and inside governments (via training and information sessions to civil servants) varies greatly. Moreover few countries monitor the economic and social impact of open data as well as the impact of open data on public sector performance.

Secondly, data collected by the OECD suggests that there might be an implementation gap in a number of countries where policy developments have been introduced very recently including notably in some of the Eastern European countries such as the Czech Republic, Latvia, the Slovak Republic and Slovenia. By contrast, Korea, France, Great-Britain and the United-States, which were among the early adopters of OGD, have been able to introduce and implement a large range of policies to promote data availability, accessibility and re-use.

Thirdly, in the majority of OECD countries, stakeholders are regularly consulted by line Ministries and agencies to identify the types of datasets that users need but few countries have developed a Central/federal data portal conceived as an exchange, collaboration and crowdsourcing platform where users are empowered to submit data and provide feedback on the quality and limitations of the data for continuous improvement. Empowering users and supporting platforms of exchange among businesses, civil society organisations and government organisations is key for promoting greater re-use and impact of data and is an important component of the IODC principles.

Methodology and definitions

The data come from the OECD Survey on Open Government Data conducted in November and December 2016. Survey respondents were predominantly chief information officers in OECD countries. Responses represent countries' own assessments of current practices and procedures regarding open government data. Data refer only to Central/federal governments and exclude OGD practices at the state/local levels. Due to changes in the underlying framework (from the G8 Open data charter to the IODC) and therefore data the 2017 edition is not comparable to the 2014 edition.

The composite index is based on the International Open Data Charter principles and on the methodology described in OECD work (Ubaldi, 2013). The OECD OURdata Index contains 140 data points. For more information on the methodology and underlying data please see the annex online.

Further readings

OECD (2017) G20 Compendium on the use of open data for anti-corruption across G20 countries (forthcoming)

OECD (2016), Open Government Data Review of Mexico: Data Reuse for Public Sector Impact and Innovation, OECD Publishing, Paris. DOI: *http://dx.doi.org/10.1787/9789264259270-en*

Ubaldi, B. (2013), "Open Government Data: Towards Empirical Analysis of Open Government Data Initiatives", OECD Working Papers on Public Governance, No. 22, OECD, Paris, *http://dx.doi.org/10.1787/5k46bj4f03s7-en*.

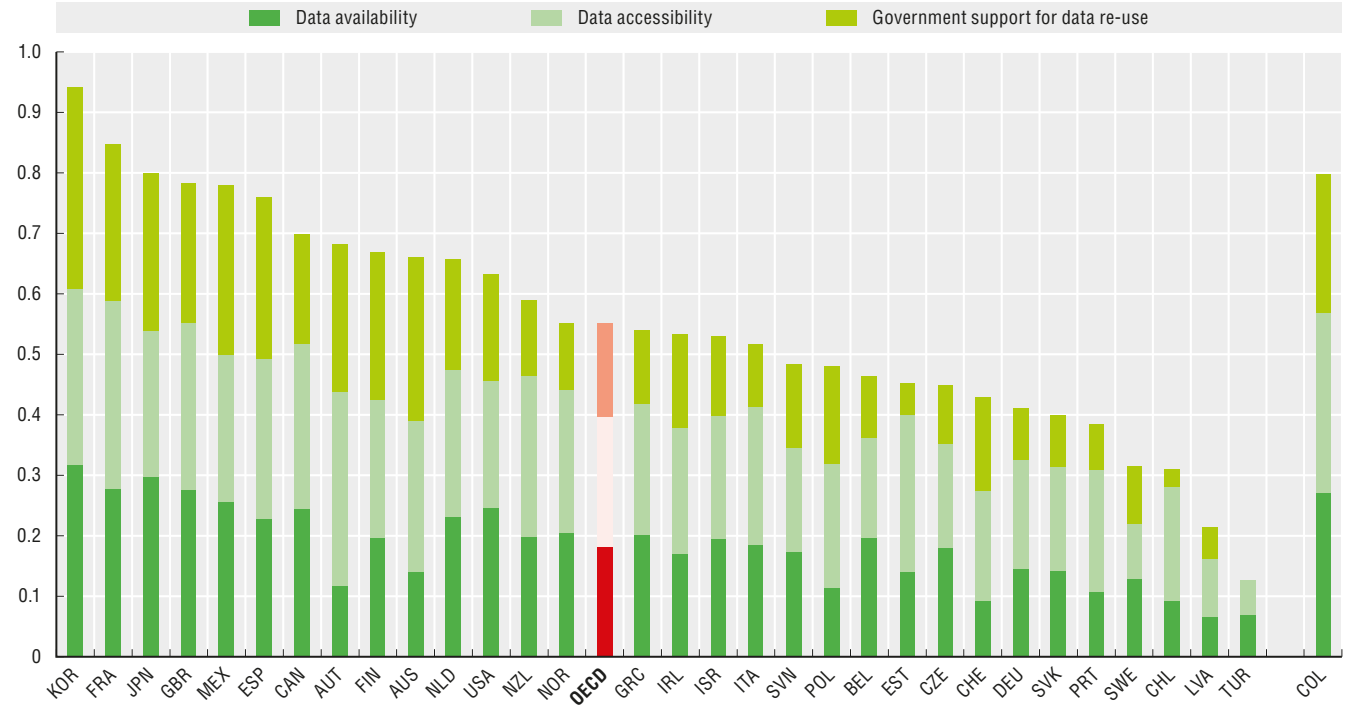
Figure notes

Data for Hungary, Iceland and Luxembourg are not available. Denmark does not have a Central/federal data portal and therefore are not displayed in the Index.

Detailed methodology and underlying data available online in the annex online.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

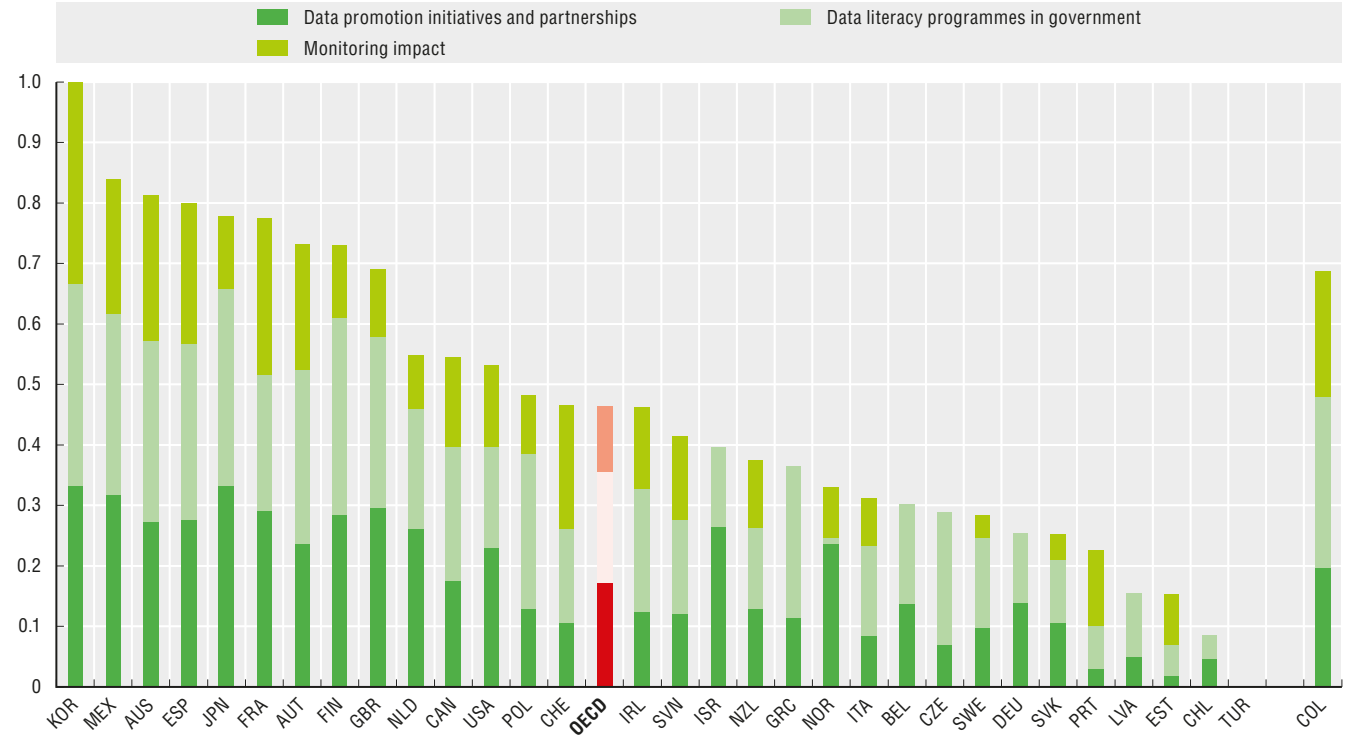
10.11. Open-Useful-Reusable Government Data Index (OURdata), 2017



Source: OECD Survey on Open Government Data

StatLink http://dx.doi.org/10.1787/888933533378

10.12. OURdata Index, government support for data re-use (pillar 3), 2017



Source: OECD Survey on Open Government Data

StatLink http://dx.doi.org/10.1787/888933533397

11. PUBLIC SECTOR INNOVATION AND DIGITAL GOVERNMENT

Innovation in human resource management strategies and programmes

Supporting structures for public sector innovation

Funding mechanisms for public sector innovation

Digital transformation of public service delivery

Innovation in human resource management strategies and programmes

Governments are facing fiscal constraints, technological and demographic changes, and rising citizen expectations that demand innovative responses from the public sector. As a result, many governments are experimenting with ways to foster innovation. Civil servants need the ability, motivation and opportunities to contribute to innovation. Therefore, human resource management (HRM) is an important lever for supporting public sector innovation by enabling managers and front-line staff to formulate ideas that result in new and improved ways to deliver public services. HRM practices that can enhance capacity for innovation include incentive structures and awards; managerial and leadership approaches; organisational practices related to recruitment, training, mobility and compensation of employees; and job design factors such as autonomy and ways of working.

The concept of innovation is starting to permeate core HRM functions in OECD countries. This is most evident in training and development, as 60% of OECD countries make some form of innovation training available to their employees. Training can be a first step to ensure that innovation concepts are spread across the public sector and are not limited to a small group of experts. Many countries put specific emphasis on leadership development. Leaders and managers with skills in organisational steering, strategic planning and people management are crucial for supporting a more innovative public sector. Some countries such as Belgium, Canada and Korea go further by including innovation in their core people management processes. Innovation is included in competence frameworks of 46% of all OECD countries, while 40% include it in their performance management discussions. Fewer countries include innovation in their recruitment guidelines (31% of the countries) and promotion criteria (23% of the countries). Recruitment and promotions are hard decisions that greatly impact people's careers and organisations, whereas inclusion in training, competency profiles and performance discussions provide a basis to discuss innovation and explore its contribution to employee development. These developments may reflect the maturity level of the concept of innovation at this stage in the public sector, as countries test the concept before they incorporate it further in their HRM practices.

There are also HRM measures that directly influence and incentivise innovation in the public sector. Mobility programmes not only bring in skills, but encourage ideas and information sharing, and diversity of views, which is shown to help with innovation. Connecting innovation with mobility programmes is, however, not widespread. Innovation awards provide the platform to share innovation that may otherwise go unnoticed, and to collect case studies that can help to inform, inspire, and even replicate successful innovation. Some 63% of OECD countries have innovation awards in place at the central government level. This helps to develop a culture that celebrates innovation. Taken together, it suggests that many OECD countries recognise and reward the end product of innovation; however, identifying the right incentives and HRM processes that enable innovation remains a challenge in most central public administrations.

Methodology and definitions

Data for this section are derived from 2016 OECD Survey on Strategic Human Resources Management (SHRM) in Central/Federal Governments of OECD Countries. Respondents were predominantly senior officials in central government HRM departments. The survey was completed by all OECD countries.

The data presented capture the extent to which the notion of innovation is included in central/federal HRM frameworks, strategies and programmes in OECD countries. The size and breath of central public administrations vary greatly across countries and should be considered when making comparisons. Furthermore, the extent of centralisation/decentralisation of HRM and innovation tasks can also influence cross-country comparisons.

Public sector innovation was defined, for the purpose of this survey, as new ideas that work at creating public value, with the following characteristics: novelty: innovations introduce new approaches, relative to the context where they are introduced; implementation: innovations must be implemented, not just ideas; and impact: innovations aim for better public results including efficiency, effectiveness, and user or employee satisfaction.

The measure on mobility programmes indicates situations where innovation is explicitly mentioned in the objectives of encouraging mobility in the civil service. Not all countries have mobility programmes at the central/federal government level.

Further reading

OECD (forthcoming), "Core skills for public sector innovation: a beta model of skills to promote and enable innovation in public sector organisations," OECD, Paris.

OECD (2017), "Innovation Skills in the Public Sector: Building Capability in Chile," OECD, Paris.

Figure notes

For mobility programmes the question – "Are there specific programmes to encourage mobility in the civil service?" – was used as, mobility programs in general affect innovation positively.

11.1. Innovation in central/federal government human resource management frameworks, strategies and programmes, 2016

	Competence framework	Training and development programmes	Recruitment strategy / guidelines	Performance assessment	Promotion criteria	Leadership development framework (or programme)	Mobility programmes	Innovation awards
Australia	❍	❍	❍	❍	❍	❍	●	●
Austria	❍	●	●	❍	❍	●	●	●
Belgium	●	●	●	●	❍	●	●	❍
Canada	●	●	●	●	●	●	●	●
Chile	●	●	❍	❍	❍	❍	❍	●
Czech Republic	❍	●	●	●	●	●	❍	❍
Denmark	●	●	❍	❍	❍	❍	❍	❍
Estonia	●	●	❍	❍	❍	●	❍	❍
Finland	●	●	❍	❍	❍	●	❍	●
France	❍	●	❍	❍	❍	●	❍	●
Germany	❍	●	❍	❍	❍	❍	❍	●
Greece	●	●	●	●	●	●	❍	❍
Hungary	❍	❍	❍	❍	❍	❍	❍	❍
Iceland	❍	❍	❍	❍	❍	❍	❍	❍
Ireland	❍	❍	❍	❍	❍	❍	❍	●
Israel	●	●	❍	●	❍	●	●	●
Italy	❍	●	●	❍	❍	❍	●	●
Japan	❍	●	❍	●	●	●	❍	●
Korea	●	●	●	●	●	●	●	●
Latvia	●	❍	❍	❍	❍	●	❍	❍
Luxembourg	❍	❍	❍	❍	❍	❍	❍	❍
Mexico	●	●	❍	❍	❍	❍	●	●
Netherlands	❍	❍	❍	❍	❍	❍	❍	●
New Zealand	❍	❍	❍	❍	❍	❍	❍	●
Norway	❍	❍	❍	❍	❍	●	❍	❍
Poland	❍	●	❍	●	❍	❍	❍	●
Portugal	●	●	❍	●	❍	●	❍	❍
Slovak Republic	❍	●	❍	●	❍	❍	❍	●
Slovenia	●	❍	❍	●	●	●	❍	●
Spain	●	●	●	●	●	❍	❍	●
Sweden	❍	❍	❍	❍	❍	❍	❍	●
Switzerland	❍	❍	❍	❍	❍	●	❍	❍
Turkey	●	●	●	●	●	●	❍	❍
United Kingdom	●	●	●	●	❍	●	●	●
United States	❍	❍	●	❍	❍	●	❍	●
OECD Total								
● Included	16	21	11	14	8	19	9	22
❍ Not included	19	14	24	21	27	16	26	13

Source: OECD (2016) Survey on Strategic Human Resources Management in Central/Federal Governments of OECD Countries, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933535354

Supporting structures for public sector innovation

Achieving innovation in the public sector can be difficult and require additional, targeted support and resources. In recent years, there has been a significant growth in the type and number of organisations and structures dedicated to supporting innovation in the public sector (OECD, 2017). These are known as teams, units, labs, networks to name a few. Among these, innovation-focused networks and innovation labs have attracted most of the attention. Networks can support and motivate public sector innovation by creating a space where innovators can share ideas, practices and challenges for implementing innovations. Dedicated innovation units/labs can help address some of the barriers to innovation: e.g. compensate for the lack of innovative leaders and champions, and help overcome rigidities in the reward and incentive systems that can often hinder innovative performance in the public sector. They can foster the creation of organisational knowledge about how to apply innovation processes and methods, and support more collaborative and harmonious approaches in problem solving. This can help address departmental silo thinking by adopting cross-cutting, inter-disciplinary approaches, bringing together different or new tools, methods and skills.

OECD countries demonstrate a range of different types of networks and labs supporting innovation in different ways. The data in Table 11.2 shows that most OECD countries (22 countries) have innovation-focused networks at the central government level. While the most common purpose of innovators' networks in OECD countries is to help members share their experience, the networks are often used, for instance, to build the capacities of their members through training, to provide support to develop specific projects and to provide advice and guidance to public institutions. For example, in Czech Republic, Estonia, Finland and the United Kingdom the networks take up all of the above tasks.

A large number of OECD countries (21 countries) from the 25 countries surveyed have also one or several innovation labs at the central/federal government level. Raising awareness about innovation, providing advice, training and networking are the most common tasks of innovation labs. In 17 OECD countries, innovation labs also directly support innovation projects and in 15 OECD countries they provide the space for experimentation, thus, creating a safe environment for risk taking. Despite the wide variety of innovation organisations at the central/federal government level, some commonalities have emerged in recent research: they are predominantly outcome-oriented and their work is project-based (OECD, 2017). This is the case for example for MindLab in Denmark and Lab para la Ciudad in Mexico.

Due to the relative newness of innovation labs and networks the field is constantly evolving, with new organisations and networks emerging and others developing and maturing. Notwithstanding the constant state of flux, the overview of what these labs and networks do and how they function provides insight into how countries are supporting public sector innovation. This will enable countries to map and compare themselves, identify what models exist and in which organisational context, and learn from other country experiences.

Methodology and definitions

Data for this section are derived from 2016 OECD Survey on Strategic Human Resources Management (SHRM) in Central/Federal Governments of OECD Countries and the 2017 SPSIE survey (Survey on Public Sector Innovation Enablers). SHRM survey respondents were predominantly senior officials in central government HRM departments. The survey was completed by all OECD countries. SPSIE survey respondents were officials in central government dealing with public sector innovation in various capacities. The survey was completed by 25 OECD countries.

Public sector innovation was defined, in both surveys, as new ideas that work at creating public value, with the following characteristics: novelty: innovations introduce new approaches, relative to the context where they are introduced; implementation: innovations must be implemented, not just ideas; and impact: innovations aim to result in better public results including efficiency, effectiveness, and user or employee satisfaction.

Innovation labs were defined, in the SPSIE survey, as organisations (e.g. institution/agency/unit/laboratory/hub) dedicated to public sector innovation and supporting government in finding and implementing new ways of doing things that improve how the public sector performs (e.g. creating better public services, better outcomes, greater efficiency or more effective public policies).

The SHRM survey measured innovation-focused networks spanning across the civil service.

Further reading

OECD (2017), "Fostering Innovation in the Public Sector", OECD, Paris.

Figure notes

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

11.2. Supporting structures for public sector innovation in the central/federal government, 2016/2017

	Innovation-focused networks		Innovation labs	
	N°	Activities	N°	Activities
Australia	▲	Experience sharing, specific innovation projects, advice and guidance, online community building	▲	Awareness, advice, training, support innovation projects, experimentation, innovation delivery, networking
Austria	●	Training, experience sharing, specific innovation projects	▲	Awareness, advice, training, support innovation projects, experimentation, innovation delivery, investment, networking
Belgium	❍	–	▲	Awareness, advice, training, support innovation projects, experimentation, innovation delivery, investment, networking
Canada	●	Training, experience sharing, specific innovation projects	●	Advice, training, support innovation projects, experimentation, innovation delivery, networking
Chile	❍	Training, experience sharing, specific innovation projects	●	Awareness, advice, training, support innovation projects, experimentation, innovation delivery, investment, networking
Czech Republic	▲	Training, experience sharing, specific innovation projects, advice and guidance	NA	NA
Denmark	▲	Experience sharing, online community building	▲	Awareness, advice, training, support innovation projects, innovation delivery, networking
Estonia	▲	Training, experience sharing, specific innovation projects, advice and guidance	▲	Awareness, advice, training, support innovation projects, experimentation, innovation delivery, investment, networking
Finland	●	Training, experience sharing, specific innovation projects, advice and guidance, online community building	▲	Awareness, advice, training, support innovation projects, experimentation, innovation delivery, investment, networking
France	●	Training, experience sharing, specific innovation projects	▲	Awareness, advice, training, experimentation, innovation delivery, investment, networking
Germany	▲	Training, experience sharing	▲	Training
Greece	❍	–	NA	NA
Hungary	❍	–	❍	–
Iceland	❍	–	❍	–
Ireland	●	Advice and guidance, experience sharing	❍	–
Israel	●	Experience sharing, specific innovation projects	NA	NA
Italy	▲	Training, experience sharing, specific innovation projects, online community building	●	Awareness, advice, training, support innovation projects, experimentation, innovation delivery, networking
Japan	▲	–	●	Support innovation projects, innovation delivery, networking
Korea	●	Training	▲	Awareness, advice, training, support innovation projects, experimentation, innovation delivery, investment, networking
Latvia	❍	–	❍	–
Luxembourg	❍	–	NA	NA
Mexico	▲	–	●	Advice, support innovation projects, experimentation, innovation delivery, networking
Netherlands	▲	Training, experience sharing, online community building	●	Awareness, advice, training, support innovation projects, experimentation, innovation delivery
New Zealand	▲	Experience sharing, specific innovation projects	NA	NA
Norway	▲	Experience sharing	NA	NA
Poland	▲	Training, experience sharing	❍	-
Portugal	❍	–	●	Awareness, advice, training, support innovation projects, experimentation, innovation delivery, investment, networking
Slovak Republic	❍	–	▲	Advice, innovation delivery
Slovenia	❍	–	●	Awareness, advice, training
Spain	●	Training, experience sharing, specific innovation projects	●	Awareness, advice, training, support innovation projects, innovation delivery, networking
Sweden	❍	–	●	Awareness, training, support innovation projects, experimentation, networking
Switzerland	❍	–	NA	NA
Turkey	❍	–	❍	–
United Kingdom	▲	Training, experience sharing, specific innovation projects, advice and guidance, online community building	▲	Awareness, advice, training, support innovation projects, experimentation, innovation delivery, investment, networking
United States	▲	Experience sharing, specific innovation projects	NA	NA
OECD Total				
	13	❍ None	6	❍ None
	8	● One	10	● One
	14	▲ Several	11	▲ Several
	NA	No answer	NA	No answer
	35	N° of respondents	27	N° of respondents

Source: OECD (2016), Survey on Strategic Human Resources Management in Central/Federal Governments of OECD Countries, OECD, Paris; OECD (2017), Survey on Public Sector Innovation Enablers in Central/Federal Governments of OECD Countries, OECD, Paris.

Funding mechanisms for public sector innovation

Financial incentives can play an important role in promoting innovation in the public sector. Even in a context of tight budget constraints in most OECD countries, the strategic use of budget tools and flexibility combined with outcome goals can support innovation in the public sector. Financial incentives, such as central innovation funds or efficiency dividends, can spur on innovation and support and impact public organisations' capacity to support innovation along its life cycle, in particular to source ideas and to replicate results at a larger scale.

As an emerging practice in OECD countries, innovation funds can play a formative role in determining whether and how specific countries undertake public sector innovation, but their success relies on several important factors: flexibility to use new resources; avoidance of fragmentation in funding to allow for strategic responses; and predictable budgets over several years, which allow agencies to make strategic investments to improve performance through innovation (OECD, 2014, 2017). Furthermore, introducing horizontal budgetary sources can help foster innovations that are beyond the scope of individual agencies (OECD, 2017).

The data in table 11.3 shows that 14 of 25 surveyed OECD countries have at least one dedicated innovation fund at the central/federal government level and 9 OECD countries have more than one. While most surveyed OECD countries (12 countries) draw the financing from the central budget, there are a few countries (Belgium, Canada, the United Kingdom and Italy) where the funding source is at the ministry/agency level. Introducing more budget flexibility for the budget holders and relaxation of input controls is a feature of budget reforms in many OECD countries (OECD, 2014). The majority of member countries use lump sum appropriations for operating costs, even though many of them do so with sub-limits. In addition, most OECD member countries allow the executives to reallocate funds across line items after appropriations are received and permit carry-overs of unused funds. This is highly important for innovation, regardless of whether there is a specific innovation fund, as there is a high uncertainty connected to implementing innovative projects. Furthermore, some OECD countries (e.g. Italy, Poland and Portugal) also combine different funding sources, such as central budget financing with European Union contributions.

While the funds are located at the central/federal government level, many funds also target sub-national public organisations and private sector bodies as recipients. It should be noted that many organisations have different intended target groups. This is indicative of the cross-cutting nature of innovation and the need for flexibility in funding arrangements.

Carrying out innovation projects, supporting innovative solutions implemented elsewhere and prototyping are the main goals of dedicated innovation funds in OECD countries, although, scaling up projects, experimentation and evaluating the success of innovative projects follow closely. As dedicated innovation funds are relatively new in the public sector, they are very varied in nature and often support broader digital transformations to projects in specific policy areas (for example, health care and ageing). Likewise, the monetary size of funds varies greatly. In most cases, it is difficult to estimate as funds are earmarked in large attributions or defined as a percentage of expenditure.

Methodology and definitions

Data for this section are derived from 2017 SPSIE (Survey on Public Sector Innovation Enablers). SPSIE survey respondents were officials in central government dealing with public sector innovation in various capacities. The survey was completed by 25 OECD countries.

Public sector innovation was defined, in the survey, as new ideas that work at creating public value, with the following characteristics: novelty: innovations introduce new approaches, relative to the context where they are introduced; implementation: innovations must be implemented, not just ideas; and impact: innovations aim to result in better public results including efficiency, effectiveness, and user or employee satisfaction.

Innovation funds were defined, in the survey, as any financing directed to initiating, carrying out or scaling up innovation projects/programmes in the public sector (including, but not limited to innovation grants, social innovation bonds and efficiency dividends that have been used for innovation). The lack of dedicated innovation funds does not signify lack of public sector innovation financing, as other funding frameworks may exist.

Further reading

OECD (2017), "Fostering Innovation in the Public Sector," OECD, Paris.

OECD (2014), "Budgeting Practices and Procedures in OECD Countries", OECD, Paris.

Figure notes

Data for Australia, Chile, the Czech Republic, Greece, Israel, Luxembourg, New Zealand, Norway, Switzerland and the United States are not available.

11.3. Characteristics of dedicated public sector innovation funds in the central/federal government, 2017

	Source of funding				Objectives of fund							
	Number of funds	Central budget	Ministry/ agency budget	Other (EU)	Experimentation	Prototyping	Mitigating risk	Implementing projects	Supporting innovative solutions	Scaling projects	Evaluation	Awarding innovative projects
Austria	❍	–	–	–	–	–	–	–	–	–	–	–
Belgium	▲	–	✓	–	–	–	–	✓	–	–	–	–
Canada	●	–	✓	–	✓	✓	–	✓	–	✓	✓	–
Denmark	❍	–	–	–	–	–	–	–	–	–	–	–
Estonia	▲	✓	–	–	✓	✓	✓	–	✓	✓	✓	–
Finland	▲	✓	–	–	✓	–	–	✓	✓	✓	–	–
France	▲	✓	–	–	✓	✓	✓	✓	–	–	–	–
Germany	❍	–	–	–	–	–	–	–	–	–	–	–
Hungary	❍	–	–	–	–	–	–	–	–	–	–	–
Iceland	❍	–	–	–	–	–	–	–	–	–	–	–
Ireland	●	✓	–	–	–	✓	–	–	✓	–	✓	✓
Italy	●	✓	✓	✓	–	✓	–	✓	✓	✓	✓	–
Japan	❍	–	–	–	–	–	–	–	–	–	–	–
Korea	▲	✓	–	–	✓	✓	✓	–	✓	✓	✓	✓
Latvia	❍	–	–	–	–	–	–	–	–	–	–	–
Mexico	▲	✓	–	–	✓	–	✓	✓	✓	✓	✓	–
Netherlands	▲	✓	–	–	✓	✓	✓	✓	✓	✓	✓	✓
Poland	▲	✓	–	✓	–	✓	–	✓	✓	–	–	–
Portugal	●	✓	–	✓	–	–	–	✓	–	–	–	–
Slovak Republic	❍	–	–	–	–	–	–	–	–	–	–	–
Slovenia	❍	–	–	–	–	–	–	–	–	–	–	–
Spain	❍	–	–	–	–	–	–	–	–	–	–	–
Sweden	●	✓	–	–	✓	✓	✓	✓	✓	✓	–	✓
Turkey	❍	–	–	–	–	–	–	–	–	–	–	–
United Kingdom	▲	✓	✓	–	✓	✓	–	✓	✓	✓	✓	–
OECD Total												
Total		12	4	3	9	10	6	11	10	9	8	4
	9	▲ Several										
	5	● One										
	11	❍ None										
	-	Not included										
	✓	Included										

Source: OECD (2017), Survey on Public Sector Innovation Enablers in Central/Federal Governments of OECD Countries, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933535373

11.4. Intended users of innovation funds, 2017

	Countries (Number of funds with intended users)	Number of funds
All public sector organisations	BEL (1), EST (2), FIN (2), ITA (1) NDL (2), POL (1), SWE (1)	10
National/federal level organisations	CAN (1), FIN (2), FRA (2), GBR (1), IRL (1), KOR (1) MEX (2), NDL (1), POL (1)	12
Sub-national public organisations	FIN (2), FRA (2), GBR (3), KOR (1), MEX (2), NLD (1), POL (1)	12
Public sector organisations meeting specific functions (e.g. hospitals, schools)	BEL (3), GBR (3), MEX (2), NDL (3), POL (1)	12
Private for-profit organisations	EST (1), FIN (1), GBR (4), NDL (1), POL (2)	9
Private not-for-profit organisations	EST (1), FIN (1), GBR (3), NDL (1), POL (2), PRT (1)	9

Source: OECD (2017), Survey on Public Sector Innovation Enablers in Central/Federal Governments of OECD Countries, OECD, Paris.

Digital transformation of public service delivery

The digital transformation of the society and economy is radically changing service delivery practices. New approaches to offer services in the private sector have raised citizens' expectations regarding the delivery of public services. The shift from reactive to proactive service delivery mechanisms, enabled by a transition from e-government to digital government, where the use of digital technologies is assumed as an integrated part of governments' modernisation and innovation strategies, creating public value through the engagement of a broad ecosystem of stakeholders, offers the chance to better respond to user demand. Yet, to achieve this, governments need to better map, understand and integrate citizens' demands and needs in the design and delivery of public service strategies. Public data is a powerful asset to move from citizen-centred to citizen-driven approaches, allowing governments to better design and tailor public service delivery processes.

In 2016, about 36% of individuals from OECD member countries submitted filled forms via public authorities' websites. There has been a sharp increase in the use of digital government services by individuals over the past decade, which has tripled on average among OECD member countries since 2006. This reflects a good impact of governments' digitisation efforts and citizens' progressive adoption of digital service delivery channels. However, there are persisting differences in the use of digital government services across various population groups. Governments need to be aware of these differences in order to develop tailored public service delivery approaches and avoid creating new forms of digital exclusion as the digitisation of the public sector progresses.

When comparing the level of education of users of digital government services, substantial differences can be found. On average across the OECD in 2016, about 54% of individuals with higher education submitted filled forms via public authorities' websites, against 17% of individuals with low levels of education. This difference in the use of digital government services by education level is less important in the Nordic countries (such as Denmark, Finland and Norway), while it is more important in Estonia, Greece, Hungary, Ireland, Latvia and Portugal. The level of income and the age of individuals also seem to influence the level of digital interaction with public authorities. On average in OECD member countries, about 49% of individuals in the top income quartile (richest) used the Internet to submit filled forms via public authorities' websites, against about 25% of individuals in the fourth income quartile (poorest). In addition, about 42% of individuals aged 25-54 years submitted forms online using public sector websites, against only about 24% of individuals aged 55-74 years. The differences in the adoption of digital means to interact with public services can be linked to different needs, but also to varying levels of digital skills influenced by socio-economic inequalities among the population.

In order to foster the digital transformation as a way to strengthen and nurture digital interaction, a number of countries have adopted the "once only principle", which considers that citizens and businesses should only provide the same information once to the public administration. To accomplish it, governments have to reshuffle their back office operations, so that public sector entities can exchange and reuse citizens' and businesses' data and information, while ensuring the respect of national and international standards on data security and privacy protection. Through the widespread adoption of the "once only principle" and progressive data exchange among public sector institutions, combined with increased penetration of machine learning and artificial intelligence techniques, governments can better understand citizens' needs and facilitate digitally enabled service delivery.

Methodology and definitions

Data come from Eurostat's, information society database and the OECD ICT database. "Public authorities" refer to public and administrative services (e.g. tax, customs, business registration and social security). Data cover the local, regional and national level.

High income corresponds to individuals with income levels in the top 25% (top income quartile). Low income corresponds to individuals with income in the bottom 25% (bottom income quartile). Education attainment is based on the International Standard Classification of Education (ISCED). For more information please see: *http://ec.europa.eu/eurostat/*

Further reading

OECD (2016), "Digital Government Toolkit", OECD, Paris, *http://www.oecd.org/governance/digital-government/toolkit/*.

OECD (2014), *Recommendation of the Council on Digital Government Strategies*, OECD Publishing, Paris, *http://www.oecd.org/gov/digital government/recommendation-on-digital government-strategies.htm*

Figure notes

Data for Australia, Korea, Israel, Japan and the United States are not available.

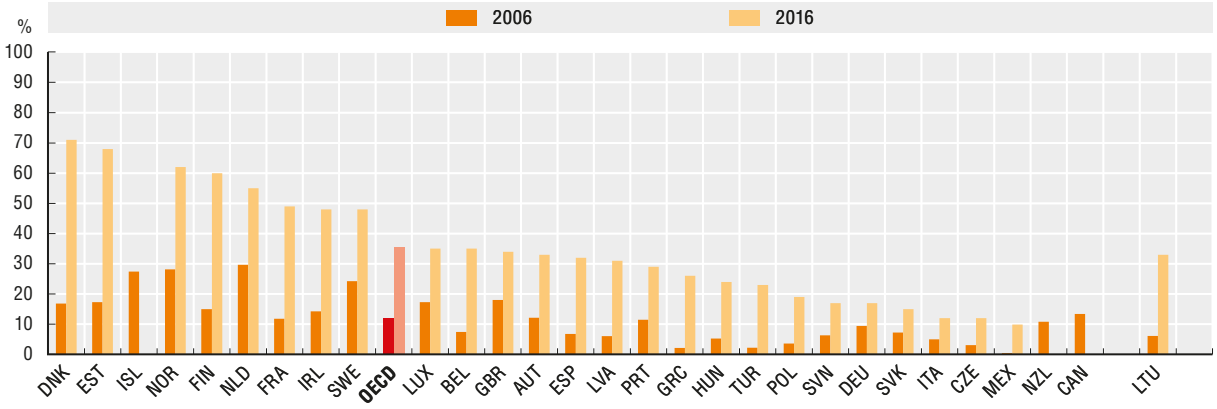
11.5: Data for Canada, Poland, Sweden, Turkey and the United Kingdom are for 2007 rather than 2006. Data for Mexico are for 2015 rather than 2016. OECD average excludes Canada, Chili, Iceland and New Zealand due to missing time series.

11.6: Data for OECD non-European member countries are not available. Data for Mexico are for 2015 rather than 2016.

11.7: Data for OECD non-European member countries and for Iceland, Italy, Sweden and the United Kingdom are not available.

11.8: Data for OECD non-European member countries and for Iceland and Switzerland are not available. Data for Mexico are for 2015 rather than 2016.

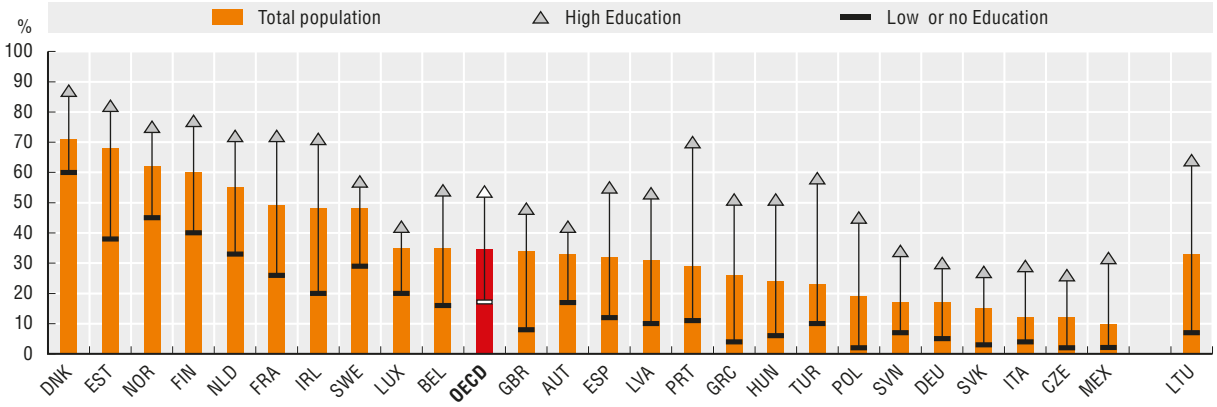
11.5. Individuals using the Internet for sending filled forms via public authorities websites in the past 12 months, 2006 and 2016



Source: OECD, ICT database, OECD, Paris; Eurostat, Information Society database, Eurostat, Luxembourg.

StatLink http://dx.doi.org/10.1787/888933533416

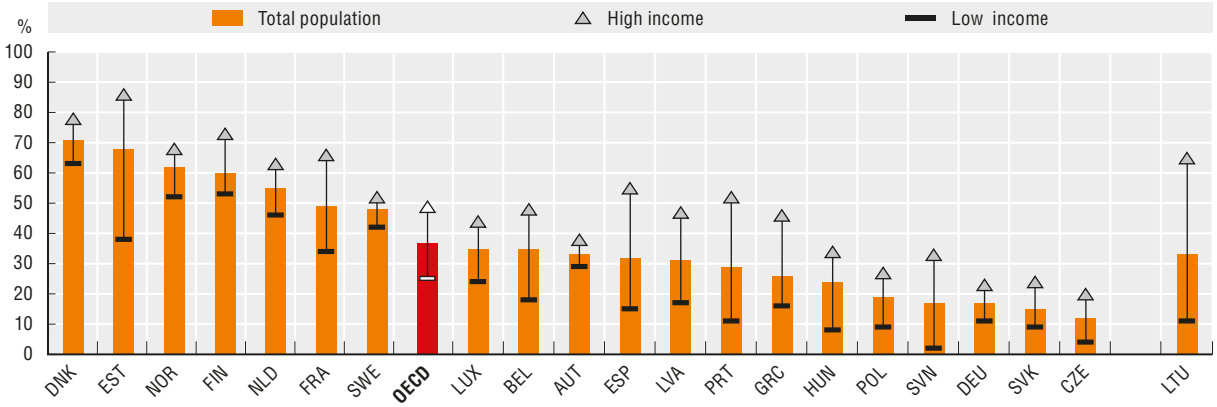
11.6. Individuals using the Internet for sending filled forms via public authorities websites in the past 12 months, by education level, 2016



Source: OECD, ICT database, OECD, Paris; Eurostat, Information Society database, Eurostat, Luxembourg.

StatLink http://dx.doi.org/10.1787/888933533435

11.7. Individuals using the Internet for sending filled forms via public authorities websites in the past 12 months, by income level, 2016



Source: OECD, *ICT database*, OECD, Paris; Eurostat, *Information Society database*, Eurostat, Luxembourg.

StatLink http://dx.doi.org/10.1787/888933533454

12. RISK MANAGEMENT AND COMMUNICATION

Socio-economic impacts of disasters in OECD countries

Governance of critical risks

Trends in communicating risks

Socio-economic impacts of disasters in OECD countries

OECD member countries have been significantly affected by disasters over the past decades, with increasing economic impacts. Disasters may arise from natural hazards, pandemics, major industrial or technological accidents, and malicious acts. In the last 30 years, the number of disasters has increased from around 100 to more than 300 each year across OECD member countries, causing hundreds of billions of US dollars in annual losses. The immediate consequences are visible in terms of human lives lost and destruction of capital stock, and longer term impacts accrue due to disruptions in economic flows. Large critical infrastructure can also be at risk, with devastating impacts as witnessed in the aftermath of the great east japan earthquake in 2011. Such large-scale disasters have led countries to strengthen risk governance policies by including a broader set of stakeholders and communities in the identification and assessment of risks as well as the implementation of measures that increase resilience at national and sub-national levels.

Across OECD countries, disaster risks are unevenly distributed, with larger and more densely populated countries facing disasters more frequently. The countries with the highest average annual number of disasters are Australia, Japan, Mexico, Turkey and the United States (Fig 12.1). In terms of the annual average economic damages over the period 1980-2016, the countries that lose the most due to disasters are Italy, Japan and the United States. However, a different picture emerges when relating disaster impacts to income during the period 1995-2015. The countries with significant seismic activity such as Chile and New Zealand, where urban centres were recently struck by major earthquakes, have the highest ratio of damage to income. For very large economies such as Japan and the United States, the aggregate impact is proportionately lower, helping these economies to cushion the impacts. Analysis of a wider range of countries than just OECD reveals a positive correlation between lower GDP per capita and more fatalities from disasters, whereas countries with a higher GDP per capita have seen larger economic impacts but fewer fatalities (OECD, 2014).

Although on average, economic losses due to disasters in OECD countries have been relatively modest relative to aggregate GDP, specific major disasters have had large-scale economic consequences in OECD countries, especially small economies. Damages from the earthquakes in Chile in 2010 and in Christchurch in New Zealand in 2011 were the equivalent of around 20 % of annual GDP. From a national perspective, storms like Katrina may have led to only 0.1 % of annual GDP in damages, but the estimated USD 125 billion in losses were felt disproportionately in the geographic area and its directly affected population. Local economic impacts can lead to a considerable drop in regional economic output following disasters, causing substantial negative impacts on regional public finances as well as sectoral imbalances and negative impacts from drops in consumer and business confidence.

Major risks may develop quickly and through unforeseen pathways causing transboundary impacts that spread across different communities, economic sectors and national borders. For example, the 2010 eruptions of the Eyjafjallajökull volcano in Iceland produced an ash cloud over much of European air space, and numerous flights were cancelled around the world due to the hazardous conditions in European air space. While the cancellations produced large economic losses in the airline industry, they also disrupted the supply chains for multiple industries that depend on it, including for perishable goods.

As disasters have had such extensive, transboundary and cascading effects, it is important both to draw the lessons from past events and to forecast future trends in transboundary vulnerabilities to better prepare for the future. For this reason it is necessary for governments and private sector actors to think outside the box, and work together through partnerships, to articulate appropriate risk governance strategies to mitigate future impacts.

Methodology and definitions

Data on disasters are based on EM-DAT, the OFDA/CRED International Disaster Database (www.emdat.be) developed by the Catholic university of Louvain-Brussels in Belgium. For a disaster to be entered into the database at least one of the following criteria must be fulfilled: ten or more people reported killed, 100 or more people reported affected, declaration of a state of emergency, call for international assistance. For each disaster, the registered figure corresponds to the damage value at the moment of the event, i.e. the figures are shown true to the year of the event. Annual GDP data are taken from the OECD National Accounts Statistics (database).

"Critical risks" refer to threats and hazards that pose the most strategically significant risk, as a result of (i) their probability or likelihood and of (ii) the national significance of their disruptive consequences, including sudden onset events (e.g. earthquakes, industrial accidents, terrorist attacks), gradual onset events (e.g. pandemics), and steady-state risks (notably those related to illicit trade or organised crime).

Further reading

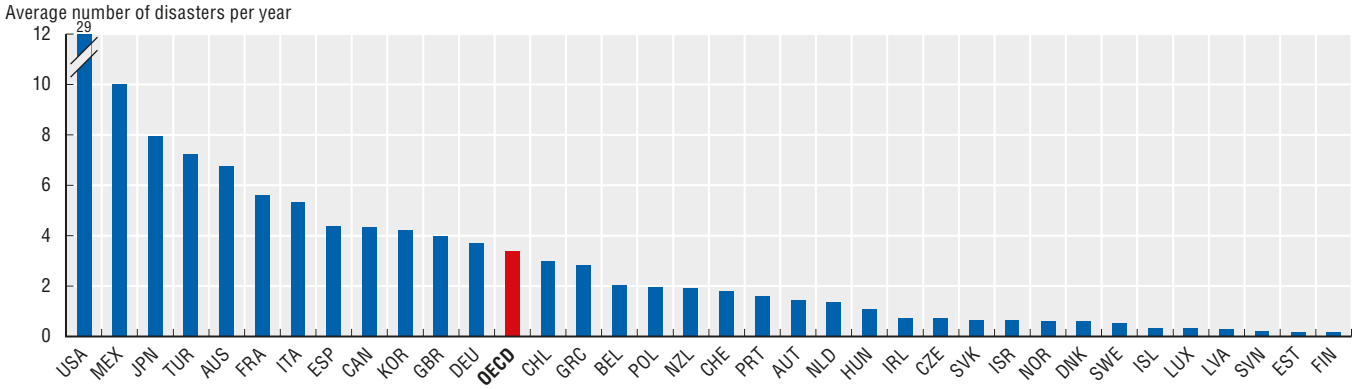
OECD (2014), "Boosting Resilience through Innovative Risk Governance", OECD Publishing, Paris, *http://dx.doi.org/10.1787/9789264209114-en*.

Figure notes

Detailed figure notes are provided in the Statslinks.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

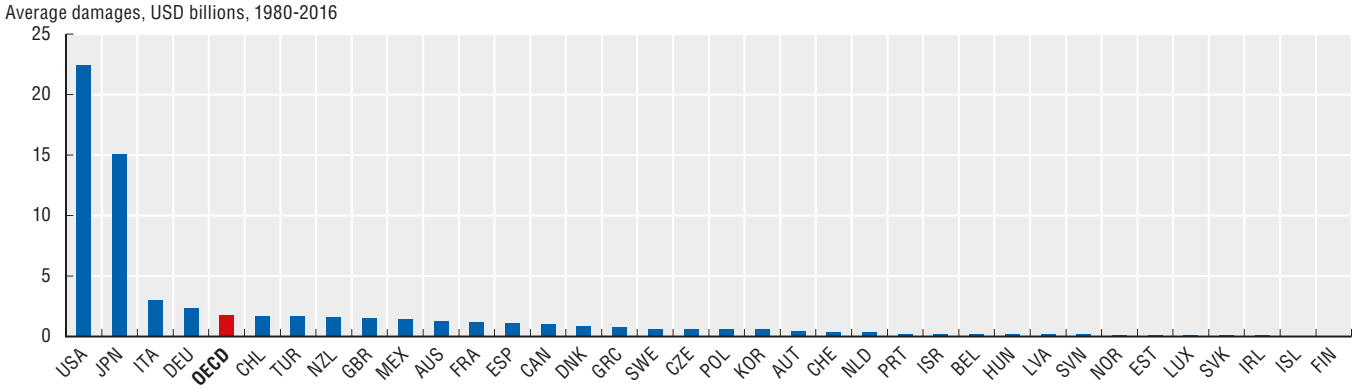
12.1. Average number of disasters per year across OECD countries, 1980-2016



Source: Guha-Sapir, EM-DAT: CRED/OFDA International Disaster Database, Université Catholique de Louvain, Brussels, Belgium, *www.emdat.be*, accessed March 2017.

StatLink http://dx.doi.org/10.1787/888933533473

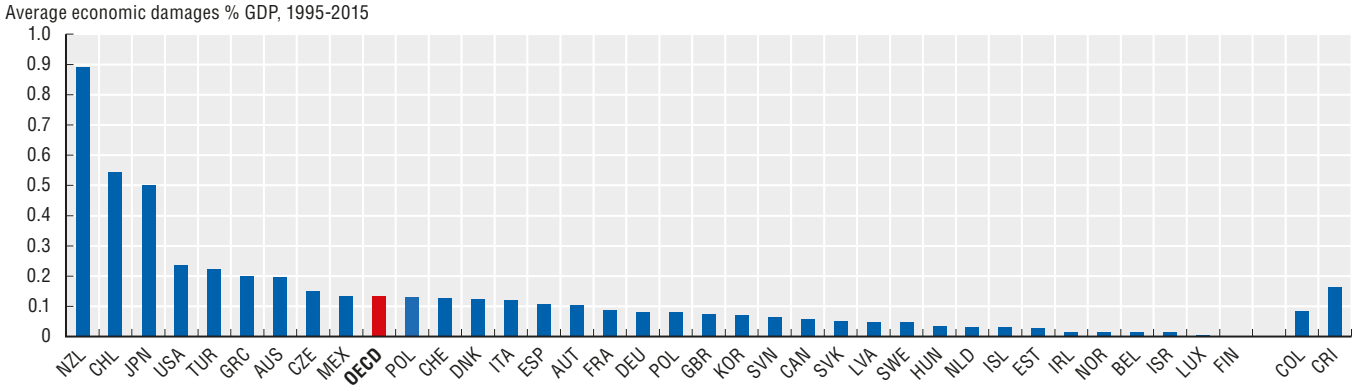
12.2. Average damages due to disasters across OECD countries, 1980-2016



Source: Guha-Sapir, EM-DAT: CRED/OFDA International Disaster Database, Université Catholique de Louvain, Brussels, Belgium, www.emdat.be, accessed March 2017.

StatLink http://dx.doi.org/10.1787/888933533492

12.3. Average damages due to disasters as a percentage of GDP across OECD countries, 1995-2015



Source: Guha-Sapir, EM-DAT: CRED/OFDA International Disaster Database, Université Catholique de Louvain, Brussels, Belgium, www.emdat.be, accessed March 2017. GDP data from: OECD, National Account Database, accessed on March 2017.

StatLink http://dx.doi.org/10.1787/888933533511

Governance of critical risks

The 2014 OECD Recommendation on the Governance of Critical Risks recommends that countries "engage all government actors at national and sub-national levels, to co-ordinate a range of stakeholders in inclusive policy making" in the governance of critical risks. The aim of a whole-of-society approach to security and safety of citizens and their property is to defend territorial integrity, and help sustain critical infrastructure and well-functioning markets. OECD countries have shown commitment to achieving a high quality of risk governance, which supports strong implementation of risk management policies. Citizens and businesses expect governments to be prepared for a wide range of possible crises and global shocks, and to handle them effectively should they arise.

The OECD also recommends that member countries develop an all-hazards national strategy that provides a unifying vision for all phases of the risk management cycle: risk identification and assessment, risk prevention and mitigation, preparedness and response, and recovery and reconstruction. In 2016, the OECD conducted a monitoring survey on the implementation of the Recommendation on the Governance of Critical Risks, which shows that most countries (29 countries) have established a national strategy to manage critical risks, and that most of these (24 countries) follow an all-hazards approach. Almost all OECD countries have acknowledged that there is a need for strong institutional capacity, resources and continued commitment from leadership at the centre of government. As a result, most countries (28 countries) assigned leadership, or the task to co-ordinate the management of critical risks, to a central government institution. Only four countries do not have a lead organisation or co-ordinating unit that is assigned leadership for the management of critical risks.

The management of critical risks touches on the remits of many departments and agencies across government and at different levels. The effective governance of these policies thus requires co-ordination mechanisms to navigate this complex landscape. The survey revealed that lead institutions consult with a variety of national and sub-national stakeholders in the policy formulation process. Most countries (26 countries) use ad hoc conferences to engage with national experts on risk analysis. More than half the respondents (23 respondents) conduct national workshops where government officials engage in policy dialogue on critical infrastructure protection, and about half of the countries (20 countries) consult with NGOs and interest groups through conferences. A small minority of countries have put in place mechanisms to foster citizen engagement, such as social media platforms (6 countries), online consultations (6 countries) and town hall meetings open to citizens (2 countries). Going forward, there is a need to interact more directly with citizens, for example through social media and virtual platforms that reach larger user groups. More inclusive policy-making fosters a whole-of-society approach that leads to higher regulatory compliance rates, clearer accountability and ultimately more resilient communities.

Methodology and definitions

The data used draws upon country responses to the 2016 OECD Survey on the Governance of Critical Risks for 32 OECD countries and 3 OECD accession countries (Colombia, Costa Rica and Lithuania). The questionnaire focused on topics of risk governance and selected aspects of risk management. Respondents were asked to provide information on risk governance policies and practices in place at the central level of government. Central/federal government includes all line ministries/departments in the executive branch of government, including also cabinet or executive offices and executive agencies. It does not include sub-national line ministries and departments, nor state-owned enterprises and public corporations.

A whole-of-society approach consists in the involvement of all stakeholders, from individuals to government entities, businesses, non-governmental organisations and the third sector.

Further reading

OECD (forthcoming), "Implementing the Recommendation on the Governance of Critical Risks: Overview of Country Progress", OECD Publishing, Paris.

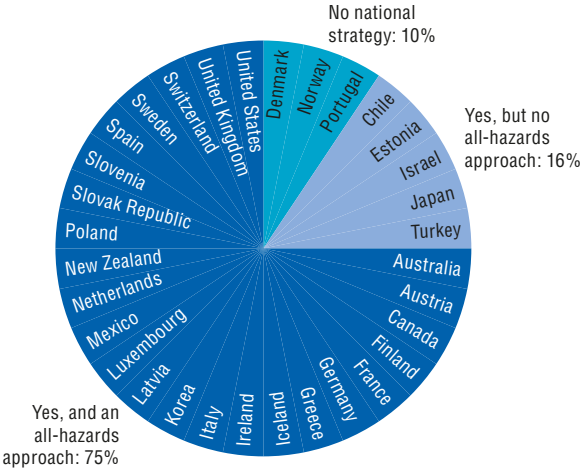
OECD (2014), "OECD Recommendation on the Governance of Critical Risks", OECD Publishing, Paris, *www.oecd.org/gov/risk/Critical-Risks-Recommendation.pdf*.

Figure notes

12.5: Includes only countries that replied "yes" to the question, "Does your government have an institution (i.e. a lead organisation or coordinating unit) that is assigned leadership at the national level for the management of critical risks?"

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

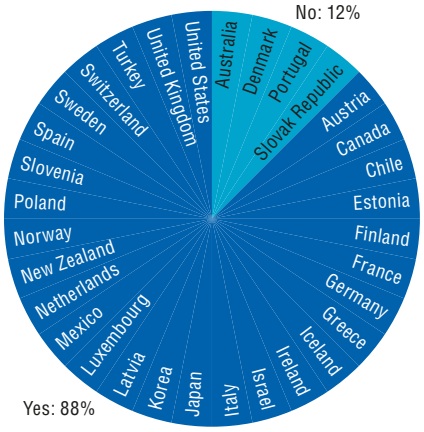
12.4. National strategy for the governance of critical risks, 2016



Source: OECD (2016), Survey on the Governance of Critical Risks, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933533530

12.5. Lead institution for the governance of critical risks, 2016



Source: OECD (2016), Survey on the Governance of Critical Risks, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933533549

12.6. Risk governance function of the lead central/federal organisation on the management of critical risks, 2016

Risk governance functions

	Design/ formulate risk management policies	Set priorities and allocate resources accordingly	Set performance targets	Provide incentives for policy implementation	Monitor policy implementation	Evaluate policy implementation	Disseminate results of evaluation to the public	Promote policy coherence across government departments	Address competing policy objectives	Coordinate actions across central and local level of government	Coordinate cooperation between government and non-governmental entities
Australia	❍	❍	X	❍	❍	❍	X	❍	❍	❍	❍
Austria	❍	❍	❍	❍	❍	❍	●	●	❍	●	●
Canada	●	●	●	●	●	●	●	●	●	●	●
Chile	●	❍	❍	●	❍	❍	❍	●	●	●	●
Denmark	X	X	X	X	X	X	X	X	X	X	X
Estonia	●	❍	❍	❍	●	●	●	●	❍	●	●
Finland	❍	❍	❍	❍	●	●	❍	●	❍	❍	●
France	●	❍	❍	❍	❍	❍	❍	●	❍	❍	❍
Germany	❍	❍	❍	❍	❍	❍	❍	●	❍	❍	●
Greece	●	❍	❍	●	●	●	❍	●	❍	❍	●
Iceland	❍	●	●	●	❍	❍	●	●	●	●	●
Ireland	❍	❍	❍	❍	❍	❍	❍	❍	❍	❍	❍
Israel	●	●	●	❍	●	●	❍	●	❍	●	●
Italy	●	❍	❍	❍	●	●	●	●	●	●	●
Japan	●	❍	❍	❍	❍	❍	❍	●	❍	●	❍
Korea	●	●	●	●	●	●	●	●	●	●	●
Latvia	❍	❍	❍	❍	●	●	❍	❍	●	●	●
Luxembourg	●	●	●	●	●	●	●	●	●	●	●
Mexico	●	●	●	●	●	●	●	●	●	●	●
Netherlands	●	❍	●	●	●	●	●	●	●	●	●
New Zealand	●	●	❍	❍	❍	❍	❍	●	●	●	❍
Norway	●	❍	❍	●	●	●	●	●	❍	●	●
Poland	●	❍	❍	❍	●	●	●	●	❍	❍	❍
Portugal	X	X	X	X	X	X	X	X	X	X	X
Slovak Republic	X	X	X	X	X	X	X	X	X	X	X
Slovenia	❍	❍	❍	●	❍	●	●	●	❍	●	●
Spain	●	●	●	●	●	●	●	●	●	●	●
Sweden	●	❍	●	●	●	●	●	●	●	●	●
Switzerland	●	●	❍	❍	●	●	❍	●	❍	●	●
Turkey	❍	●	●	❍	●	●	❍	❍	❍	●	●
United Kingdom	●	●	●	●	●	●	●	●	●	●	●
United States	●	●	●	●	●	●	●	●	●	●	●
OECD total											
● Yes	20	12	12	14	19	20	16	25	14	22	23
❍ No	9	17	16	15	10	9	12	4	15	7	6
x Not applicable	3	3	4	3	3	3	4	3	3	3	3
Costa Rica	●	●	●	●	●	●	●	●	●	●	●
Colombia	●	●	●	●	●	●	●	●	●	●	●
Lithuania	●	●	●	●	●	●	●	●	●	●	●

Source: OECD (2016), Survey on the Governance of Critical Risks, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933535392

Trends in communicating risks

Risk communication is fundamental to governments' risk management strategies that aim to reduce future losses and damages from disasters. It increases awareness in households, businesses and communities about exposure to hazards and specific vulnerabilities, and informs what prevention, mitigation and preparation measures to take. Public debates on investments in these measures are thus better informed.

The OECD Survey on Risk Communication Policies and Practices (2015) shows that national governments take the lead in risk communication, though in 15 OECD countries (and Colombia) this function is shared with sub-national governments. The private sector plays a risk communication role in some countries, in supplying scientific information for underlying analysis, and in broadcasting and publishing risks to the public. The private sector also shares information with public authorities and the public when accidents related to its activities might pose a hazard, such as industrial or nuclear power accidents. This survey shows that the private sector has a formal role in risk communication in only 9 OECD responding countries.

The basic responsibility of governments to provide public safety and security is fostered by effective risk communication that engages the whole of society. The OECD Survey on the Governance of Critical Risks (2016) shows that 31 OECD countries follow such an approach. It shows that 29 countries provide information to the public in advance of imminent major hazards about protective measures to take, and 27 countries attempt to stimulate investment in self-protective and resilience-building measures by communicating information about risks.

The use of two-way communication channels between message providers and message receivers is shown to promote effective risk communication. It enables individuals to provide governments with more granular information about risks to different communities and stakeholder groups, and to recalibrate their risk management decisions accordingly. This in turn enhances trust in government and the credibility of its policies. Evidence from the 2016 survey shows that across OECD countries two-way communication lines are well established, with 20 responding countries providing platforms for two-way risk communication with stakeholders. Moreover, evidence from the 2015 survey shows that 12 responding countries have enacted feedback or interaction mechanisms from citizens to their government. Social media is a powerful channel to foster dialogue on risks, for example by creating interactive electronic platforms.

Effective risk communication adapts to specific population groups and is tailored to specific risk management needs of different demographics and societal contexts. For example, elderly people may have physical constraints to react to and change their behaviour when faced with imminent emergencies. Risk communication aimed at school children should be delivered differently than to adults. Countries have made significant efforts to tailor risk communication practices to specific groups. The 2016 survey shows that more than half of OECD countries (24 countries) conduct targeted communication to vulnerable population groups.

Policy evaluation of the influence that risk communication has on behaviour is important to discern whether the desired objectives were achieved, and to glean lessons for future improvements in policy design. Although 11 OECD countries have attempted to assess impacts of their risk communication efforts, few reported concrete results.

Methodology and definitions

The data used are based on the OECD Survey on the Governance of Critical Risks (2016) and the OECD Survey on Risk Communication Policies and Practices (2015), both of which were carried out among OECD countries and OECD accession countries (Colombia and Costa Rica). Respondents to the surveys were predominantely officials in central government departments.

Risk communication is the exchange of information about the exposure of populations and assets to a hazard. The goal is to maintain or improve risk understanding, affect risk perception and/or equip individuals or groups to act appropriately in response to an identified risk.

Two-way communication is a form of communicating information in which both parties involved transmit information one to the other.

More detailed data on the actors with legal or formal responsibility for risk communication are accessible online (see Annex F).

Further reading

OECD (2016), "Trends in Risk Communication Policies and Practices", OECD Publishing, Paris, *http://dx.doi.org/10.1787/9789264260467-en*.

OECD (2014), "OECD Recommendation on the Governance of Critical Risks", OECD, Paris, *http://www.oecd.org/gov/risk/Critical-Risks-Recommendation.pdf*.

Figure notes

12.8: Not applicable refers to countries that responded "Yes" to the question, "Does your government encourage a whole of society approach to risk communication?".

12.9: Not applicable refers to countries that did not provide a response to the question, "Are there feedback or interaction mechanisms from citizens to the government?" or that responded "Don't know" .

12.10: Not applicable refers to countries that did not provide a response to the question, "Are there any studies to assess the impact of risk communication in your country?" or that responded "Don't know".

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

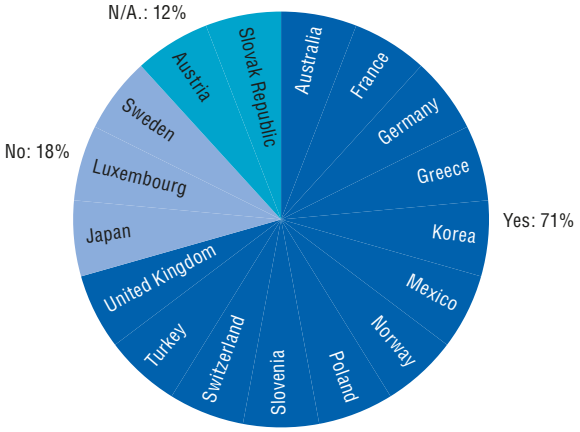
12.8. Aims of central/federal risk communication strategies that encourage a whole-of-society approach to risk communication, 2016

	Foster inclusiveness		Encourage self-protective measures		Promote two-way communication	
	Targeted communication to vulnerable population groups	Promote household resilience measures through the public education system	Information to stimulate investment in self-protective and resilience-building measures	Information to the public in advance of imminent major hazards about protective measures to take	Fora in support of debate on the need for prevention	Platforms for two-way risk communication with stakeholders
Australia	❍	❍	●	●	●	●
Austria	❍	●	●	●	●	●
Canada	●	❍	●	●	●	●
Chile	●	●	●	●	❍	❍
Denmark	❍	❍	●	❍	❍	●
Estonia	❍	❍	❍	●	●	❍
Finland	●	●	●	●	●	●
France	●	●	●	●	●	●
Germany	●	●	●	❍	❍	❍
Greece	❍	❍	●	●	❍	●
Iceland	●	❍	●	●	❍	●
Ireland	●	●	●	●	❍	❍
Israel	●	●	●	●	❍	❍
Italy	●	●	●	●	●	●
Japan	●	●	●	●	❍	●
Korea	●	●	●	●	●	●
Latvia	●	●	❍	●	❍	●
Luxembourg	●	❍	❍	●	❍	❍
Mexico	●	●	●	●	●	●
Netherlands	●	●	●	●	●	●
New Zealand	●	●	●	●	●	●
Norway	●	❍	●	●	❍	❍
Poland	x	x	x	x	x	x
Portugal	❍	●	❍	●	❍	❍
Slovak Republic	❍	●	●	●	❍	●
Slovenia	●	●	●	●	❍	❍
Spain	●	●	●	●	●	❍
Sweden	●	●	●	●	●	●
Switzerland	●	●	●	●	●	●
Turkey	●	●	●	●	❍	❍
United Kingdom	●	❍	●	●	●	●
United States	●	●	●	●	●	●
Total OECD						
● Yes	24	22	27	29	16	20
❍ No	7	9	4	2	16	12
x Not applicable	1	1	1	1	1	1
Colombia	●	❍	●	●	●	●
Costa Rica	●	●	●	●	●	●
Lithuania	●	●	●	●	❍	●

Source: OECD (2016), Survey on the Governance of Critical Risks, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933535411

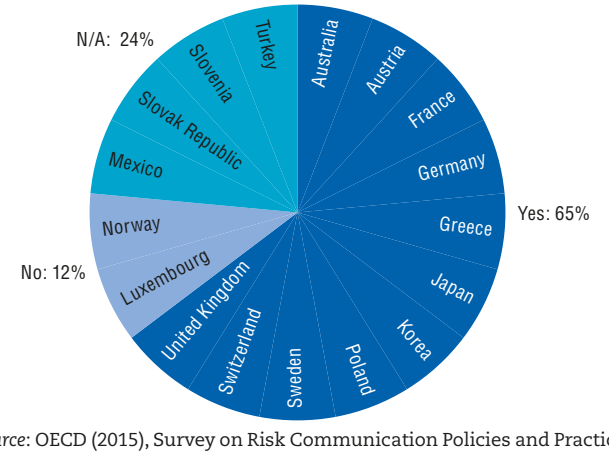
12.9. Feedback and interaction mechanisms from citizens to the government, 2015



Source: OECD (2015), Survey on Risk Communication Policies and Practices, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933533568

12.10. Studies to assess the impact of risk communication, 2015



Source: OECD (2015), Survey on Risk Communication Policies and Practices, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933533587

13. CORE GOVERNMENT RESULTS

Trust in government

Redistribution of income

Rule of law

Public sector efficiency

Public sector cost effectiveness

Trust in government

Trust can be understood as a positive perception about the actions of an individual or an organisation. This positive perception can be grounded in actual experience, but is determined to a large extent by the subjective assessment of individuals. Trust in government is both a driver of government effectiveness and economic development, and an outcome measure for government action. Trust in government leads to greater compliance with regulations and the tax system, facilitates social and political consensus, enhances the acceptance of policies that call for short-term sacrifices by citizens, and mobilises citizen engagement to enable open and inclusive governance processes. Trust in government also supports economic growth by stimulating investment and consumption. Levels of trust in government are influenced by whether citizens consider government as reliable, responsive and fair as well as capable of protecting citizens from risks and delivering public services effectively.

Levels of trust in the national government vary strongly between OECD countries and over time. Social, economic and cultural factors have a large influence on differences in levels of trust in government across countries. Consequently, changes in trust levels over time are the focus here rather than absolute trust levels. Most recent data is compared to values for 2007, the year before the onset of the financial and economic crisis. On average, less than half of OECD countries' citizens (42%) have trust in their national government, which represents a decline of three percentage points since 2007. The greatest loss of trust in national government by more than 20 percentage points has occurred in Chile, Finland, Greece and Slovenia. At the other end, a similar level of positive changes in trust is observed in Israel, Germany and the Slovak Republic. However, changes in trust levels over time need to be interpreted with caution. They could be affected by many factors, including the economic situation, political changes (e.g. elections) or other major events, such as disasters or major scandals (e.g. corruption cases). Moreover, expectations by citizens could grow at a faster pace than government responses, challenging the confidence of citizens in the ability of governments to react to new demands.

Trust in government is strongly correlated with citizens' approval of their country's leadership and perceived spread of corruption in government in OECD countries. Where governments are perceived to have high moral integrity, more people trust government. Similarly, the actions of country leaders and the resulting public opinion about them may have an impact on the public perception of the government institutions they represent.

Methodology and definitions

Measures of trust in government frequently rely on evidence from perception surveys. Data are derived from the Gallup World Poll (GWP) here, which is the most widely used survey instrument to measure trust in government. It is the only survey that collects data on levels of trust in government on an annual basis for OECD countries and other major economies. The GWP collects data based on proportional stratified probability sampling and uses a sample of around 1 000 citizens for most countries.

The GWP's methodology has some limitations: it measures trust in government through a single question on whether or not people have confidence in their national government; it does not specify any particular parts of national government or differentiate between politicians and the government bureaucracy in its survey question. The GWP does not allow for the identification of government actions that might cause citizens to trust or distrust their government.

More information on the Gallup World Poll can be found at: *www.gallup.com/ services/170945/world-poll.aspx*.

Further reading

OECD (2016), "Trust in government", OECD, Paris, *www.oecd.org/gov/trust-in-government.htm*.

OECD (forthcoming), "Trust in government: Towards actionable policy insights." Background paper, OECD, Paris.

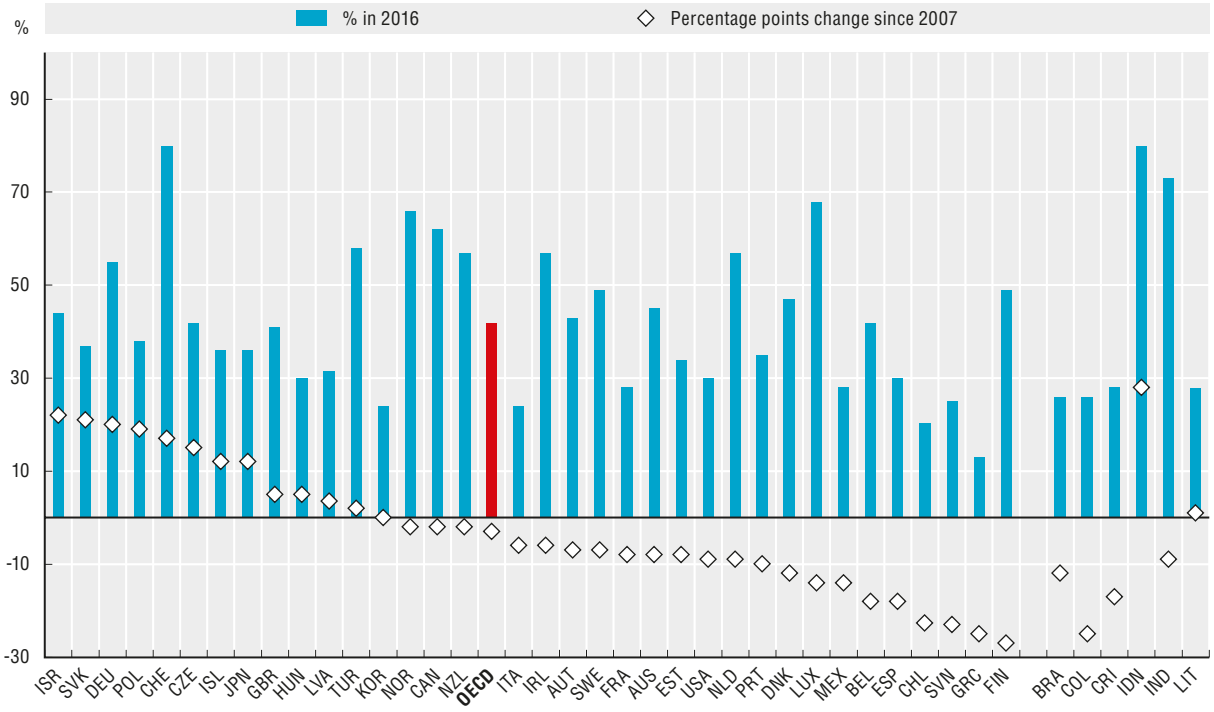
Figure notes

Data on the confidence in national government for Canada, Iceland and the United States in 2016 are based on a sample of around 500 citizens.

Data refer to the percentage who answered "yes" to the question, "Do you have confidence in national government?". Data for Austria, Finland, Ireland, Norway, Portugal, the Slovak Republic, Slovenia and Switzerland are for 2006 rather than 2007. Data for Iceland and Luxembourg are for 2008 rather than 2007.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

13.1. Confidence in national government in 2016 and its change since 2007



Source: Gallup World Poll.

StatLink http://dx.doi.org/10.1787/888933533606

Redistribution of income

Income inequality has been growing over the past decades in many OECD countries and remains at a historical high in a number of OECD economies. The redistribution of incomes through taxes and public transfers helps to reduce poverty and inequality, thereby strengthening the economy and fostering social well-being. Income inequality has profound impacts not only on individuals' and families' living conditions but also their health status, as well as the equality of life chances, social cohesion and trust in institutions. It also hampers long-term economic growth, as it restricts in particular the opportunities of lower-income households to invest in their education and skills. This in turn hampers their employability, less during economic booms but more so during and in the aftermath of economic crises (OECD, 2015).

The Gini coefficient is the standard measure of inequality representing the income distribution of the population within a given country. It takes the value of 0 when everybody has the same income and 1 when one person has all the income. The effects of income redistribution policies can be measured by comparing the Gini coefficient before and after taxes and transfers. Income inequalities are reduced through taxes and transfers in all OECD countries, with an average level of redistribution of 16% of the mean income before taxes and transfers. In about a third of OECD economies, inequality is cut by more than 20% through public transfers and tax systems. Redistribution levels are highest in Ireland and Finland. In a few OECD countries, income redistribution amounts to changes in inequality of less than 5%, including in Chile, Korea, Mexico and Turkey.

On average, the level of income inequality in OECD countries is largely the same in 2013 as before the onset of the crisis in 2007. The greatest decrease of inequality of disposable household income between 2007 and 2013 occurred in Iceland and Latvia, while the highest inequality growth is observed in Estonia, the Slovak Republic, Spain and Sweden. In these countries labour income, which is usually the largest part of market income, sank in particular for the bottom 10% of the working population. Losses in labour incomes for the top 10% were minimal or even grew. This reflects broader developments across the OECD membership, where labour incomes decreased especially for the bottom 10%, whereas mean labour incomes and incomes of the top 10% stagnated or increased. Chile is the front-runner for increased labour income growth, which has also reached lower-income households. Mean labour incomes decreased most notably in countries that were strongly affected by the crisis and consequently faced high unemployment and falling wages, such as Greece and Spain (OECD, 2016).

Methodology and definitions

Redistribution is measured by comparing Gini coefficients for household market income (i.e. total income from market sources such as wages, dividends, etc., not adjusted for public cash transfers and household taxes) and for household disposable income (i.e. net of direct government transfers and direct taxes) of the total population. It is adjusted for differences in the needs of households of different sizes with an equivalence scale that divides household income by the square root of the household size. Real labour incomes correspond to wages and self-employment incomes adjusted for inflation.

The data have been drawn from the *OECD Income Distribution Database* (IDD) based on national sources (household surveys and administrative records) and on common definitions, classifications and data treatments. The method of data collection used for the OECD IDD aims to maximise international comparability as well as inter-temporal consistency of data. This is achieved by a common set of protocols and statistical conventions to derive comparable estimates.

Further reading

OECD (2016), "Income inequality remains high in the face of weak recovery", Inequality Update, November 2016, OECD, Paris.

OECD (2015), "In It Together: Why Less Inequality Benefits All", OECD Publishing, Paris.

Figure notes

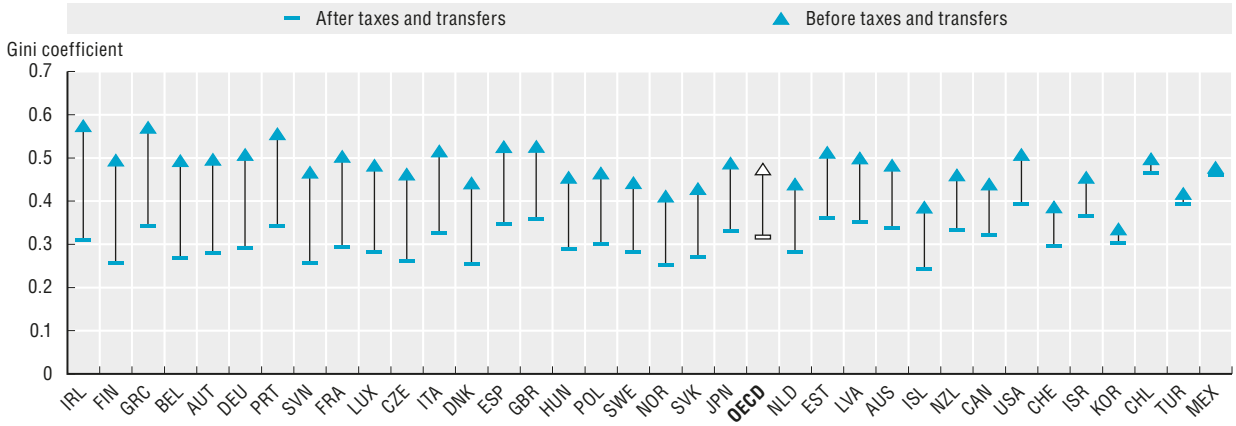
13.2: Data for Australia, Finland, Hungary, Israel, Mexico, the Netherlands and the United States are for 2014 rather than 2013. Data for Japan and New Zealand are for 2012 rather than 2013. Market income is post taxes and before transfers for Hungary, Mexico and Turkey, so data are not strictly comparable.

13.3: Data for Australia, France, Germany, Israel, Mexico, New Zealand, Norway, Sweden and the United States are for 2008 rather than 2007. Data for Japan are for 2006 rather than 2007. Data for Chile and Switzerland are for 2009 rather than 2007. There is a break in the series for Switzerland, and results are not strictly comparable. Values for the OECD average do not include Switzerland.

13.4: Data for Switzerland are not available. Data for Australia, France, Germany, Israel, Mexico, New Zealand, Norway, Sweden and the United States are for 2008 rather than 2007. Data for Chile and Japan are for 2006 rather than 2007. Data for Australia, Finland, Hungary, Israel, Korea, Mexico, the Netherlands and the United States are for 2014 rather than 2013. Data for Japan and New Zealand are for 2012 rather than 2013.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

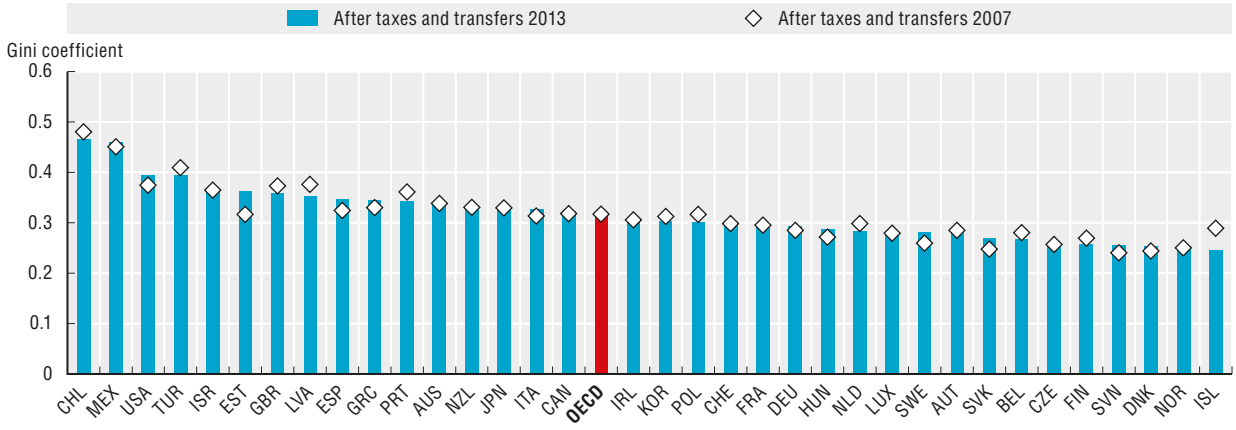
13.2. Differences in income inequality pre and post-tax and government transfers, 2013



Source: OECD Income Distribution Database.

StatLink http://dx.doi.org/10.1787/888933533625

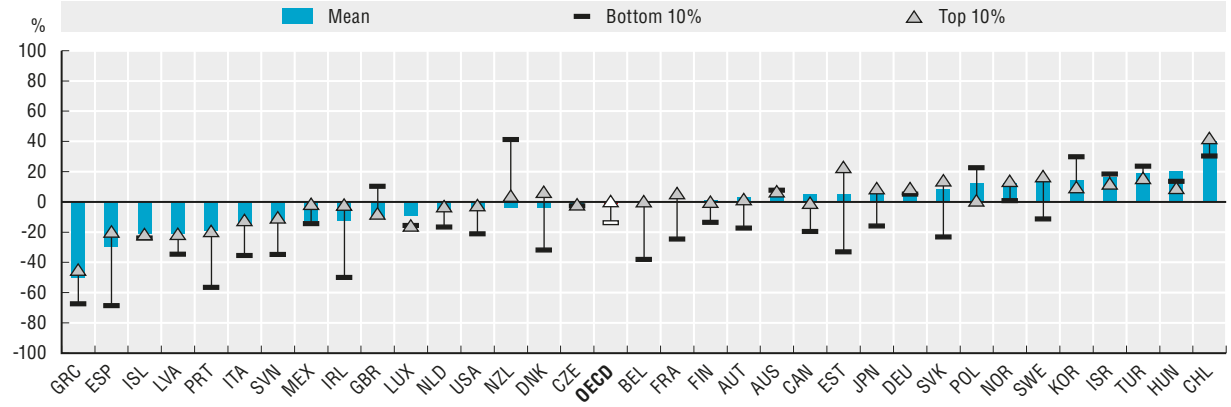
13.3. Differences in income inequality post-tax and government transfers between 2007 and 2013



Source: OECD Income Distribution Database.

StatLink http://dx.doi.org/10.1787/888933533644

13.4. Change in real labour income growth between 2007 and 2013 by income group, working-age population



Source: OECD Income Distribution Database.

StatLink http://dx.doi.org/10.1787/888933533663

Rule of law

The rule of law refers to the idea that the same rules, standards and principles need to apply to all individuals and organisations, including to government itself. The concept is implemented in practice through a range of laws, codes and procedures that provide equal access to law and justice, and guarantee predictability, reliability and accountability of the legal system. It is considered a key element of good public governance as it is an essential prerequisite for maintaining peace and order, the provision of public goods and services, the effective control of corruption and economic development.

Existing definitions of the rule of law are manifold. This publication draws upon the model developed by the *World Justice Project* (WJP), which is one of the most systematic approaches to conceptualising and measuring the rule of law. According to their methodology, the systems upholding the rule of law comprise four universal principles: 1. the government and its officials and agents as well as individuals and private entities are accountable under the law; 2. the laws are clear, publicized, stable and just; are applied evenly; and protect fundamental rights, including the security of persons and property; 3. the process by which the laws are enacted, administered, and enforced is accessible, fair, and efficient; 4. justice is delivered timely by competent, ethical, and independent representatives and neutrals who are of sufficient number, have adequate resources and reflect the makeup of the communities they serve.

The WJP measures the rule of law through eight factors that seek to measure different aspects of the concept. The results for two of these factors are presented here: constraints on government powers and fundamental rights. The factor scores range between 0 and 1, where 1 signifies the highest score and 0 the lowest.

The factor measuring constraints on government powers gauges "the extent to which those who govern are bound by law. It comprises the means, both constitutional and institutional, by which the powers of the government and its officials and agents are limited and held accountable under the law. It also includes non-governmental checks on the government's power, such as a free and independent press." The OECD average for this factor lies at 0.75, and almost half of all OECD member countries reach a score above 0.8. A number of Nordic countries like Denmark, Finland, Norway and Sweden, but also Austria, the Netherlands and New Zealand perform particularly well on this factor. Hungary, Mexico and Turkey, in contrast, achieve scores below 0.5. Among OECD accession countries and other major economies, only Costa Rica scores above the OECD average.

The measure for the protection of fundamental rights includes information on effective law enforcement and due process of law, and the adherence to a range of basic human and labour rights that are established under international law. The scores on this factor are very similar to the scores for the constraints on government powers for most OECD countries as well as OECD accession countries and other major economies. The OECD average is only slightly higher with a value of 0.77. The exceptions are Hungary and Slovenia, which score considerably higher for fundamental rights than for constraints on government powers, as well as India and Ukraine, which achieve substantially higher scores for constraints on government powers than for fundamental rights. Consequently, there is a very strong positive correlation between the two factors. This result points to the fact that countries that have established checks and balances on government power also guarantee basic rights.

Methodology and definitions

Data are collected by the World Justice Project by a set of questionnaires based on the rule of law index's conceptual framework. The questionnaires are administered to representative samples of the general public and legal experts. For the general public, a probability sample of 1 000 respondents in the three largest cities of each country is selected. In the case of legal experts, on average 24 experts per country are surveyed. The services of local polling companies are engaged to administer the survey to the public. Data are available for 28 OECD countries as well as 9 countries that are in the OECD accession process or are considered other major economies. All variables used to score each of the factors are coded and normalised to range between 0 and 1, where 1 signifies the highest score and 0 the lowest.

More detailed information on the selected factors of limited government powers and fundamental rights is available online at: *http://worldjusticeproject.org/factors/constraints-government-powers* and *http://worldjusticeproject.org/factors/fundamental-rights*.

Further reading

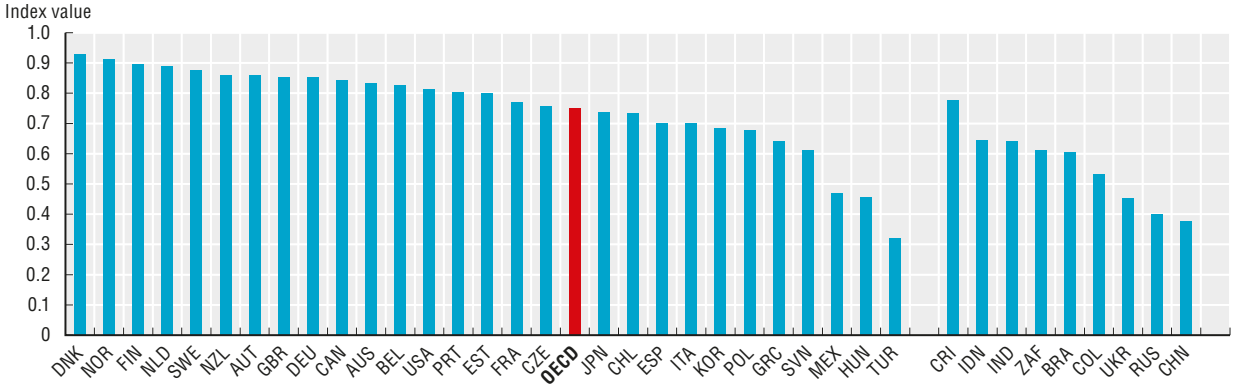
World Justice Project (2016), "Rule of Law Index 2016", World Justice Project, Washington, DC, *http://worldjusticeproject.org/sites/default/files/media/wjp_rule_of_law_index_2016.pdf*.

Figure notes

Data for Iceland, Ireland, Israel, Latvia, Luxembourg, the Slovak Republic and Switzerland are not available.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

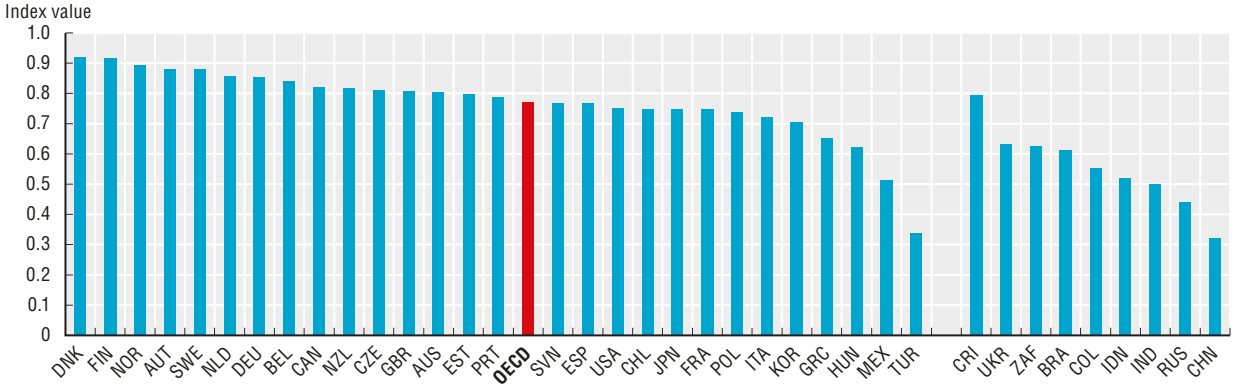
13.5. Limited government powers, 2016



Source: World Justice Project

StatLink http://dx.doi.org/10.1787/888933533682

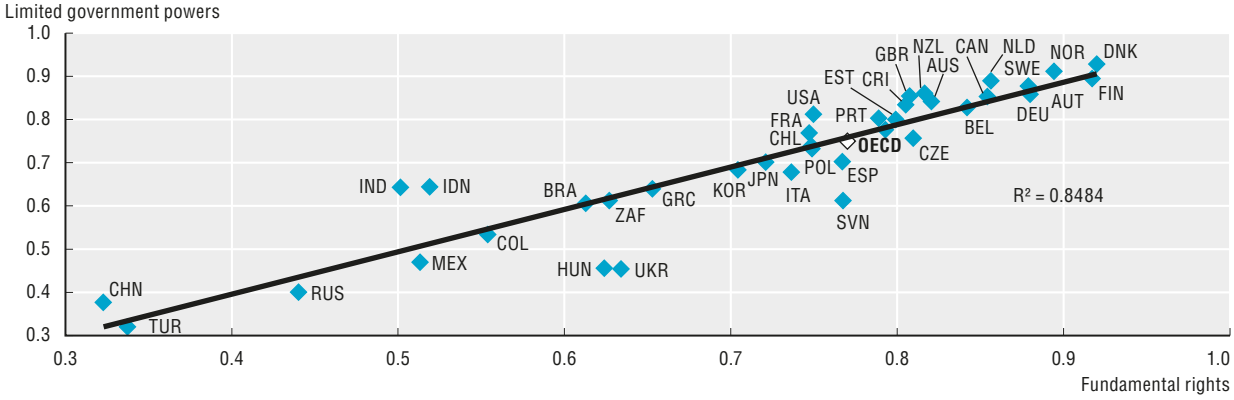
13.6. Fundamental rights, 2016



Source: World Justice Project

StatLink http://dx.doi.org/10.1787/888933533701

13.7. Limited government powers versus fundamental rights, 2016



Source: World Justice Project

StatLink http://dx.doi.org/10.1787/888933533720

Public sector efficiency

Budget constraints have increased pressures on governments and public organisations to achieve efficiency gains. From an economic standpoint, efficiency is the relationship between one or more inputs (or factors of production) and one or more outputs.

The notion of efficiency and related concepts such as value for money are some of the most discussed dimensions in the area of health care. In a number of OECD countries, ageing population and rising cost of medical technologies are leading to a sharp increase in health care spending. A number of governments are therefore implementing a mix of policies to improve care co-ordination to contain the rise in health expenditure while also ensuring the highest standards of quality of services.

A number of chronic health problems such as diabetes, asthma and chronic obstructive pulmonary disease (COPD) can, for instance, be treated in the primary care system to avoid unnecessary and costly hospital use. The rate of avoidable hospital admissions (patients admitted to hospital for chronic diseases who should usually be treated outside hospitals) is therefore a good indicator of the efficiency of the primary care system. In 2013, the rate of avoidable hospital admissions was particularly large in Austria, Korea and New Zealand while they were the lowest in Italy, Portugal and Switzerland. Providing consistent point of care over the longer term, tailoring and co-ordinating care for those with multiple health care needs and supporting the patient in self-education and self-management are among the various policy options implemented in OECD countries to reduce avoidable hospital admissions and increase efficiency in the management of patient treatments. Very low hospital admission for these chronic diseases does not necessarily mean that patients receive good quality care outside hospitals.

When patients have to be admitted to hospitals, containing the average length of stay (ALOS) has become an important policy issue in a number of OECD countries to reduce costs. All other factors being constant, a shorter stay will reduce resource requirements and the cost per discharge, thereby allowing the treatment of a greater number of patients for given inputs. However, shorter stays tend to be more service-intensive and more costly per day. Too short a stay may also cause adverse effects on health outcomes, or reduce the comfort and recovery of the patient.

In most countries, ALOS has fallen over the past decade, from an average of just over eight days in 2004 to just over seven days in 2014. Countries have used different strategies to reduce ALOS while maintaining or improving the quality of care. These strategies include reducing the number of hospital beds alongside the development of early discharge programmes that enable patients to return to their home to receive follow-up care, and promoting the use of less invasive surgical procedures (OECD, 2013).

Methodology and definitions

The indicators are defined as the number of hospital admissions with a primary diagnosis of asthma, COPD and diabetes among people aged 15 years and over per 100 000 population. Rates were age-sex standardised to the 2010 OECD population aged 15 and over.

"Average length of stay (ALOS)" refers to the average number of days that patients spend in hospital. It is generally measured by dividing the total number of days stayed by all inpatients during a year by the number of discharges (for all causes). Day cases are excluded.

Further reading

OECD (2015), "Health at a Glance 2015: OECD Indicators", OECD Publishing, Paris, *http://dx.doi.org/10.1787/health_glance-2015-en*.

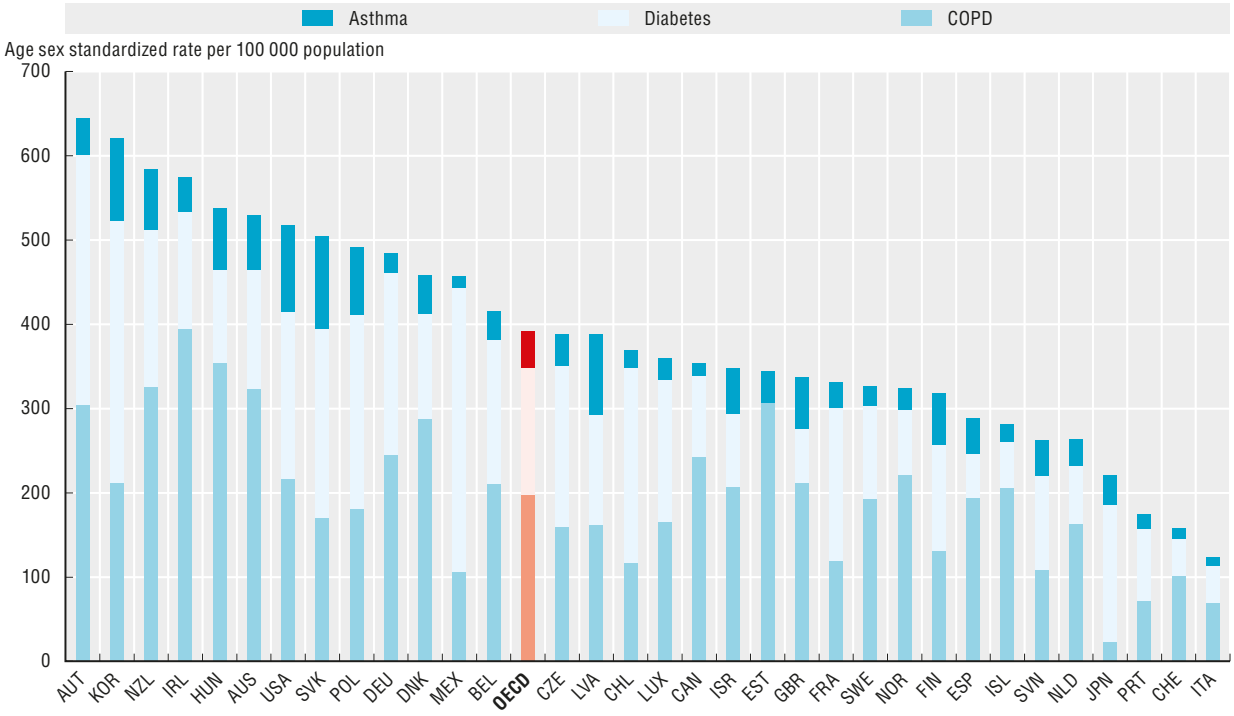
Figure notes

13.8: Three-year average for Iceland and Luxembourg.

13.9: Data for Korea and Poland are for 2005 rather than 2004. Data for China are for 2000 rather than 2004. Data for Colombia are for 2009 rather than 2014. Data for Australia, Belgium, Canada, Chile, Denmark, France, New Zealand, United States and Colombia are for 2013 rather than 2014. Data for Japan are for 2012 rather than 2014. Data for Greece are for 2011 rather than 2014. Data for Canada, Japan and Netherland refer only to curative care and exclude long term care in hospitals.

Information on data for Israel: http://dx.doi.org/10.1787/888932315602.

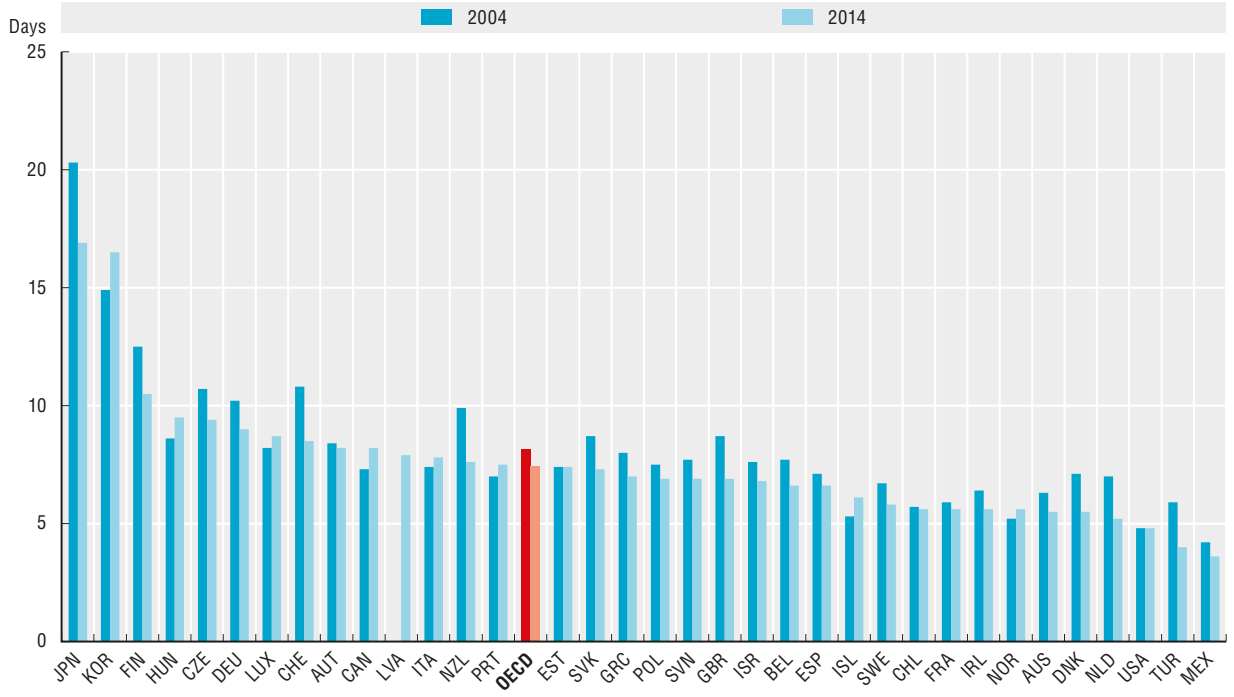
13.8. Asthma, diabetes and COPD hospital admission in adults, 2013 (or nearest year)



Source: OECD, Health Statistics.

StatLink http://dx.doi.org/10.1787/888933533739

13.9. Average length of stay in hospital for all conditions, 2004 and 2014



Source: OECD, Health Statistics.

StatLink http://dx.doi.org/10.1787/888933533758

Public sector cost effectiveness

Public sector cost-effectiveness can be measured by looking at the relationship between inputs (human or financial) and some of the main outcomes in each sector. In general, outcomes refer to the results of public programmes and services in terms of health gains, learning gains, satisfaction gains and confidence gains. In a context of tight budget constraints, improving the cost-effectiveness of public services matters because the outcomes are ultimately what citizens care the most about and governments also need to demonstrate that expenditures are put to good use. However, while part of the ultimate outcomes can be attributed to public services, there is often an issue of attribution since many other factors can also have an impact on these outcomes in health, education and other aspects of people's lives.

Health care

Cost-effectiveness in health care can be measured by looking at the relationship between total current health care expenditures (or only public expenditures on health, which account for about 75% of total health spending) and life expectancy at birth. While life expectancy at birth is a commonly used indicator of health outcomes, it is of limited value as an indicator of the effectiveness of health services, in that it is only measuring the length of life and not the health-related quality of life of people. It is also affected by many other factors beyond health care activities and spending, including the living and working conditions of people (education and income level), the physical environment (e.g. air pollution), behavioural factors (such as smoking, alcohol consumption and nutrition) and many others.

Higher health spending tends to be associated with longer lives, although the relationship generally becomes weaker as health spending increases. This suggests that after a certain spending level, most of the difference in life expectancy between countries can be explained by the quality of spending and other environmental and behavioural factors. Israel, Italy, Japan, Korea and Spain have relatively high life expectancy relative to their health expenditure. On the other hand, Hungary, Latvia, Mexico and the United States have a lower life expectancy than what might be predicted given their level of health spending. In Mexico and the United States about half of total health spending comes from private sources. The extent to which these two countries have a relatively low life expectancy compared to the OECD average is reduced when only public spending on health care is taken into account (online figure).

Education

Every three years, the OECD Programme for International Student Assessment (PISA) measures the performance of 15-year-old students in three domains: mathematics, reading and science. The 2015 PISA assessment had a particular focus on science. The comparison between the learning outcomes of student based on PISA scores and the cumulative expenditure per student between 6 and 15 years of age on education provides a general measure of the cost-effectiveness of education systems. However, the variable of expenditures used excludes extra hours of classes paid by parents, which can account for a significant share of spending on education in a number of OECD countries.

There is a positive relationship between PISA scores in science and reading and cumulative expenditures per student. However, the correlation holds particularly true for low levels of cumulative expenditure per student since above a certain threshold (around 80 000 USD PPP), student performance seems to depend on other factors such as the quality of teachers, the socio-economic background of students and school management practices, among others. Countries such as Canada, Estonia, Finland, Japan, Korea and Poland spend close to or less than the OECD average per student, but achieve better performances. On the other hand, expenditures per student in Iceland and Luxembourg are higher than the OECD average but their scores in science and reading are below average.

Methodology and definitions

Life expectancy measures how long on average people would live based on a given set of age-specific death rates. Total current expenditure on health measures the final consumption of health goods and services (i.e. current expenditure) and excludes capital investment in health care infrastructure. This includes spending by both public and private sources on medical services and goods, public health and prevention programmes, and administration.

"Data on expenditures per student" refers to the 2013 financial year. Spending per student equals the total expenditure by education institutions (both public and private) divided by the corresponding full-time equivalent enrolment and includes core and ancillary services. Due to differences across countries in the duration of courses, annual spending per student may not fully reflect the total spent on a student. The achievement scores were based on the 2015 PISA assessments of 15-year olds in science and reading.

Figure 13.12., showing the relationship between life expectancy at birth and current public expenditure on health per capita (2014), is available on line (see annex F).

Further reading

OECD (2015), "Health at a Glance 2015: OECD Indicators", OECD Publishing, Paris, *http://dx.doi.org/10.1787/health_glance-2015-en*.

OECD (2016), "Education at a Glance 2016: OECD Indicators", OECD Publishing, Paris, *http://dx.doi.org/10.187/eag-2016-en*.

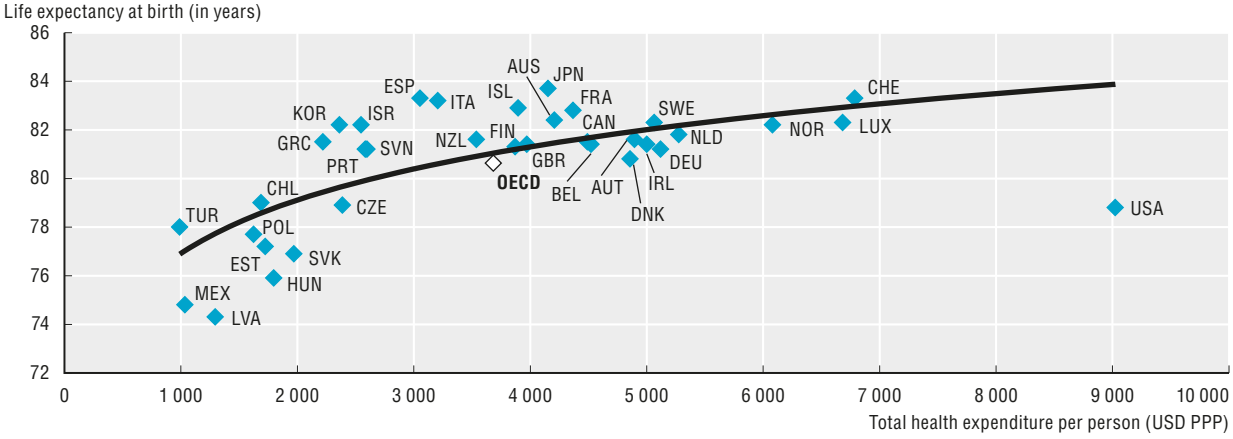
OECD (2016), "PISA 2015 Results (Volume I): Excellence and Equity in Education", PISA, OECD Publishing, Paris, *http://dx.doi.org/10.1787/9789264266490-en*.

Figure notes

13.11: Data on cumulative expenditure for Greece are not available.

Information on data for Israel: http://dx.doi.org/10.1787/888932315602.

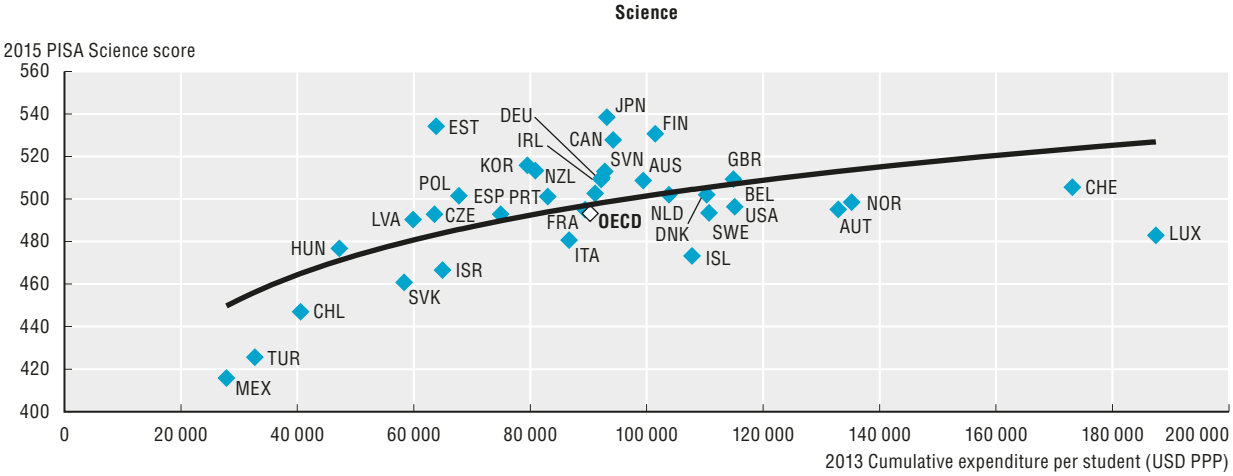
13.10. Life expectancy at birth and total current expenditure on health per capita, 2014

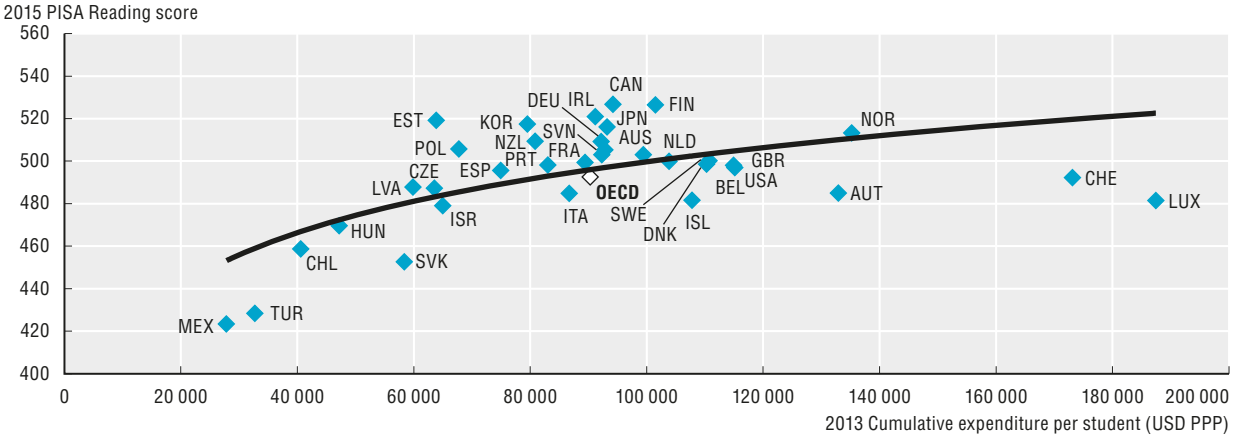


Source: OECD (2016), Health Statistics, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933533777

13.11. Performance in 2015 PISA scores for students at age 15 and cumulative expenditure per student between 6 and 15 years old on education, 2013





Source: OECD (2016), PISA Database, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933533796

14. SERVING CITIZENS

Serving Citizens Scorecards

Citizen satisfaction with public services and institutions

Financial and geographic access to care

Financial access to education

Access to legal and justice services

Responsiveness of health systems to patient needs

Responsiveness of education systems to student needs

Timeliness of civil justice services

Quality of health care

Student performance and equity in education

Effectiveness and fairness of judicial systems

Serving Citizens Scorecards

This chapter presents, for the first time, a set of scorecards which are designed to shed light on how OECD countries fare in promoting access, responsiveness and quality of services to citizens. These scorecards do not identify which countries have the best public services overall. They summarise key features of countries' systems on a selected set of indicators based on the OECD Serving Citizens Framework to help identify possible priority areas for actions. These scorecards, which take the form of summary tables, focus on three sectors: health care, education and justice. For each of these three dimensions, a selected set of key indicators are presented. The selection of these indicators is based on three main criteria: 1) policy relevance; 2) data availability; and 3) data interpretability (i.e., no ambiguity that a higher/lower value means a better/worse performance).

The OECD Serving Citizens Framework

Access	Responsiveness	Quality
Affordability	Courtesy and treatment	Effective delivery of services and outcomes
Geographic proximity	Match of services to special needs	Consistency in service delivery and outcomes
Access to information	Timeliness	Security/Safety

In most of the dashboards, countries are classified in three groups: 1) top third group; 2) middle third group; and 3) bottom third group. In addition, the specific ranking of countries is indicated in each cell to provide further information on how close countries may be to the other group. The ranking is based on the number of countries for which data are available for each indicator (with a maximum of 35, when all countries are covered), with countries separated in these three groups. When trend data are available, arrows indicate whether countries' absolute score on the indicator (not necessarily its overall ranking) is improving (↑), declining (↓) or staying the same (→). More detailed information on the indicators and methodologies is available in *Chapter 14: Serving Citizens*.

In many countries, health and education services are delivered by a mix of public and private providers, even though often a large part of the services provided in private hospitals or schools are publicly funded to ensure a certain level of access. The current availability of data in many countries does not always clearly separate out public and private hospitals or schools, thus limiting the possibility for comparative assessment of the performance of public versus private institutions. This is an important data and research agenda that will need to be pursued in the coming years. Also, the availability of comparable data is more limited for indicators of access to and responsiveness of care and justice procedures, either because of a lack of harmonisation in survey instruments or limitations in the availability of comparable administrative data.

Access to services

Access to health, education or justice services may depend on people's ability to pay (when these services are not covered by public sources), geographic proximity and the extent to which they have the sufficient and right information to obtain these services.

Most OECD countries have achieved universal (or near-universal) coverage of health care costs for a core set of services, with the exception of Greece, Poland and the United States, where a sizeable proportion of the population is still not covered. The financial protection that people have against the cost of illness depends not only on whether they have health insurance, but also on the range of goods and services covered and the extent to which these goods and services are covered. There are important variations across OECD health systems in the degree of coverage for health services and goods. In countries like France and the United Kingdom, the amount that households have to pay directly for health services and goods as a share of their total consumption is relatively low.. Some other countries, such as Korea and Mexico, have achieved universal (or quasi-universal) coverage, but a relatively small share of the cost of different health services and goods are covered, leaving a significant amount to be paid by households.

Unmet health care needs, as reported in population-based surveys, are a good way of assessing any access problems for certain population groups. Data on unmet care needs presented in this chapter come from two main sources; 1) the 2015 European Union Statistics on Income and Living Conditions survey (EU-SILC) which covers 25 OECD countries in Europe and 2) the 2016 Commonwealth Fund International Health Policy Survey which covers 11 OECD countries in Europe and outside Europe (not displayed in the scorecards but available in *Chapter 14: Serving Citizens*). People in countries such as Austria and Slovenia report lower unmet care needs than people in countries which do not have universal health coverage such as Greece, Poland or the United-States.

In all OECD countries, education systems provide universal access to primary and secondary schools for children aged 5-14 years old. Affordability of early childhood education and tertiary education depends to a greater extent on households' capacity to pay. Private expenditure (including households out-of-pocket payment) for early childhood education and tertiary education are relatively low in countries such as Belgium, Denmark and Norway whereas they are higher in Australia and the United States. Most countries have put in place loans, scholarships or grants programmes to support

access to higher education. The number of students entering for the first time university is the highest in New Zealand (driven to a large extent by the large share of international students) whereas it is lowest in Luxembourg and Mexico. In Luxembourg a large proportion of its citizens study abroad which reduces the rate for first time entry in University in particular at the bachelor's level.

Access to justice depends primarily on people's ability to pay but also on the extent to which they are aware of the procedures and steps for addressing any legal issue. Data collected by the World Justice Project (WJP) suggest that financial barriers in access to justice are the lowest in Germany, the Netherlands and New Zealand whereas they are highest in Mexico, Turkey and the United States. Access to Alternative Dispute Resolutions (ADR) is also key to allow individuals to resolve disputes outside of the court system. Based on the WJP indicator set, ADR mechanisms are most accessible and effective in Denmark, Korea and Norway whereas further efforts might be needed to promote and support dispute resolutions outside of the court system in countries such as Italy or Mexico. More detailed survey data are available for the first time this year for 13 OECD countries in Chapter 14: Serving Citizens notably on financial barriers to resolve disputes and on people's awareness and access to information to take legal actions and obtain legal assistance.

Responsiveness of services

The key metrics to assess responsiveness vary across services. In health care and justice, the timeliness of interventions and procedures are of particular importance. By contrast, in education, responsiveness is typically assessed by looking to what extent students benefit from having adequate material and pedagogical methods.

Based on data collected for 11 OECD countries, the time that people have to wait to obtain a doctor's (general practitioner) and a specialist appointment is relatively low in the Netherlands whereas it is higher in Norway and Canada. In France and Germany, the time needed to obtain a doctor's appointment (general practitioner) is relatively high whereas the time needed to obtain a specialist appointment is very low with less than 5% of individuals in these two countries reporting having waited two months or longer to get a specialist appointment compared to 14% on average across the 11 OECD countries participating in this survey and more than 25% in Canada and Norway.

The time needed to resolve first instance civil, commercial and administrative cases depends on the number of cases to be treated in a given year, the legal system tradition, the extent of use of digital technologies in courts and other factors. Based on the data available, the time needed to resolve first instance cases was the highest in Greece and Italy. The estimated length of proceedings for solving an administrative case is equivalent to more than 4 years in Greece and more than 2 ½ years in Italy. By contrast, it is less than 4 months in Slovenia and Sweden. The time needed to resolve first instance cases has improved greatly since 2012 in Denmark, Estonia, Hungary, Slovenia and Sweden whereas it has deteriorated in the Czech Republic, Finland and the Slovak Republic.

In all OECD countries, education systems strive to meet the needs of students with different socioeconomic backgrounds. The responsiveness of education systems can be assessed at three different levels: the education system level, school level and teachers' level. Overall, Australia, Canada, Sweden and the United States fare well for indicators of availability of material in schools, support for study help in schools and the use of adaptive teaching methods. In Australia, Canada and the United States, about 60% of students report that their teacher provides individual help when a student has difficulties understanding a topic or a class compared to 48% on average across OECD countries.

Quality of services

Improving service quality and outcomes across all population groups in health care, education and justice is a key policy priority in all OECD member countries.

In health care, the quality of services can be assessed at least partly by looking at the mortality rates for the three main causes of deaths in OECD countries: heart attacks, strokes and cancer. While variations across countries and over time in mortality rates for these leading causes of death are driven to a large extent by non-medical determinants of health (such as behavioural lifestyle factors like smoking eating habits), the quality of health care interventions can also play an important role in diagnosis any problem early and providing effective treatment. Since 2000, there has been considerable improvements in most countries in the prevention, early diagnosis and treatment of these three important causes of deaths. In Greece, Hungary and Turkey mortality rates for heart attacks and strokes remain high but are decreasing. In France, mortality rates from heart attacks and strokes are the lowest among OECD countries, but mortality rates from breast cancer (and other types of cancer) remain high and are increasing.

Every three years, the OECD Programme for International Student Assessment (PISA) evaluates the performance of 15 years old students in science, mathematics and reading (with a focus on science for the latest 2015 edition). Students in Canada, Estonia, Finland, Germany, Japan, Korea, the Netherlands and Slovenia perform relatively well in all three subjects. By contrast, students in Chile, Greece, Hungary, Iceland, Luxembourg, Mexico, the Slovak Republic and Turkey

Serving Citizens Scorecards

have low scores in all three subjects. Over the past decade, the average PISA score in science increased significantly in Israel, Norway and Portugal (by more than 10 points) whereas it decreased in Finland, Hungary and the Slovak Republic (by more than 25 points).

Every year, the World Justice project releases its Rule of Law Index (RuLI) providing a set of key metrics on the degree of effectiveness and fairness in the implementation of the rule of law based on a mix of population and expert surveys. Among the set of key metrics the RuLI includes indicators on the effective enforcement of civil justice, on the extent to which civil justice is free from improper government influence and on the extent to which people avoid using violence to redress their personal grievances. The Nordic countries (Denmark, Finland, Norway and Sweden) as well as Austria are top performers in all three indicators whereas there is room for improvement in countries such as Mexico and Turkey.

Scorecard 1. Access to services

Top third group
Middle third group
Bottom third group

Countries are listed in alphabetical order. The number in the cell indicates the position of each country among all countries for which data are available. The arrrows indicate whether the situation is improving (↑), staying the same (→) or worsening (↓). Years of reference for trend data are specified in the figure notes. No symbol means no trend data available.
For detailed description of the indicators see "Chapter 14: Serving Citizens"

Indicator	Health care			Education			Justice	
	Access to care (financial and other reasons)			*Access to education*			*Access to legal and justice services*	
	Health care coverage	Out of pocket medical expenditure in household consumption	Unmet care needs (Eurostat)	Private expenditures on education	Enrolment rate at age 4	First time tertiary entry rates	People can access and afford civil justice	Alternative dispute resolution mechanisms are accessible, impartial, and effective
Australia	1	25	n.a.	32*	23	n.a.	20	4
Austria	1	18	1	5	18	14	12	25
Belgium	1	24	14	3	4	16	5	8
Canada	1	10	n.a.	23	n.a.	n.a.	24	10
Chile	1	31	n.a.	28	25	4	7	22
Czech Rep.	1	7	6	12	24	15	14	13
Denmark	1	15	12	9	7	3	4	3
Estonia	2	14	25	6	n.a.	n.a.	15	11
Finland	1	19	19	1	26	22	17	21
France	1	3	11	11	1	n.a.	19	7
Germany	1	5	3	18	5	18	2	6
Greece	3	33	24	n.a.	30	n.a.	21	23
Hungary	1	32	15	21	14	25	25	26
Iceland	1	22	20	8	n.a.	5	n.a.	n.a.
Ireland	1	16	16	7	16	n.a.	n.a.	n.a.
Israel	1	21	n.a.	25	3	13	n.a.	n.a.
Italy	1	20	21	13	11	24	23	27
Japan	1	9	n.a.	31	12	8	10	5
Korea	1	35	n.a.	30	15	n.a.	6	1
Latvia	1	28	23	10	20	n.a.	n.a.	n.a.
Luxembourg	1	2	7	n.a.	6	27	n.a.	n.a.
Mexico	1	27	n.a.	20	21	26	27	28
Netherlands	1	23	4	19	10	12	1	9
New Zealand	1	8	n.a.	24*	17	1	3	17
Norway	1	17	9	2	9	6	13	2
Poland	2	12	22	16	28	9	18	15
Portugal	1	30	18	26	19	17	11	14
Slovak Rep.	2	11	13	17	27	21	n.a.	n.a.
Slovenia	1	6	2	14	22	11	16	20
Spain	1	29	5	22	8	10	8	18
Sweden	1	26	8	4	13	19	9	16
Switzerland	1	34	10	n.a.	31	7	n.a.	n.a.
Turkey	1	1	n.a.	15	32	2	26	24
United Kingdom	1	4	17	27*	2	20	22	19
United States	3	13	n.a.	29*	29	23	28	12

* In Australia, New Zealand, the United Kingdom and the United-States the high private expenditures on education is associated with a large share of students receiving loans and scholarships. More than 80% of students at tertiary level in these four countries, receive public loans, grants and/or scholarships (see figure 14.12 in Government at a Glance 2017).

Note: For health care coverage the clustering was produced in the following way: top third group (between 95% and 100% for health care coverage); middle third group (between 90% and 95% for health care coverage); bottom third group (less that 90% for health care coverage). France has concerns regarding the use of one single source, the World Justice Project, which relies on a limited number of observations and which may not reflect the objective situation in terms of access and quality of judicial services.
Source: OECD Health Statistics (2016), OECD Education at a Glance (2016), World Justice Project (Rule of Law Index, 2016)

Serving Citizens Scorecards

Scorecard 2. Responsiveness in service delivery

Top third group
Middle third group
Bottom third group

Countries are listed in alphabetical order. The number in the cell indicates the position of each country among all countries for which data are available. The arrrows indicate whether the situation is improving (↑), staying the same (→) or worsening (↓). Years of reference for trend data are specified in the figure notes. No symbol means no trend data available.
For detailed description of the indicators see "Chapter 14: Serving Citizens"

Indicator	Health care			Education			Justice		
	Timeliness of health care services provision			*Responsiveness of schools to student needs*			*Timeliness of first instance court decisions*		
	Same or next day appointment with doctor last time needed care	Waited 6 days or more for appointment with doctor last time needed care	Time needed to get a specialist appointment	Index of shortage of educational material	Availability of study help in schools	Use of adaptive teaching methods	Time needed to resolve civil, commercial, administrative and other cases	Time needed to resolve litigious civil and commercial cases	Time needed to resolve administrative cases
Australia	3	3	6	3	6	4	n.a.	n.a.	n.a.
Austria	n.a.	n.a.	n.a.	10	35	33	3→	3→	
Belgium	n.a.	n.a.	n.a.	25	25	26	n.a.	n.a.	16
Canada	11	10	11	1	7	2	n.a.	n.a.	n.a.
Chile	n.a.	n.a.	n.a.	7	32	8	n.a.	n.a.	n.a.
Czech Rep.	n.a.	n.a.	n.a.	16	17	29	10↓	7↓	15
Denmark	n.a.	n.a.	n.a.	11	1	7	1↑	8↑	n.a.
Estonia	n.a.	n.a.	n.a.	20	20	22	2↑	2↑	4↑
Finland	n.a.	n.a.	n.a.	23	14	14	8↓	13↓	10↓
France	8	6	2	14	15	27	14↓	16↓	11
Germany	9	11	1	22	24	32	n.a.	9↑	12↑
Greece	n.a.	n.a.	n.a.	29	26	24	16	15↓	18↑
Hungary	n.a.	n.a.	n.a.	33	18	25	5↑	5↑	5↑
Iceland	n.a.	n.a.	n.a.	2	10	13	n.a.	n.a.	n.a.
Ireland	n.a.	n.a.	n.a.	28	27	18	n.a.	n.a.	n.a.
Israel	n.a.	n.a.	n.a.	31	16	20	n.a.	n.a.	n.a.
Italy	n.a.	n.a.	n.a.	34	34	28	15↑	19↓	17↑
Japan	n.a.	n.a.	n.a.	35	9	34	n.a.	n.a.	n.a.
Korea	n.a.	n.a.	n.a.	30	28	23	n.a.	n.a.	n.a.
Latvia	n.a.	n.a.	n.a.	13	13	9	11↓	12↑	6↑
Luxembourg	n.a.	n.a.	n.a.	15	2	30	n.a.	1↑	9
Mexico	n.a.	n.a.	n.a.	32	33	6	n.a.	n.a.	n.a.
Netherlands	1	2	4	12	21	16	6↓	4	8↓
New Zealand	2	1	9	17	8	3	n.a.	n.a.	n.a.
Norway	10	9	10	18	29	11	n.a.	n.a.	n.a.
Poland	n.a.	n.a.	n.a.	5	12	21	4↓	10↓	3↓
Portugal	n.a.	n.a.	n.a.	24	11	1	17↑	17↑	n.a.
Slovak Rep.	n.a.	n.a.	n.a.	21	19	31	12↓	18↓	14↓
Slovenia	n.a.	n.a.	n.a.	8	23	n.a.	7↑	11↑	1↑
Spain	n.a.	n.a.	n.a.	27	31	15	13↑	14↓	13↑
Sweden	4	8	7	9	5	12	9↑	6↑	2↑
Switzerland	7	4	5	4	22	19	n.a.	n.a.	n.a.
Turkey	n.a.	n.a.	n.a.	26	30	17	n.a.	n.a.	n.a.
United Kingdom	5	5	8	19	3	10	n.a.	n.a.	7↑
United States	6	7	3	6	4	5	n.a.	n.a.	n.a.

Note: For indicators on the timeliness of justice decisions time comparison is 2010-2014. Data for Portugal are for 2012 rather than 2014. For administrative procedures data for Luxembourg are for 2010 rather than 2014. Data on the time needed to resolve civil, commercial, administrative and other cases (first instance) for Austria, Greece and Italy are for 2012 rather than 2014. No trend data available for Belgium, Czech Republic and Luxembourg (administrative cases only), the Netherlands (litigious civil and commercial cases). The indicator on the use of adaptive teaching methods covers the share of students that report that their teachers provide individual help when a student has difficulties understanding a topic or a task in "many lessons" and "every lesson or almost every lesson".
Source: Commonwealth Fund Health Policy Survey (2016), OECD PISA 2015 (database) and CEPEJ 2016 (database).

Scorecard 3. Quality in service delivery

Top third performers.
Middle third performers.
Bottom third performers.

Note: Countries are listed in alphabetical order. The number in the cell indicates the position of each country among all countries for which data are available.
The arrrows indicate whether the situation is improving (↑), staying the same (→) or worsening (↓). Years of reference for each indicator are specified in the figure notes. No symbol means no trend data available.
For detailed description of the indicators see "Chapter 14: Serving Citizens"

Indicator	Health care (including prevention and care)			Education			Justice		
	Mortality rate - Acute Myocardial infaction (heart attack)	Mortality rate - Cerebrovascular disease (stroke)	Breast cancer mortality in women	PISA mean score in science	PISA mean score in mathematics	PISA mean score in reading	Effective enforcement of civil justice	Civil justice is free from improper government influence	People do not use violence to redress personal grievances
Australia	15↑	8↑	10↑	8↓	18↓	13	10	5	12
Austria	20↑	9↑	19↑	20↓	15	25	5	10	6
Belgium	14↑	12↑	31↑	14	10↓	17	11	12	13
Canada	18↑	3↑	15↑	4	5↓	1	13	6	5
Chile	27↑	26↑	5→	33	33	32	18	22	28
Czech Rep.	26↑	29↑	12↑	23↓	21↓	24	16	14	4
Denmark	10↑	18↑	35↑	15	7	15	8	3	3
Estonia	7↑	20↑	17→	2	4	4↑	19	13	14
Finland	29↑	22↑	7↑	3↓	8↓	2↓	6	7	2
France	1↑	1↑	23↑	21	19	16	15	19	22
Germany	21↑	10↑	25↑	10	11	9	3	4	11
Greece	30↑	32↑	18↑	32↓	32↓	31	26	25	25
Hungary	31↑	33↑	30↑	28↓	28↓	30	25	26	10
Iceland	28↑	21↑	29→	29↓	24	27	n.a.	n.a.	n.a.
Ireland	32↑	16↑	34↑	13	13	3	n.a.	n.a.	n.a.
Israel	3↑	4↑	33↑	30	30↑	29↑	n.a.	n.a.	n.a.
Italy	11↑	24↑	20↑	27	23↑	26↑	27	20	26
Japan	2↑	17↑	4→	1	1	6↑	4	15	7
Korea	5↑	25↑	1→	5	2↓	5↓	9	17	19
Latvia	24↑	35↑	21↑	25	27	23	n.a.	n.a.	n.a.
Luxembourg	8↑	6↑	24→	26	26	28	n.a.	n.a.	n.a.
Mexico	35↓	19↑	3→	35	35	35	28	27	27
Netherlands	9↑	13↑	28↑	11↓	6↓	12	7	1	16
New Zealand	33↑	23↑	22↑	6↓	16↓	8	14	11	9
Norway	23↑	11↑	9↑	18↑	14↑	7↑	1	2	8
Poland	12↑	27↑	16→	16	12	10	20	21	17
Portugal	13↑	28↑	11↑	17↑	22↑	18↑	23	16	24
Slovak Rep.	22↑	34↑	27→	31↓	29↓	33	n.a.	n.a.	n.a.
Slovenia	19↑	30↑	32→	7	9	11	21	24	20
Spain	6↑	7↑	6↑	24	25	21↑	22	23	21
Sweden	25↑	14↑	8↑	22	17	14	2	8	1
Switzerland	4↑	2↑	14↑	12	3	22	n.a.	n.a.	n.a.
Turkey	34↑	31→	2	34	34	34↓	24	28	23
United Kingdom	17↑	15↑	26↑	9	20	19	12	9	15
United States	16↑	5↑	13↑	19	31	20	17	18	18

Notes: Health care : Comparison over time 2004-2014 (or closest available). Arrows reflect a positive or negative change of ≥2 p.p. Education: Comparison over time 2006-2015. Only changes that are statistically significant are indicated. Justice: No trend comparison available. France has concerns regarding the use of one single source, the World Justice Project, which relies on a limited number of observations and which may not reflect the objective situation in terms of access and quality of judicial services.
Source: OECD Health Statistics (2016), OECD PISA 2015 (database), World Justice Project (Rule of Law Index, 2016)

Citizen satisfaction with public services and institutions

In an environment of fiscal restraint, public service organisations depend more and more on feedback from their clients to make effective and sound decisions about their services. In most OECD countries, public sector organisations, departments and agencies regularly monitor user and citizen satisfaction with public services to evaluate the impact of reforms and identify areas calling for further actions. Comparisons of citizen satisfaction with public services are currently limited by the absence of standardization of survey instruments and methodologies both at the national level (between ministries and agencies of a same country) and across countries.

Data regularly collected through the Gallup World Poll allows some comparative analysis of the satisfaction level of citizens with a range of public services, notably in the areas of health, education and justice, across OECD and partner countries. The interpretation of cross country comparisons of citizen satisfaction with services should be made with caution as perceptions can be influenced by many other factors beyond the access and quality of services such as cultural factors, media campaigns or other factors.

In 2016, on average, 70% of citizens in OECD countries reported being satisfied with the availability of quality health care in the city or area where they live. This is comparable to the percentage of satisfied citizens before the financial and economic crisis (71%). Citizen satisfaction is the highest in Belgium, Norway and Switzerland whereas it is the lowest in Chile and Greece where less than 4 citizens out of 10 report being satisfied with health care services. Over the last decade, satisfaction with health care increased the most in Turkey whereas it decreased the most in Greece, Iceland and Japan. In Greece, this has coincided with deep cuts in public spending on health, following the economic crisis and successive waves of austerity measures to reduce public deficits and debts (OECD, 2014).

A majority of citizens in OECD countries also report being satisfied with their education system and schools. In 2016, 67% of citizens reported being satisfied with the education system and schools in the city or area where they live, which is also comparable to the satisfaction level before the financial and economic crisis. Citizen satisfaction with the education system is the highest in Ireland, Norway and Switzerland whereas it is the lowest in Chile and Greece.

Over the last decade, satisfaction with the education system increased the most in Israel whereas it strongly decreased in Chile, Hungary Mexico and Spain. The increase in satisfaction in Israel is associated with a strong improvement over the same period in students score in the OECD Programme for International Student Assessment (PISA) in particular in mathematics and science.

The reported level of confidence with the judicial system and the courts is generally below the satisfaction levels with health and education systems. In 2016, on average, 55% of citizens in OECD countries reported having confidence in the judicial system and the courts with a small increase of 2 p.p since 2007. Compared to other services such as health care and education, the perceived confidence level with the judicial system and the courts might be less based on experiences with the actual services since fewer people have experiences with the courts than with the health care system and the education system.

In 2016, the confidence with the judicial system and the courts was the highest in Denmark, Norway and Switzerland with more than 8 people out of 10 reported having confidence in these institutions. By contrast, confidence with the judicial system and the courts was the lowest in Chile and Italy where less than a quarter of the population reported having confidence in these institutions. Over the past decade, confidence in the judicial system and the courts increased the most in the Czech Republic, Germany, Japan and Ireland whereas it decreased the most in Turkey.

Methodology and definitions

Data were collected by Gallup World Poll, generally based on a representative sample of 1000 citizens in each country. More information about this survey is available at: *www.gallup.com/home.aspx*.

Data on the level of satisfaction with health care refer to the percentage of people who answered "satisfied" to the question: "In the city or area where you live, are you satisfied or dissatisfied with the availability of quality health care?"

For education, data refer to the percentage of people who answered "satisfied" to the question: "In the city or area where you live, are you satisfied or dissatisfied with the educational system or the schools?"

For justice, data refer to the percentage of people who answered "Yes" to the question: "In this country, do you have confidence in each of the following, or not? How about the judicial system and courts?".

Data on citizen satisfaction with the local police are available online (see annex F)

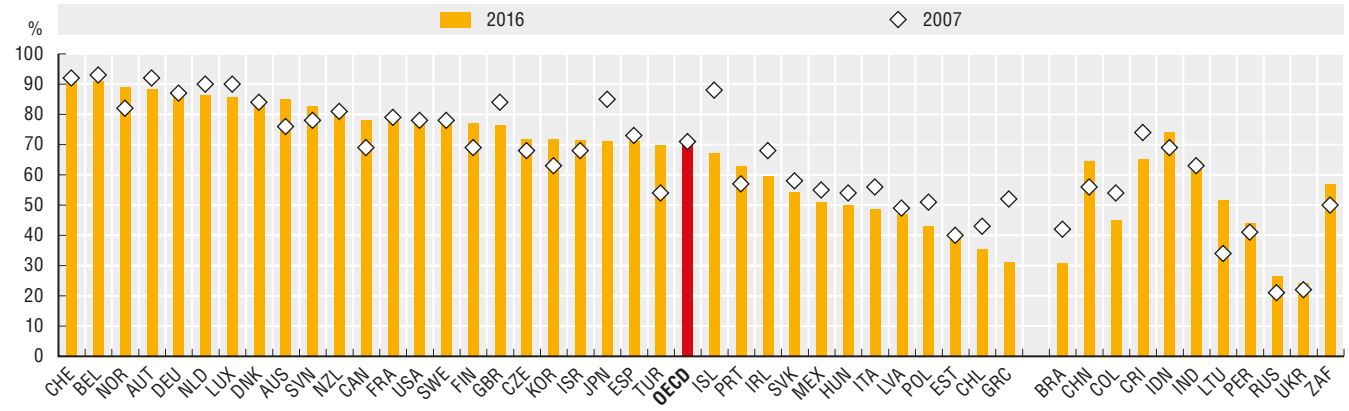
Figure notes

Data for Austria, Finland, Ireland, Norway, Portugal, the Slovak Republic, Slovenia and Switzerland are for 2006 rather than 2007. Data for Iceland and Luxembourg are for 2008 rather than 2007. Data for China are for 2013 rather than 2016.

14.3: Data for China are not available. The Korean data are not displayed due to reliability issues. The OECD will work towards improving the quality of data on judicial system and the courts.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

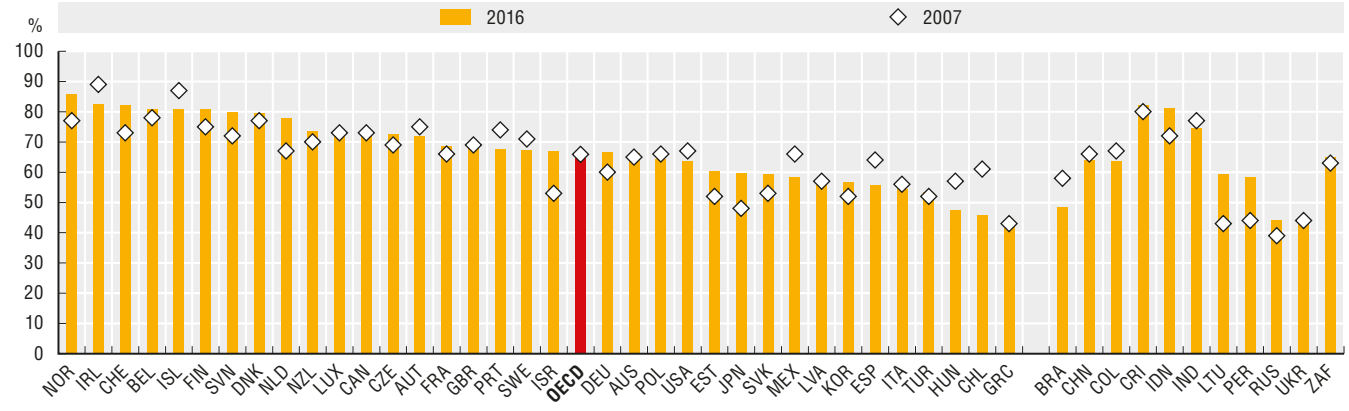
14.1 Citizen satisfaction with the health care system, 2007 and 2016



Source: Gallup World Poll (database)

StatLink http://dx.doi.org/10.1787/888933533834

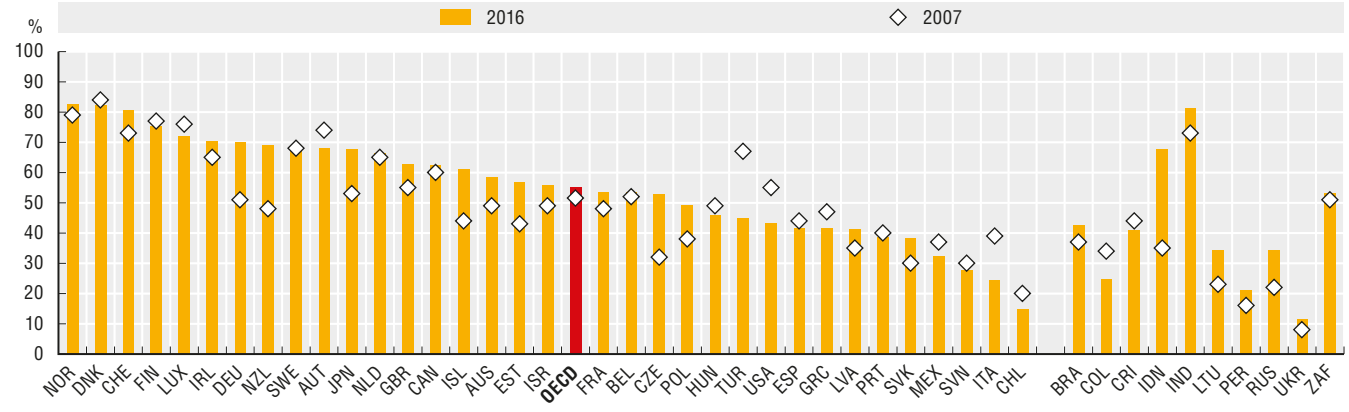
14.2 Citizen satisfaction with the education system and the schools, 2007 and 2016



Source: Gallup World Poll (database)

StatLink http://dx.doi.org/10.1787/888933533853

14.3 Citizen confidence with the judicial system and the courts, 2007 and 2016



Source: Gallup World Poll (database)

StatLink http://dx.doi.org/10.1787/888933533872

Financial and geographic access to care

There are important variations across OECD health systems in the degree of coverage for health services and goods. In most countries, public coverage is higher for hospital care and doctor consultations, while direct OOP payments are higher for pharmaceuticals, dental care and eye care (glasses) resulting in a relatively greater proportion of people reporting unmet care needs for the latter group of health services and goods.

In contrast to publicly funded care, which, in theory, is based on need, direct out-of-pocket (OOP) payments by households rely on people's ability to pay. In 2014, about 2.8% of total household consumption was dedicated to medical spending on average in OECD countries. This share was above 4% in Greece, Hungary, Korea and Switzerland and below 2% in France, Germany, Luxembourg, Turkey and the United Kingdom.

Unmet health care needs, as reported in population-based surveys, are a good way of assessing any access problems for certain population groups. Data on unmet care needs presented here come from two main sources; 1) the 2015 European Union Statistics on Income and Living Conditions survey (EU-SILC) which asks people whether there was a time in the previous year when they felt they needed a medical examination but did not receive it for a number of reasons, including that the care was too expensive, the waiting time was too long or the travelling distance was too far; and 2) the 2016 Commonwealth Fund International Health Policy Survey which asks whether people did not visit a doctor when they had a medical problem, skipped a medical test or treatment that was recommended by a doctor, or did not fill prescription for medicines or skipped doses because of cost in the past year.

In 2015, in all European countries covered by the EU-SILC survey, low income people were more likely to report unmet care needs than people with high incomes. The gap was particularly large in Greece, Italy and Latvia. The most common reason reported by low-income people for unmet needs for medical examination is cost. Based on the EU-SILC survey, the proportion of people reporting unmet needs for dental care was 50% higher than for medical examination on average across EU countries in 2015.

Similarly, the results from the 2016 Commonwealth Fund International Health Policy Survey, which was carried out in 11 OECD countries, show that people in low-income households are more likely to report unmet care needs due to cost than those with income above the median. In the United States where the percentage of the population reporting unmet care needs due to cost is the highest among these 11 countries, 43% of adults in low-income households reported foregoing some health care due costs compared with 32% for adults in households with above median income. The proportion of the population reporting foregoing health care due to cost was also relatively high in the Switzerland, while it was the lowest in the United Kingdom.

Access to medical care also requires an adequate number and proper distribution of physicians in all parts of the country. Shortages of physicians in certain regions can increase travel times to access medical care and therefore result in greater unmet care needs. The uneven distribution of physicians is a growing concern in many OECD countries, especially in those countries with remote and sparsely populated areas.

Countries use a range of policy levers to influence the choice of practice location of physicians, including: 1) providing financial incentives for doctors to work in underserved areas; 2) increasing enrolments in medical education programmes of students coming from specific geographic regions; 3) regulating the choice of practice location of doctors (for all new medical graduates or targeting more specifically international medical graduates); and 4) re-organising health service delivery to improve the working conditions of doctors in underserved areas and promoting tele-medicine (OECD, 2016).

Methodology and definitions

OOP payments are borne directly by a patient where neither public nor private insurance covers the full cost of the health good or service. They include cost-sharing and other expenditures paid directly by private households, and also include estimations of informal payments to health care providers in some countries. Only expenditure for medical spending (i.e. excluding the health part of long-term care) is presented here. Data on unmet care needs come from EU-SILC. Survey respondents are asked whether there was a time in the past 12 months when they felt they needed a medical examination but did not receive it, followed by a question as to why the need for care was unmet. Data presented here cover unmet care needs for financial, gerographic and waiting list. Low income represent the poorest fifth of the population. High income richest fifth of the population.

The number of physicians includes general practitioners and specialists actively practicing medicine during the year in both public and private institutions. Density of physicians is defined as the number of active physicians per every 1 000 people.

Data from the Commonwealth Fund on unmet care needs including medical examination and treatment due to cost by income level are available online: (see annex F)

Further reading

OECD (2016), Health Workforce Policies in OECD Countries: Right Jobs, Right Skills, Right Places, OECD Publishing.

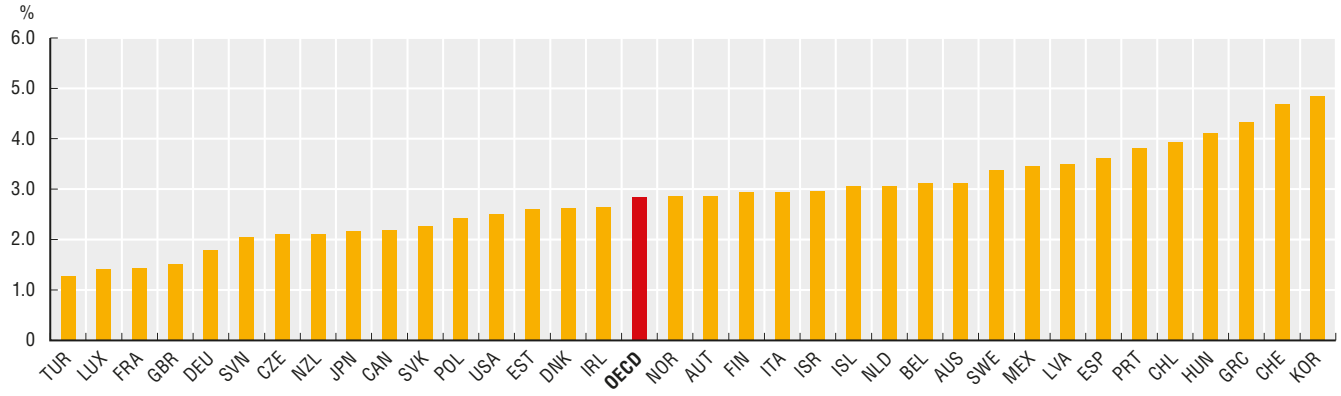
Figure notes

14.6: Countries are ranked in descending order of the national average. Data for the Netherlands and Switzerland are for 2014 rather than 2015.

14.7: New Zealand and United Kingdom 2010; Canada, Chile, Luxembourg and United States 2011; Australia, Belgium, Denmark, Israel, Japan, and Sweden 2012; and Korea 2014.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

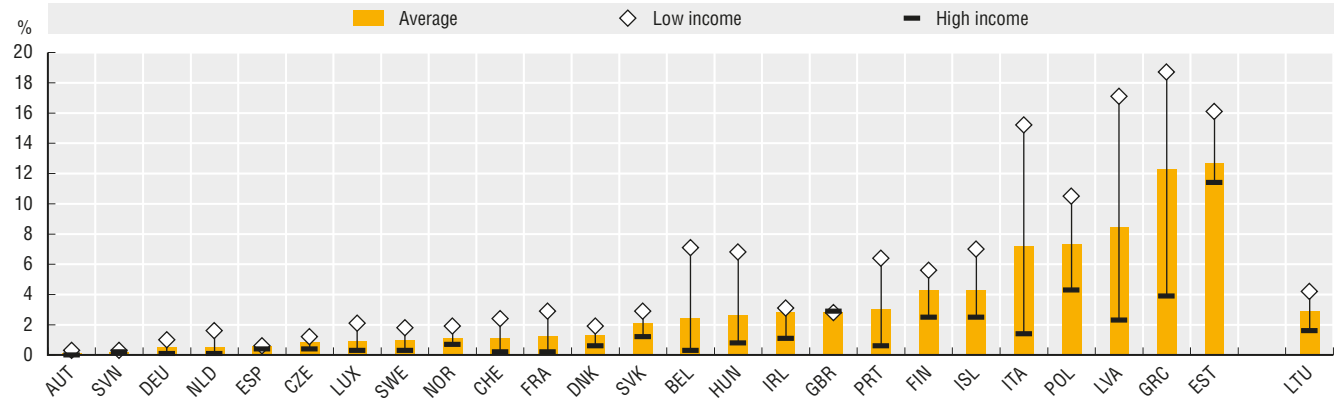
14.5 Out of pocket medical expenditure as a share of final household expenditures, 2014



Source: OECD Health Statistics 2016

StatLink http://dx.doi.org/10.1787/888933533891

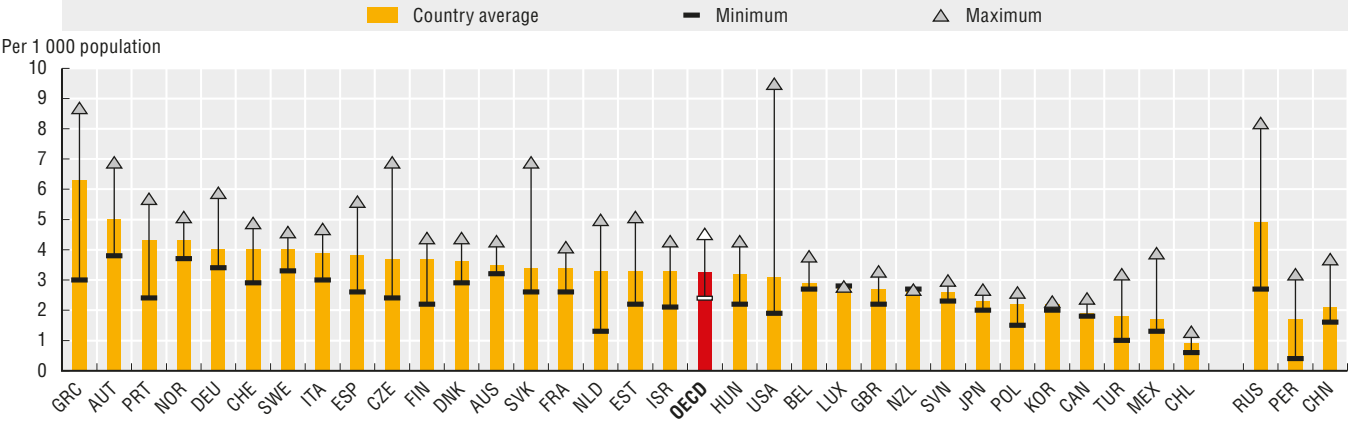
14.6 Unmet care needs only for medical examination by income level, 2015



Source: EU Survey on Income and Living Conditions (EU-SILC)

StatLink http://dx.doi.org/10.1787/888933533910

14.7 Physician density by regions (Territorial Level 2), 2013



Source: Regions at a Glance, 2016

StatLink http://dx.doi.org/10.1787/888933533929

Financial access to education

In OECD countries, education systems provide universal access to primary and secondary schools for children aged 5-14 years old although some parents may decide to send their children to private schools for various reasons. Access to early childhood education and tertiary education depends to a greater extent on the capacity of households to afford the higher cost of education at these levels, the successful completion of secondary education in the case of tertiary education and other reasons.

The public sector pays for the bulk of primary and secondary education to ensure universal access to basic education. On average, nearly 91% of the funds for primary, secondary and post-secondary non-tertiary educational institutions came from public sources in 2013, with the remaining 9% coming from private sources (mainly in the form of direct household expenditure). Private expenditure on primary, secondary and post-secondary (non-tertiary) educational institutions are relatively higher in Chile (21%), Australia (18%), Mexico (17%) and New Zealand (17%) whereas private expenditure represented less than 2% of total spending for these educational levels in Estonia and Finland. Households in some Anglo-Saxon countries (Australia, New Zealand and the United Kingdom) tend to spend more for those educational institutions because more students are enrolled in private schools (around 10% on average).

Private expenditures for early childhood education and tertiary education are relatively higher. On average, private expenditures for early childhood educational development and pre-primary programmes represented about 19% of total spending at this level in OECD countries in 2013 which is two times more than for primary and secondary levels. A large body of evidence shows that early childhood education has a positive impact on short and medium term learning outcomes and is particularly beneficial for students from lower socioeconomic backgrounds.

Enrolment rates in early childhood education at age 3 and 4 have considerably increased over the past decade but there are still important variations across countries. While enrolment rates in pre-primary education is almost universal in France or Belgium, less than half of children are enrolled in these programmes in some other countries such as Greece, Switzerland and Turkey. In Greece and Switzerland children enter pre-primary education at a later age and over 90% of 5 years-old are enrolled in pre-primary education. As countries continue to expand their pre-primary education programmes, it will be important to consider parents' needs and expectations regarding accessibility, cost, programme and staff quality, and accountability.

At tertiary level, the high private returns to costs justify a greater contribution of individuals (or their families) as long as there are ways to ensure that sufficient funding is available to all students to pursue their tertiary education regardless of their socio economic background. More than 50% of the costs of tertiary education are borne by households or other private sources in several OECD countries including Australia, Chile, Japan, Korea and the United States. By contrast, the share of private expenditures on tertiary education remains relatively low in Nordic countries where tuition fees charged by tertiary institutions are low or negligible.

The OECD estimates that 68% of young adults in OECD countries will enter tertiary education at least once during their lifetime if current patterns of entry continue.This average drops to 61% when international students are excluded and to 51% if only domestic students younger than 25 are considered. There are however some important variations across countries. In most countries, the largest proportion of tertiary students enter bachelor's degree programmes.

Most countries have put in place loans, scholarships or grants programmes to support access to tertiary education but also to protect students from uncertainty in the labour market after they graduate. In 2013, the OECD estimates that more than 75% of tertiary students in Australia, New Zealand, Norway, the United Kingdom and the United States were benefiting from such programmes. Some OECD countries have difficulty quantifying the amount of support provided to tertiary education students and therefore data on student loans should be treated with caution. A number of countries have also introduced other special conditions on students' public or state-guaranteed loans, for example in interest rates, repayment system or remission/forgiveness mechanisms.

Methodology and definitions

Data for all figures come from the UNESCO-OECD-Eurostat (UOE) data collection on education statistics. Data on scholarships/grants come from an ad-hoc OECD survey.

Private spending includes all direct expenditure on educational institutions, whether partially covered by public subsidies or not. Countries are ranked in descending order of the share of private expenditure on educational institutions for tertiary education.

Early childhood education (ISCED 0) includes two types of programmes: early childhood educational development (ISCED 01) and pre-primary (ISCED 02). Early childhood education have an intentional education component and that target children below the age of entry into primary education.

The net entry rate for a specific age is obtained by dividing the number of first-time entrants of that age for each type of tertiary education by the total population in the corresponding age group. The sum of net entry rates is calculated by adding the rates for each year of age.

For more details see: *www.oecd.org/edu/eag.html*.

Further reading

OECD (2016), Education at a Glance 2016: OECD Indicators, OECD Publishing, Paris. *http://dx.doi.org/10.187/eag-2016-en*

Figure notes

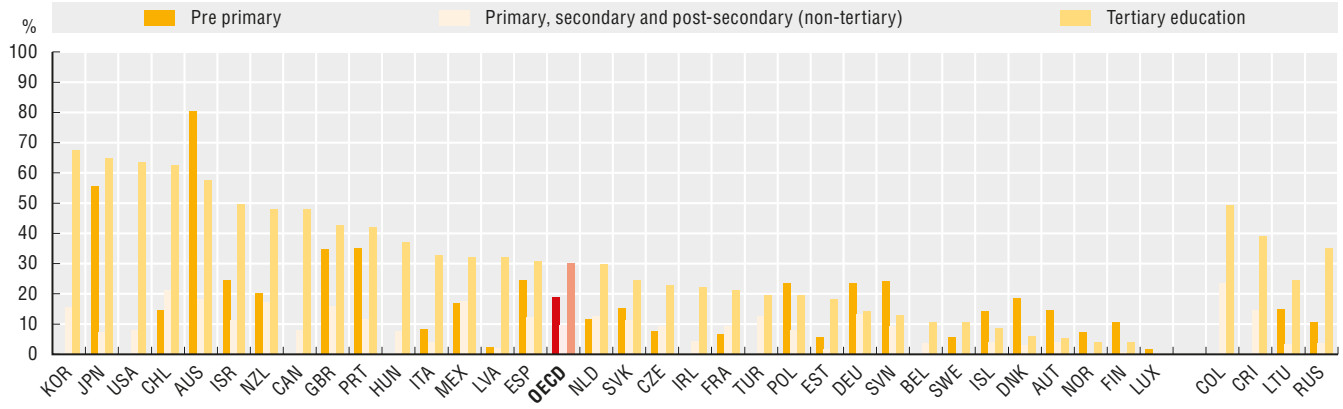
14.9. Chile year of reference 2014 rather than 2013. Canada year of reference 2012 rather than 2013.

14.11. Iceland year of reference 2013 rather than 2014.

Please refer to Annex 3 of Education at a Glance 2016 for detailed figure notes.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

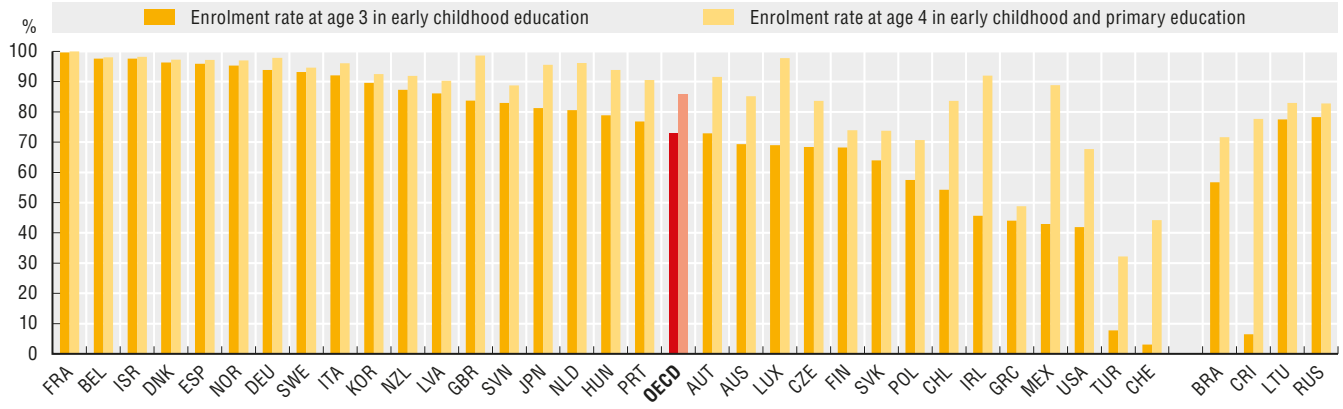
14.9. Share of private expenditures on education, 2013



Source: Education at a Glance 2016, Table B3.1 and C2.3.

StatLink http://dx.doi.org/10.1787/888933533948

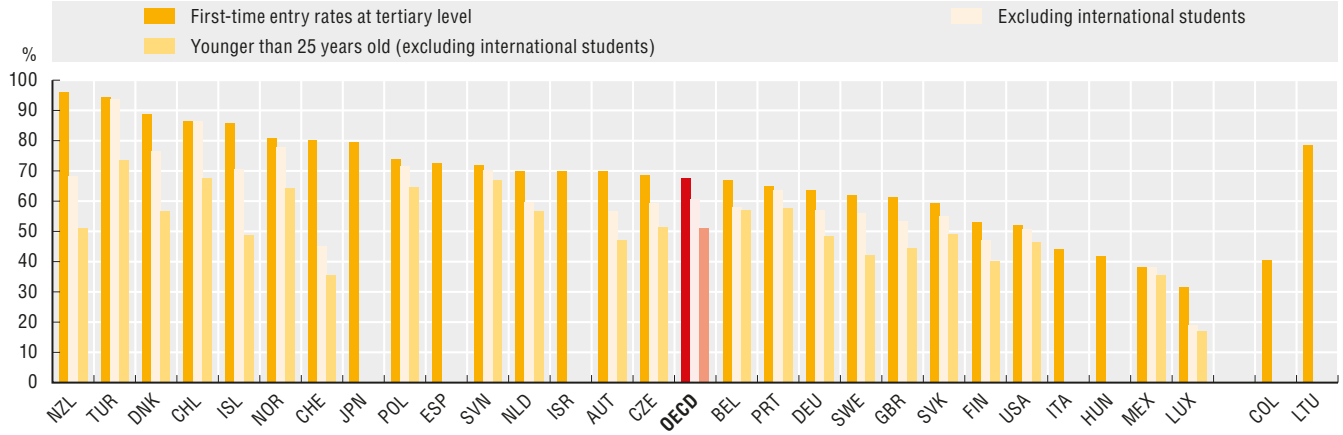
14.10. Enrolment rates at age 3 and 4 in early childhood and primary education, 2014



Source: OECD (2016), Education at a Glance 2016, Table C2.1, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933533967

14.11. First-time tertiary entry rates, 2014



Source: Education at a Glance 2016, Figure C3.1

StatLink http://dx.doi.org/10.1787/888933533986

Access to legal and justice services

Enabling equal access to legal and justice services for all is an essential component of the proper functioning of the rule of law. It is also included in the list of Sustainable Development Goals (SDG Goal 16) to be achieved by 2030. People-focused, effective and efficient legal and justice services, including access to financial legal aid, to information on laws and legal procedures, legal and administrative literacy and capability are key to enable equal treatment before the law for all citizens and strengthen equity in OECD member countries.

Population surveys provide useful information to assess any barriers for accessing needed legal actions and assistance. However these data should be interpreted with caution since they are based on a limited number of respondents, can be impacted by cultural biases and were collected only in urban areas. Improving the quality of the evidence on access to justice services from population surveys and administrative data sources is important to foster citizen-centric access to justice.Evidence suggests that unmet legal needs can be costly to individuals, communities and economies. Based on the data from General Population Poll collected by the World Justice project in 2016, about a third of individuals experienced a dispute over the past 12 months. From these individuals, around 38% took actions to resolve their dispute. This percentage is the highest in Australia, the Netherlands and the United States whereas it is the lowest in Korea, Japan and Turkey. These actions can include contacting the police, complaining to government agencies, going to court or other types of actions.

The most common reason reported by respondents for not taking actions to resolve a dispute was rapid peaceful resolution or because they did not feel the need for taking action, around 26% of individuals in OECD member countries responded that they did not take actions because they have limited confidence in the dispute resolution mechanisms in their country. Access barriers, including financial barriers and lack of information and awareness about the procedures, were cited by around 23% of individuals in OECD member countries as a reason for not taking action.

According to the same General Population Poll, around 31% of individuals in OECD member countries received some sort of legal assistance and counselling to resolve their disputes. Legal assistance can be provided by a wide range of stakeholders including attorneys, government offices, and other stakeholders. Receiving legal assistance does not imply necessarily that actions were taken to resolve their disputes.

In most OECD countries the main reason for not trying to obtain legal assistance was that respondents did not consider a need for any legal advice and counselling. Financial barriers in accessing legal advice were cited by around 16% of individuals in OECD member countries as one of the reasons for not requesting legal advice. This percentage was lowest in Germany and Turkey whereas it was highest in Korea. Around 12% of individuals in OECD member countries mentioned that the lack of awareness on who to contact to obtain legal assistance was a reason for not obtaining legal assistance. Some respondents also reported that they did not try to obtain legal assistance because they distrusted lawyers, felt lawyers were ineffective or for other reasons.

Methodology and definitions

Data come from the World Justice Project General Population Poll (2016). The data are based on a 1,000 sample of respondents in the three largest cities of every country. The sample is a probability sample and interviews were conducted both face to face (using a 50/50 gender quota) and through the internet. 95% confidence intervals represented by H.

Disputes cover any disputes that a household or individual had with family, individuals, other households, or the government over the past 12 months. They include for instance land disputes, administrative disputes, divorce/separation, domestic violence, inheritance, workforce disputes and other types of disputes. They can be resolved by courts, police, government, and other types of bodies. Legal assistance corresponds to legal advice or legal help from another person or group, for example, a local leader, an attorney, or a paralegal.

Access barrier correspond to the share of people who responded that they did not take action due to the fact that "did not know what to do or where to go", "the person who could assist was too far", "it would cost too much" and "the courts are too lengthy".

The exact response options were "I didn´t think I needed advice", "I didn´t think I could afford legal help" and "I didn´t know who to call".

Data on "Access to justice and alternative dispute resolutions (composite indicators)" are available online: (See annex F)

For more details on the underlying methodology please see: *http://worldjusticeproject.org/rule-of-law-index*

Further reading

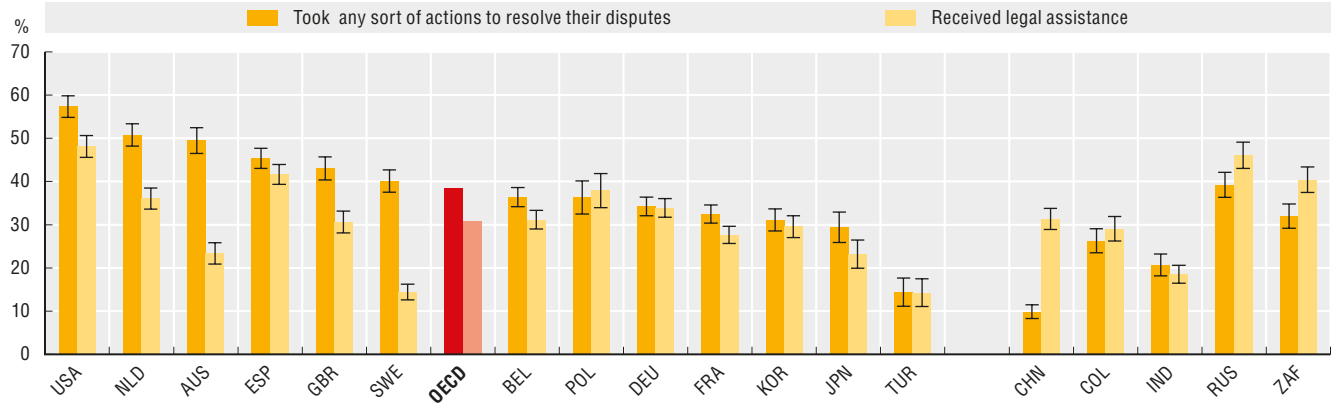
World Justice Project (2016), The Rule of Law Index 2016, World Justice Project,Washington, DC.

Figure notes

Data for the three figures are not available for Austria, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, Greece, Hungary, Iceland, Ireland, Israel, Italy, Latvia, Luxembourg, Mexico, New Zealand, Norway, Portugal, Slovak Republic, Slovenia and Switzerland. Frances makes reservations with regards to the use of one single source of data (the World Justice Project), which relies on a limited number of respondents and does not reflect the objective situation in terms of access and quality of judicial services.

14.15. Data for Poland are based on a very limited number of observations (<100).

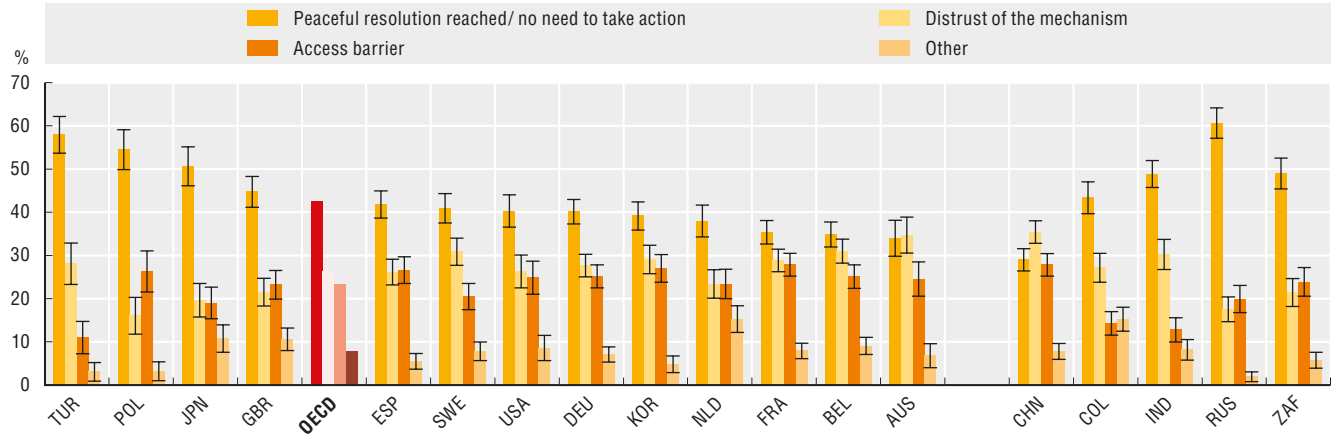
14.13. Percentage of individuals that took action and received legal assistance to resolve any disputes over the past 12 months, 2016



Source: World Justice Project, 2016 General Population Poll

StatLink http://dx.doi.org/10.1787/888933534005

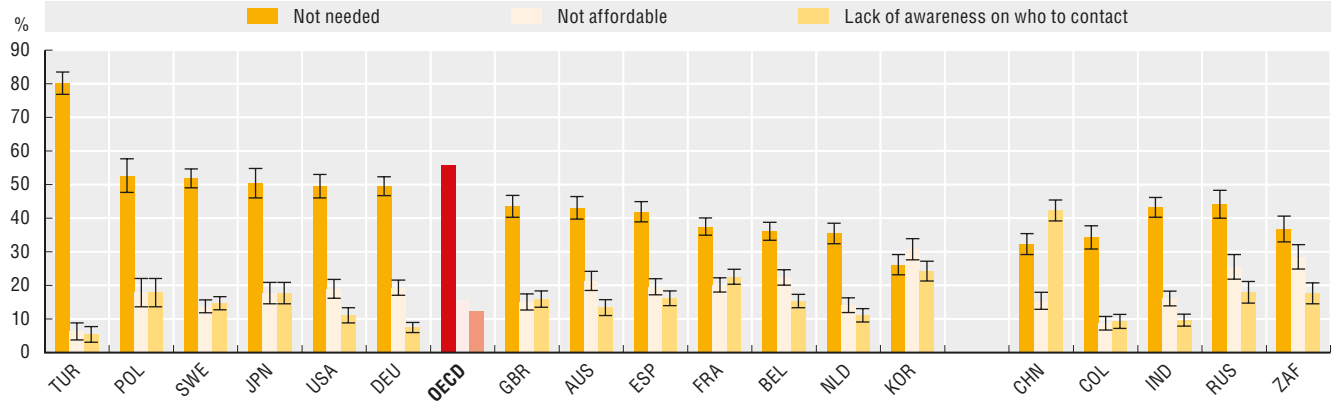
14.14. Reasons for not taking action to resolve a dispute, 2016



Source: World Justice Project, 2016 General Population Poll

StatLink http://dx.doi.org/10.1787/888933534024

14.15. Top three reasons for not attempting to obtain legal assistance to resolve a dispute, 2016



Source: World Justice Project, 2016 General Population Poll

StatLink http://dx.doi.org/10.1787/888933534043

Responsiveness of health systems to patient needs

Delivering health care that is responsive and patient-centered is playing a greater role in health care policy across OECD countries. An increasing number of countries collect Patient-Reported Experience Measures (PREMs) and Patient-Reported Outcome Measures (PROMs) to support a shift from a volume-based to a value-based model of health system resource management (Canadian Institute for Health Information, 2015).

Long waiting times can generate dissatisfaction for patients because the expected benefits of treatments are postponed, and the pain and disability remains. It may also result in adverse health outcomes when needed care is delayed. Waiting times is the result of a complex interaction between the demand and supply of health services. The demand for health services is determined by the health status of the population, patient preferences and the extent of cost-sharing for patients. Long waiting times can be due to a shortage of doctors or nurses in general or in certain parts of the country, but may also result from poor work organization to respond to demands for health care (Siciliani et al, 2013).

Based on the results of the 2016 Commonwealth Fund International Health Policy Survey collected in 11 OECD countries, less than one third of the population in Australia, the Netherlands and New Zealand reported that they did not get same-or next-day appointment to their regular doctor or any other doctor the last time they needed care. This proportion increases to at least half of the population in Norway and Canada. One consequence of longer waiting times is that the health problems of people may worsen and more people may end up using emergency departments in hospitals, resulting in higher costs. In Canada, more than 40% of the population reported having used emergency departments in hospitals over the past two years, the highest percentage among the 11 countries surveyed

There are also important differences in waiting times depending on income. In all OECD countries (except the Netherlands), low income people report longer waiting times to access needed care. More than 35% of low income people in Canada and Germany report that they waited six days or more to obtain a doctor's appointment the last time they needed care, compared with 27% for people with higher-income. Other countries like the Netherlands, but also larger countries like New Zealand and Australia have managed to have a much lower percentage of their population – poor or rich -- having to wait so long to get a doctor's appointment.

Waiting times to get an appointment with a specialist doctor also vary widely across countries. On average, 14% of the population in OECD countries reported that they had to wait for more than two months before getting a specialist appointment. This proportion ranges from less than 10% in Germany, France, the United States, the Netherlands and Switzerland, to about 30% in Canada and Norway. Such waiting times may result in delays in establishing clearer diagnosis and beginning any required treatments.

Patients generally report positive experiences when it comes to communication and interaction with their regular doctor. Less than 20% of the population in Australia, the Netherlands, New Zealand, Switzerland and the United Kingdom report that their regular doctor does not spend enough time with them during consultations or do not provide explanations in clear and understandable language. The proportion is slightly higher in France and Sweden, and this has increased since 2013. Various health system characteristics and policies can influence doctors' behaviour towards patients and hence have an impact on patient experiences, including the organisation of health care delivery, remuneration methods, systematic monitoring and reporting of patient experiences and the medico-legal policies for protecting patients' interests.

Methodology and definitions

Data come from 2016 Commonwealth Fund International Health Policy Survey which covers 11 OECD countries. Data were collected through telephone surveys conducted between March–June 2016 in each country among nationally representative samples of adults 18 years and older. Final country population samples ranged from 1,000 to 7,124. Data were weighted to ensure that the final outcome was representative of the adult population in each country. More information is available at: *www.commonwealthfund.org*.

Further reading

CIHI – Canadian Institute for Health Information (2015), Wait Times for Priority Procedures in Canada, Ottawa.

Commonwealth Fund (2016), "2016 International Health Policy Survey in Eleven Countries", November 2016.

Siciliani, L., M. Borowitz and V. Moran (2013), Waiting Time Policies in the Health Sector: WhatWorks?, OECD Health Policy Studies, OECD, Paris.

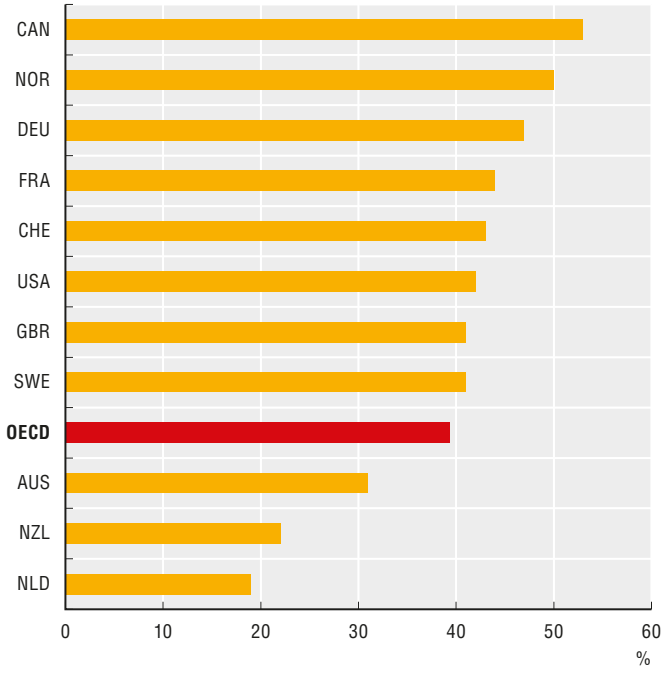
Figure notes

14.17. Excludes adults who did not need to make an appointment to see a doctor or nurse.

14.18. Countries are ranked in descending order of the share of all adults that waited six days or more the last time they needed care. Low income is defined as household income less than 50% of the country median. Sample sizes are small (n<100) in the Netherlands and the United-Kingdom. Average differences are not statistically significant in the Netherlands, New Zealand, Australia, Switzerland and Norway.

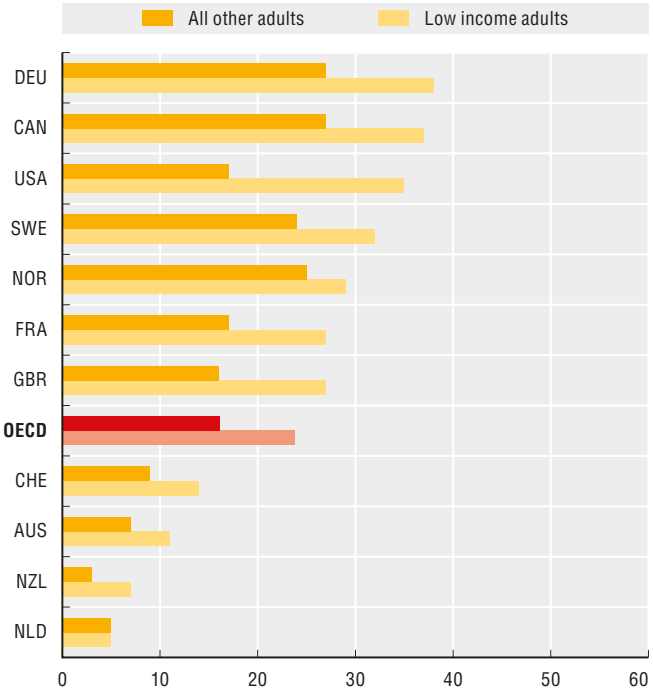
14.19. Only individuals that saw or needed to see specialist in the past 2 years.

14.17. Did Not Get Same- or Next-Day Appointment with regular or any other doctor Last Time You Needed Care, 2016



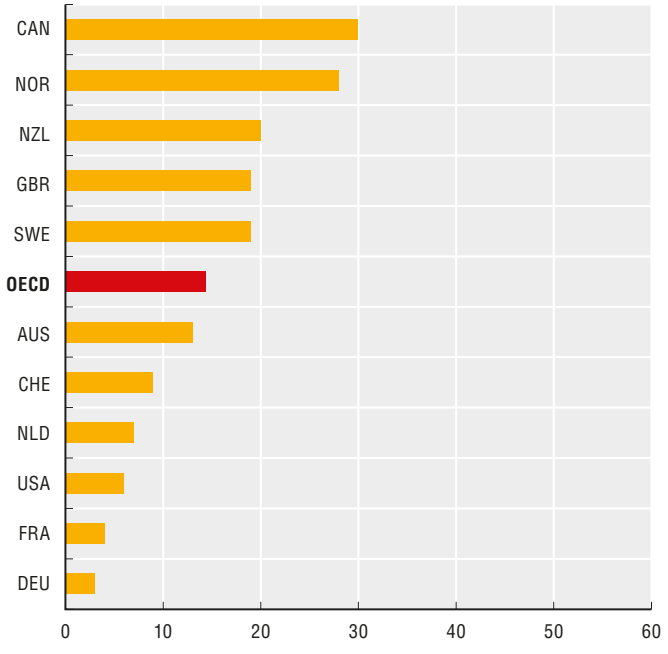
Source: 2016 Commonwealth Fund International Health Policy Survey.
StatLink http://dx.doi.org/10.1787/888933534062

14.18. Waited six days or more for appointment last time needed care by income level, 2016



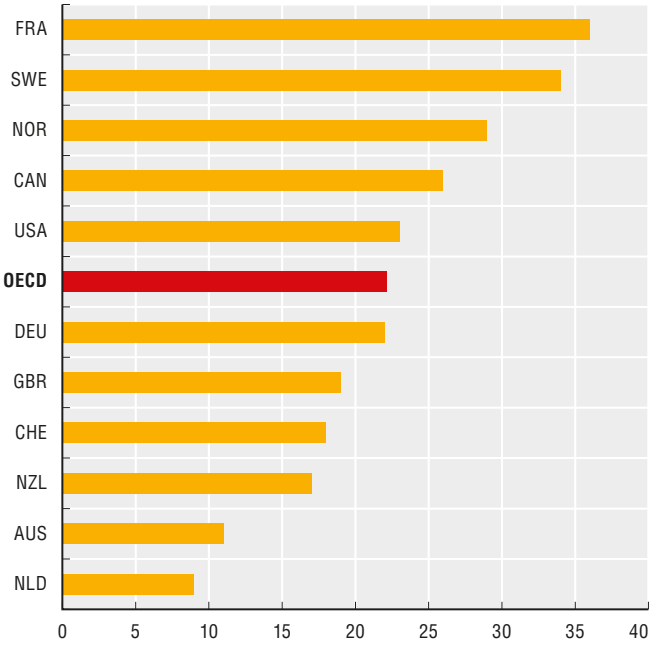
Source: 2016 Commonwealth Fund International Health Policy Survey
StatLink http://dx.doi.org/10.1787/888933534081

14.19. Waited Two Months or Longer For Specialist Appointment, 2016



Source: 2016 Commonwealth Fund International Health Policy Survey
StatLink http://dx.doi.org/10.1787/888933534100

14.20. Regular doctor does not often spend enough time with you or explain things so you can understand, 2016



Source: 2016 Commonwealth Fund International Health Policy Survey
StatLink http://dx.doi.org/10.1787/888933534119

Responsiveness of education systems to student needs

In all OECD countries, education systems strive to meet the needs of students with different backgrounds, income levels and living conditions. The responsiveness of education systems can be assessed at three different levels: at the education system level, school level and teachers' level.

At the education system level, the index of shortage of educational material is a good indicator which measures the extent to which school principals report that a lack or poor quality of educational material and infrastructure hinder the capacity to provide instruction in their schools. Evidence from PISA 2015 shows that the lack of teaching material or the poor quality of the material available is negatively associated to student performance. Among OECD countries, shortages of educational material are particularly large in Hungary, Italy, and Japan whereas they are the lowest in Australia, Canada and Iceland. However, these data being based on perceptions, the criteria of what constitutes a shortage of material may likely vary across countries.

On average, shortage of educational material hinders the capacity to provide instruction to a larger extent in socio-economically disadvantaged schools and rural schools than in advantaged schools and urban schools (PISA, 2016).

At the school level, homework-assistance programmes organised by schools can create the right conditions for students to complete their school assignments and gain self-confidence, particularly for those students who would otherwise not be take part in after-school programmes (Beck, 1999; Cosden et al., 2001). For the first time, PISA 2015 asked school principals if the school provides a room where students can do their homework and staff who can help them with homework.

Across OECD countries, about three out of four students are enrolled in schools that provide a room where students can do their homework, and three out of five students attend schools where staff is available to help students with their homework In Japan, Luxembourg and the United Kingdom, at least 95% of 15-year-old students have access to a room to do their homework at school, whereas in Greece, Mexico and the Slovak Republic less than 50% of students do so. In Denmark, Luxembourg, Sweden, the United Kingdom and the United States, more than 90% of students attend schools where staff is available to help with homework; but in Austria and Italy less than 30% of students attend such schools.

At the teachers' level, adequate pedagogical and instruction methods are key to foster students' interest in various topics, improve performance and raise learning outcomes of students. On average across OECD countries, 45% of students report that their teachers adapt "many lessons" or "very or almost every lessons" to the class needs and knowledge and 48% of students report that teachers provide individual help when a student has difficulties understanding a topic or a task.

Adaptive teaching methods are positively correlated to performance in science (PISA, 2016). On average across OECD countries, and after accounting for students' and schools' socio-economic profile, students score 20 points higher in science when they reported that their teachers adapt the lesson to the class's needs and knowledge "in many lessons" or "every lesson" than when they reported that this happens "in some lessons" or "never". Students also score 13 points higher, on average, when they reported that their teacher provides individual help when a student has difficulties understanding a topic or task, and 8 points higher, on average, when their teacher changes the structure of the lesson on a topic that most students find difficult to understand.

Methodology and definitions

Data for all figures come from the 2015 Programme for International Student Assessment (PISA). It assessed the competencies of 15-year-olds in reading, mathematics and science (with a focus on science) in 72 countries and economies. For more information on the underlying data see: *http://www.oecd.org/pisa/*.

The index of shortage of educational material was calculated based on the responses provided by school principals on the extent to which their school's capacity to provide instruction was hindered ("not at all", "very little", "to some extent" or "a lot") by a shortage or inadequacy of physical infrastructure, such as school buildings, heating and cooling systems and instructional space; and educational material, such as textbooks, laboratory equipment, instructional materials and computers. The average on the index is zero and the standard deviation is one across OECD countries. Positive values reflect principals' perceptions that the shortage of educational material hinders the capacity to provide instruction to a greater extent than the OECD average; negative values indicate that school principals believe the shortage hinders the capacity to provide instruction to a lesser extent.

The socio-economic profile is measured by the PISA index of economic, social and cultural status (ESCS).

Based on students who report that the following instruction methods are used by their teachers in "many lessons" and "every lesson or almost every lesson".

Further reading

OECD (2016), PISA 2015 Results (Volume II): Policies and Practices for Successful Schools, PISA, OECD Publishing, Paris. *http://dx.doi.org/10.1787/9789264267510-en*

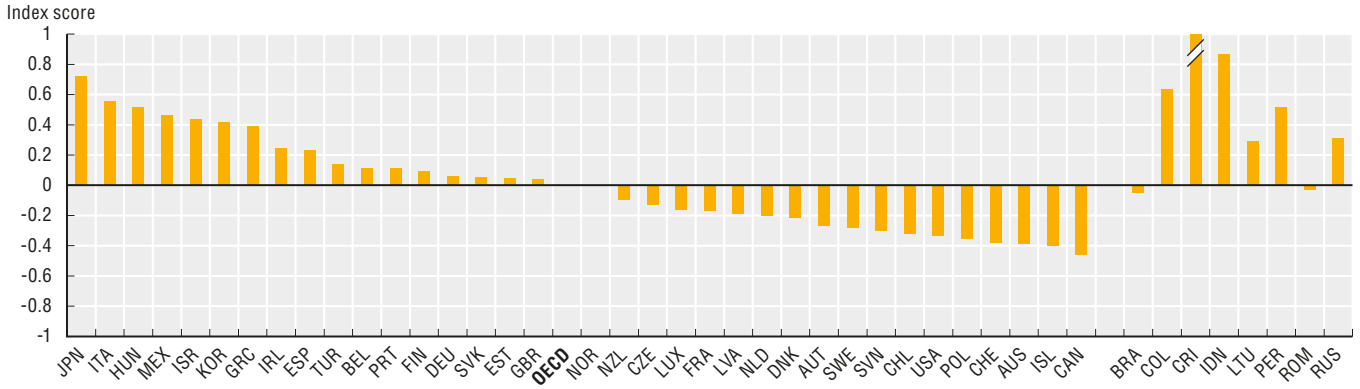
Figure notes

14.21: Higher values on the index indicate a greater shortage of educational material. Countries and economies are ranked in descending order of the index of shortage of educational material.

14.23. Data for Slovenia are not available.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

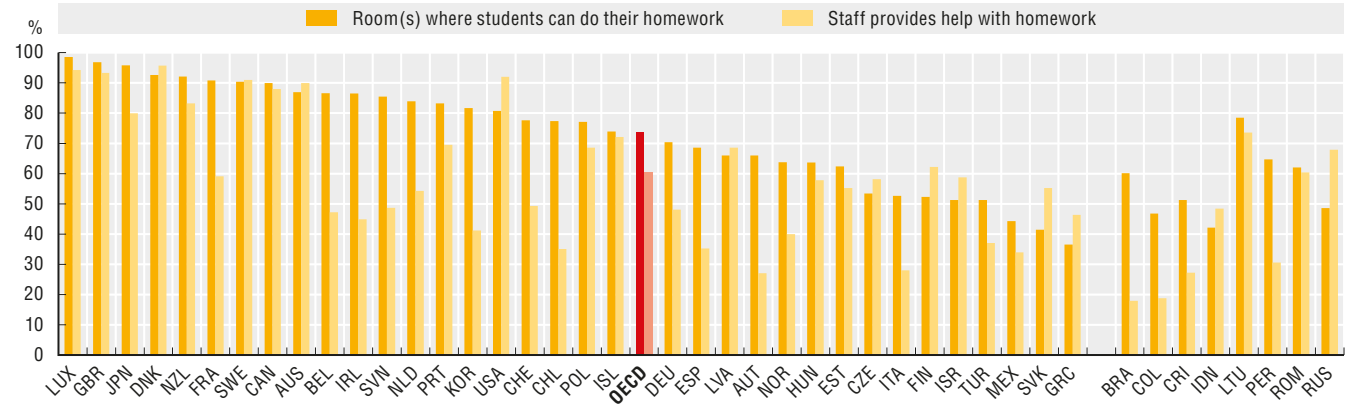
14.21. Index of shortage of educational material, 2015



Source: OECD, PISA 2015 Database, Table II.6.2.

StatLink http://dx.doi.org/10.1787/888933534138

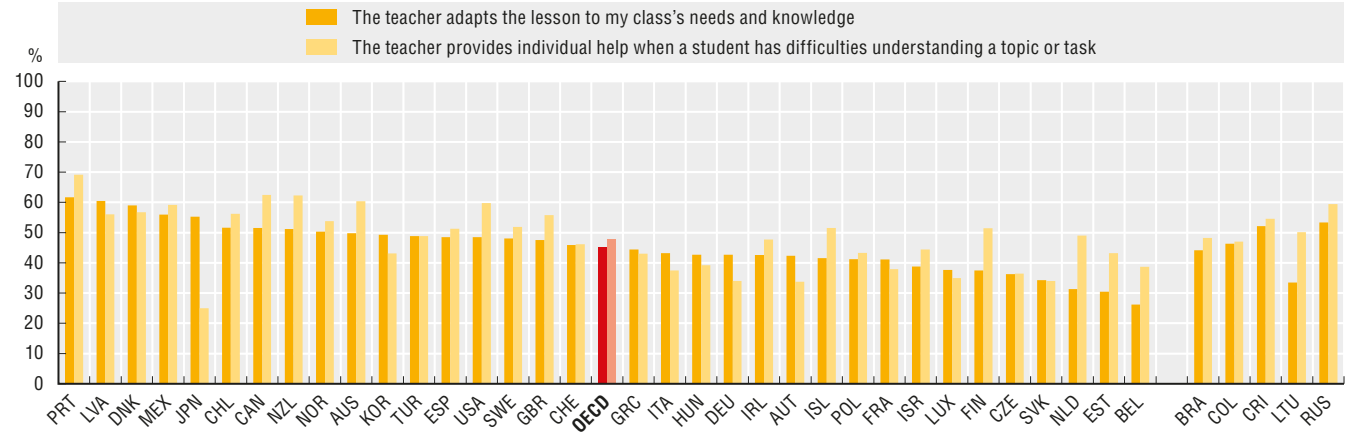
14.22. Percentage of students in schools where the following study help is provided, 2015



Source: OECD, PISA 2015 Database, Table II.2.46

StatLink http://dx.doi.org/10.1787/888933534157

14.23. Percentage of students reporting that their teacher uses adaptive instruction in "many" or in "every or almost every" science lessons, 2015



Source: OECD, PISA 2015 Database, Table II.2.22

StatLink http://dx.doi.org/10.1787/888933534176

Timeliness of civil justice services

The inability to resolve legal needs in an effective and timely manner may diminish access to economic opportunity, reinforce the poverty trap, and undermine human potential. Reducing the length of civil justice proceedings is a key policy issue in a number of OECD and partner countries. Failures to deliver timely judicial decisions may deter citizens, and especially vulnerable groups of citizens, with legitimate legal problems from entering and using the system and can result in higher costs for society.

Every two years, the European Commission for the Efficiency of Justice (CEPEJ) collects data on the estimated length - also called disposition time - of civil, commercial, administrative and other (non-criminal) cases. Disposition time (DT) is a commonly used indicator to estimate the timeframe of a judicial system for solving a case (CEPEJ, 2016). Starting from the prospective capacity of courts of a country to solve a case (measured as the number of resolved cases in a year) DT estimates the maximum number of days necessary for a pending case to be solved by a court in a given jurisdiction.

Based on the latest data available, the estimated length of civil, commercial, administrative and other (non-criminal) cases generally improved between 2010 and 2014 in OECD-EU countries covered by the CEPEJ assessment. However, there are important variations across jurisdictions. In 2014, the estimated time needed was below 40 days in Denmark and Estonia whereas it was more than two years in Portugal and more than a year and a half in Greece in 2012 (latest year available for these two countries).

Focusing only on litigious civil and commercial cases, which include for instance litigious divorce cases or disputes regarding contracts, there were also improvements in the length of proceedings although important cross country differences remain. In 2014, estimated length of proceedings was below 6 months in Austria, the Czech Republic, Denmark, Estonia, Hungary, Luxembourg, the Netherlands and Sweden whereas it was above one year in Italy and the Slovak Republic. The estimated length of proceedings has decreased the most in Estonia, Luxembourg and Slovenia whereas it increased in the Netherlands.

Compared to civil and commercial litigious cases, the estimated length of proceedings for administrative cases is generally higher. It varies from less than 4 months in Slovenia and Sweden to more than 4 years in Greece and more than 2 years and a half in Italy for the latest year available. There have been important improvements in the length of proceedings for administrative cases in Latvia and the United Kingdom whereas it has deteriorated in the Slovak Republic.

In addition to timely procedures, responsive civil justice services also entail a range of services tailored to the needs and capabilities of people, including through the use of special mechanisms for vulnerable people in courts but also via a range of alternative dispute resolution mechanisms.

Methodology and definitions

All figures come from the 2016 EU Justice Scoreboard. Data are based on the 2016 CEPEJ evaluation of judicial systems. Countries are ranked in ascending order of the time needed in days of the latest year available.

Length of proceedings indicates the estimated time needed to resolve a case in court, meaning the time taken by the court to reach a decision at first instance. It is obtained by dividing the number of pending cases at the end of the observed period by the number of resolved cases within the same period multiplied by 365. This indicator is not an estimate of the average time needed to process a case but a theoretical average of the duration of a case within a specific system.

Cross country comparisons on the estimated length of proceedings should be interpreted with caution as there can be differences in the cases and types of court covered across country as well as different data collection or categorisation (EU, 2016). Case level data of actual duration of cases from functional ICT systems would also be needed to capture accurately average length of proceedings. For detailed figure notes see: *http://ec.europa.eu/justice/effective-justice/scoreboard/index_en.htm*

Under the CEPEJ methodology, this category includes all civil and commercial litigious and non-litigious cases, non-litigious land and business registry cases, other registry cases, other non-litigious cases, administrative law cases and other non-criminal cases.

Litigious civil (and commercial) cases concern disputes between parties, e.g. disputes regarding contracts. By contrast, non-litigious civil (and commercial) cases concern uncontested proceedings, e.g. uncontested payment orders. Commercial cases are addressed by special commercial courts in some countries and by ordinary (civil) courts in others.

Administrative law cases concern disputes between citizens and local, regional or national authorities. Administrative law cases are addressed by special administrative courts in some countries and by ordinary (civil) courts in others.

Further reading

CEPEJ (2016). European judicial systems Efficiency and quality of justice. CEPEJ Studies n°. 23. *http://www.coe.int/t/dghl/cooperation/cepej/evaluation/default_en.asp*

Figure notes

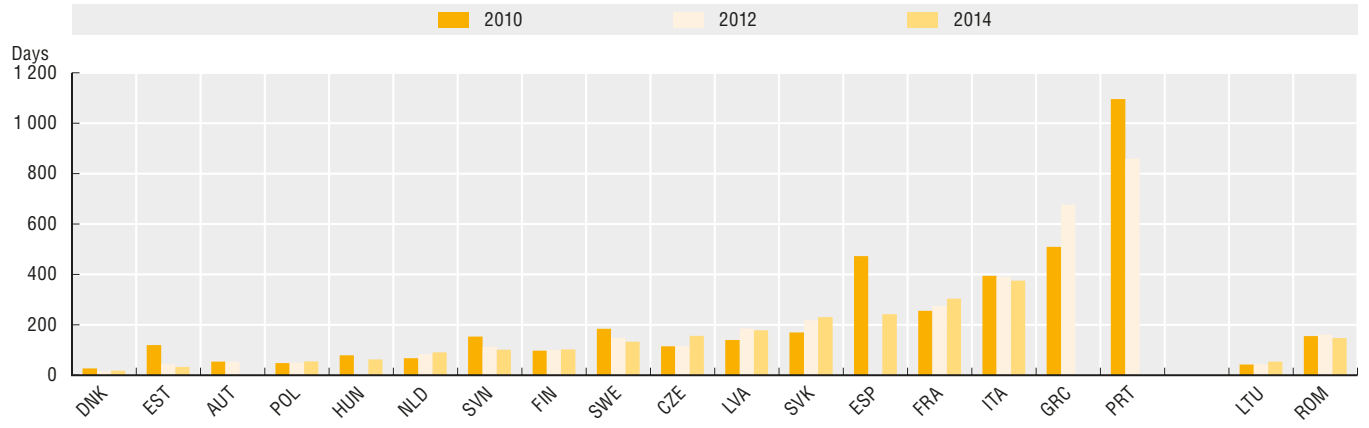
Data for all 3 figures are not available for OECD non-European countries.

Data are ranked in ascending order ot the time needed in days on the latest year available.

14.24 and 14.25. data for Portugal for 2014 are not available due to technical constraints.

14.26. Data for the United-Kingdom only cover England and Wales.

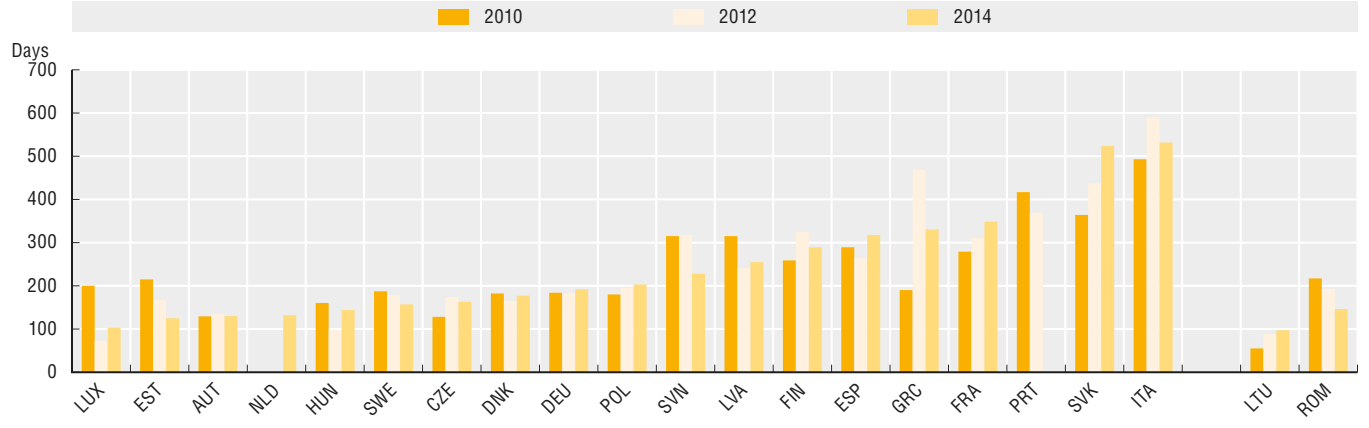
14.24. Time needed to resolve civil, commercial, administrative and other cases (first instance / in days)



Source: EU Justice Scorecard, Based on the European Commission for the Efficiency of Justice (CEPEJ) study n°23 (2016)

StatLink http://dx.doi.org/10.1787/888933534195

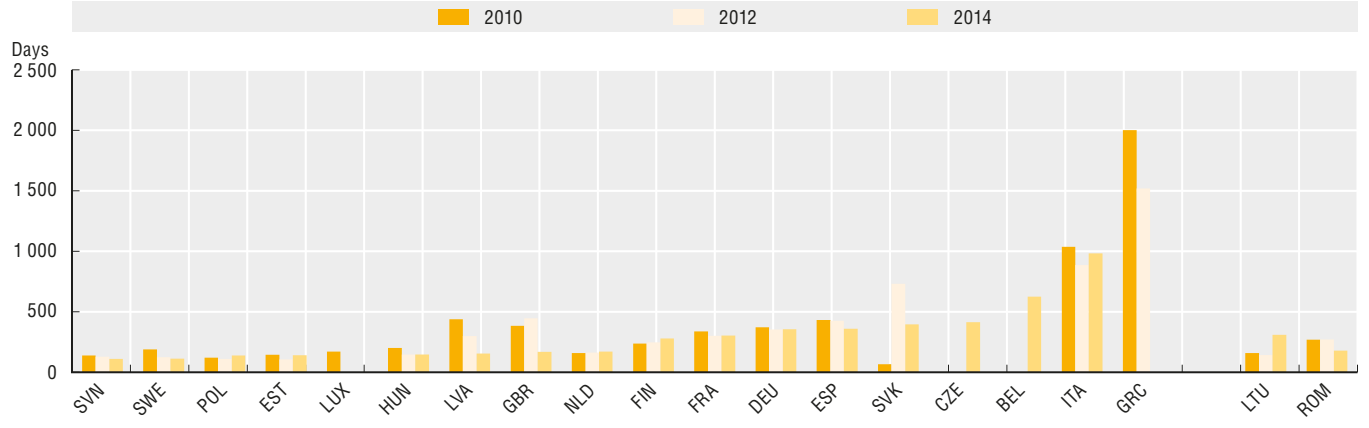
14.25. Time needed to resolve litigious civil and commercial cases 2010-2014



Source: EU Justice Scorecard, Based on the European Commission for the Efficiency of Justice (CEPEJ) study n°23 (2016)

StatLink http://dx.doi.org/10.1787/888933534214

14.26. Time needed to resolve administrative cases (first instance / in days), 2010-2014



Source: EU Justice Scorecard, Based on the European Commission for the Efficiency of Justice (CEPEJ) study n°23 (2016)

StatLink http://dx.doi.org/10.1787/888933534233

Quality of health care

Every day, health care providers have to deal with an array of health problems, including infectious diseases, chronic diseases, and life-threatening diseases and injuries. Some of the most frequent and serious health problems in OECD countries are cardiovascular diseases (including heart attacks, strokes and other diseases) and different types of cancer. These are, by far, the two main causes of death in OECD countries, with all cardiovascular diseases accounting for about one-third of all deaths and all types of cancer for about one-fourth of all deaths. While the occurrence of cardiovascular problems and cancers might be reduced through greater prevention efforts (e.g., reductions in tobacco smoking), health care systems have a major role to play in the early detection of these health problems and providing effective and timely treatments when these problems are diagnosed.

A good indicator of the quality of acute care for people having an acute myocardial infarction (AMI or heart attack) is the 30-day case-fatality rate after their admission to hospital. This measure reflects the processes of care, such as timely transport of patients to hospital and effective medical interventions and it varies from a low of about 4% in Australia and Sweden, to a high of 28% in Mexico.. In most countries (with the exception of Mexico), AMI case-fatality rates have come down over the past decade, reflecting improvements in emergency services before patients reach the hospital and immediately after their admission. On average across OECD countries, the case-fatality rate has decreased by over 25% over the past decade.

After lung cancer, breast cancer is the second most common cause of death from cancer for women. Mortality from breast cancer can be reduced through earlier diagnosis and the provision of more effective treatments. Most OECD countries have organised breast cancer screening programmes for women after a certain age (often after age 50) to promote early diagnosis. The proportion of women aged 50-69 screened over the past two to three years has increased in most OECD countries during the past decade, but remains low in several countries. In 2014, more than 80% of women aged 50-69 had recently been screened in Portugal, Denmark, Finland, Slovenia and the United States. In Mexico and the Slovak Republic, less than 30% of women aged 50-69 had recently been screened in 2014, but still, there was a substantial improvement compared to a decade earlier. In Korea and Japan also, there has been a substantial increase in the proportion of women screened for breast cancer.

Over the same period, breast cancer mortality rates have also decreased by around 3.5 p.p on average in OECD countries. This reduction is a reflection of improvements in early detection and treatment of breast cancer. Reductions in mortality have been substantial in the Czech Republic, the Netherlands and New Zealand with a decline of over 6 p.p in a decade. Denmark also reported a considerable decline, but its mortality rate was still the highest in 2014. On the other hand, in Korea, Turkey and Japan, the mortality rate from breast cancer increased over the past decade, although it remains among the lowest rates across OECD countries.

Methodology and definitions

The case-fatality rate for AMI measures the percentage of people aged 45 and over who die within 30 days following admission to hospital. Rates based on admission data refer to the deaths that occurred in the same hospital as the initial admissions. Admissions resulting in a transfer were excluded for all countries except Australia, Belgium, Denmark, Hungary, Ireland, Israel, Japan, Luxembourg, Mexico, Netherlands, Slovak Republic and Sweden. This exclusion generally increases the rate compared with those countries which do not exclude these transfers. Rates are age-sex standardised to the 2010 OECD population aged 45+ admitted to hospital for AMI.

Screening rates are based on surveys or programme data, which may influence the results. Survey-based results may be affected by recall bias. Programme data are often calculated for monitoring national screening programmes and differences in target population and screening frequency may also lead to variations in screening coverage across countries. Mortality rates come from crude data extracted from the WHO Mortality Database in June 2016 and have been age-standardised to the 2010 OECD population structure to remove variations due to differences in population structures across countries and over time.

Additional data on mortality rates from Acute Myocardial Infarction and Cerebrovascular diseases are available online (see annex F).

Further reading

OECD (2013), Cancer Care: Assuring Quality to Improve Survival, OECD Publishing, Paris, *http://dx.doi.org/10.1787/9789264181052-en*.

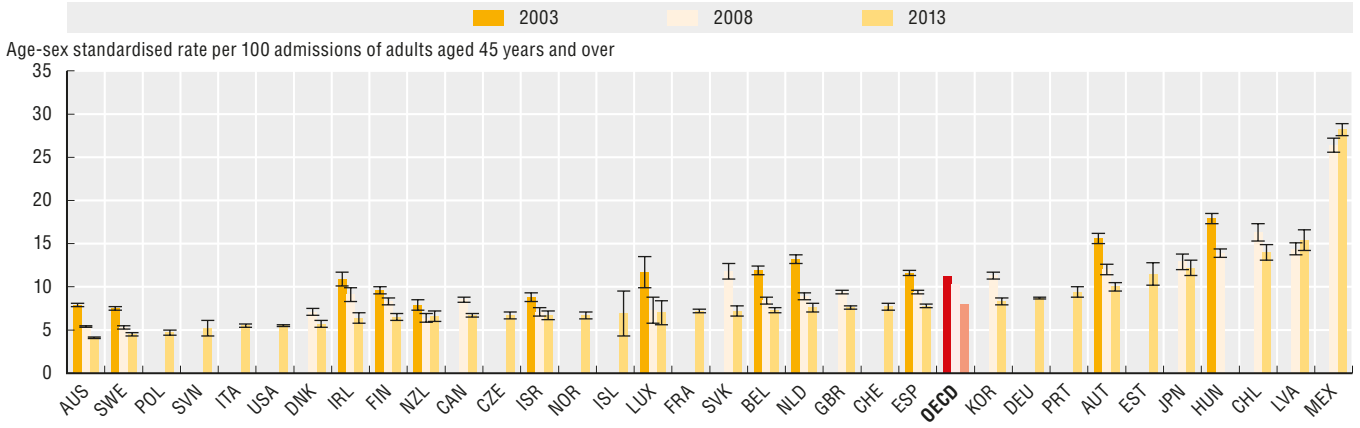
Figure notes

14.27. Admissions resulting in a transfer are included. 95% confidence intervals represented by H. Three-year average for Iceland and Luxembourg.

14.28. and 14.29. For detailed figure notes see Statslinks.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

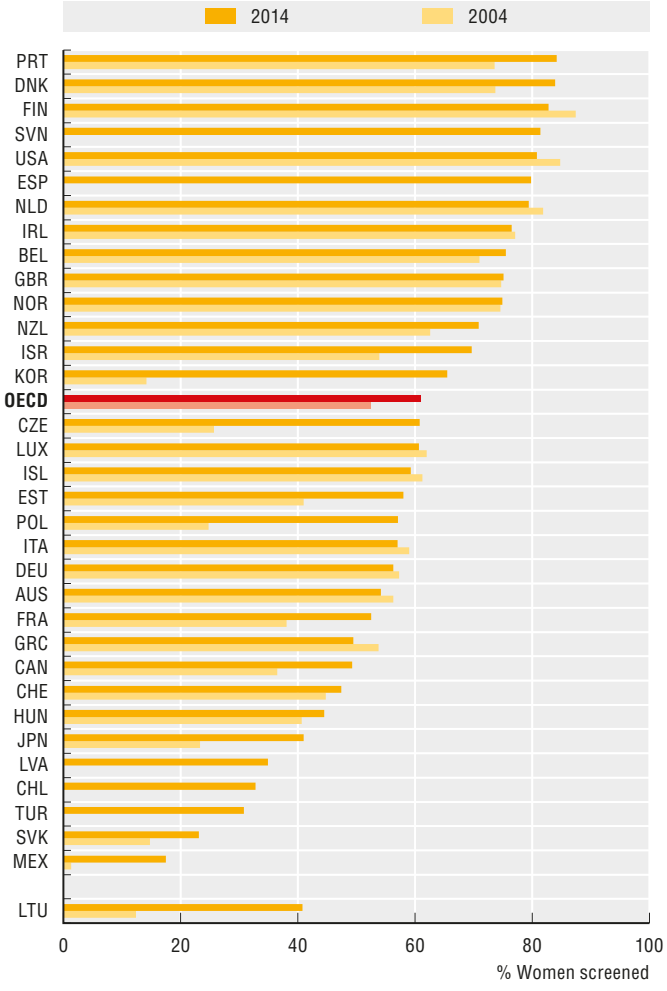
14.27. Thirty-day mortality after admission to hospital for AMI, 2003, 2008 to 2013 (or nearest years)



Source: OECD Health Statistics 2015, http://dx.doi.org/10.1787/health-data-en

StatLink http://dx.doi.org/10.1787/888933534252

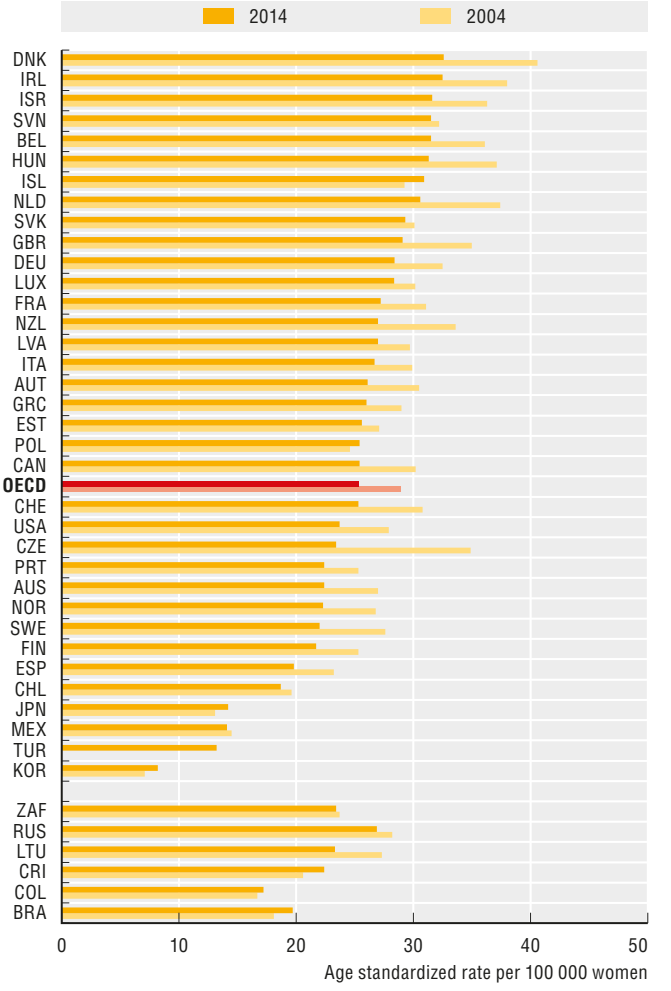
14.28. Mammography screening in women aged 50- 69, 2004 to 2014 (or nearest years)



Source: OECD Health Statistics 2016 (database)

StatLink http://dx.doi.org/10.1787/888933534271

14.29. Breast cancer mortality in women, 2004 to 2014 (or nearest years)



Source: OECD Health Statistics 2015 and World Health Organization database, 2016

StatLink http://dx.doi.org/10.1787/888933534290

Student performance and equity in education

The main goal of education systems in OECD and partner countries is to equip students and adults with the knowledge and skills necessary to achieve their full potential. The PISA survey, conducted every three years, measures the learning outcomes of 15 years old students in reading, mathematics and science. It allows a comparison not only of national averages but also of the differences in scores across various student groups and across schools. The focus of PISA 2015 was on science. The assessment measured three key abilities: to explain scientific phenomena, to design and evaluate scientific enquiry, and to interpret data and evidence scientifically.

In 2015, the top PISA performers in science among OECD member countries were Canada, Estonia, Finland and Japan, all with an average student score above 525 points compared to an OECD average of 493. By contrast, Chile, Mexico and Turkey had the lowest student average scores among OECD countries. Over the past decade, the average PISA score in science increased significantly in Israel, Norway and Portugal by more than 10 points whereas it decreased the most in Finland, Hungary and the Slovak Republic by more than 25 points.

Moving away from country averages, the percentage of students who reach each level of proficiency indicates how well countries are able to tackle low performance while also supporting excellence. Attaining at least Level 2 is particularly important, as Level 2 is considered a baseline level of proficiency that all young adults should be expected to attain in order to take advantage of further learning opportunities and participate fully in the social, economic and civic life of modern societies in a globalised world (OECD, 2016). In science students that reach Level 2 students can draw on their knowledge of basic science content and procedures to identify an appropriate explanation, interpret data, and identify the question being addressed in a simple experiment.

In Canada, Estonia, Japan and Finland there are more top performers (Level 5 and 6) than low performers, (below Level 2). At Level 5 and 6, students use abstract scientific ideas or concepts to explain unfamiliar and more complex phenomena, events and processes involving multiple causal links. In Mexico and Turkey there are few top performers whereas the share of low performers is very high with more than 40% of all students performing below Level 2.

Socio-economically disadvantaged students are almost three times more likely than advantaged students not to attain the baseline level of proficiency in science (OECD, 2016). On average 13% of the variation in student performance in science across OECD countries can be explained by students' socio-economic status. The socio economic status of students explains less than 10% of the variance in science performance in countries such as Canada, Estonia, Iceland, Italy, Latvia, Norway and Turkey whereas in France, Hungary and Luxembourg it explains more than 18% of the variance in performance.

Over the past decade, the share of the variance in science performance explained by students socio-economic status decreased significantly in Chile, Turkey and the United-States whereas it increased the most in the Czech Republic and Korea. In addition to socio-economic status, there is also substantial variation in scores between immigrant and non-immigrant students in some OECD member countries.

For disadvantaged students and more generally for students who have difficulty with science, additional resources targeted to students or schools with the greatest needs can make a difference in helping students acquire a baseline level of science literacy and develop a lifelong interest in the subject. All students would also benefit from a more limited application of policies that group students into different programme tracks or schools and from a limited and strategic use of grade repetition (OECD, 2016).

Methodology and definitions

Data for all figures come from the 2015 Programme for International Student Assessment (PISA). It assessed the competencies of 15-year-olds in 72 countries and economies. For more information on the underlying data see: *http://www.oecd.org/pisa/*.

In PISA, a student's socio-economic status is estimated by the index of economic, social and cultural status (ESCS), which is derived from several variables related to students' family background: parents' education, parents' occupations, a number of home possessions that can be taken as proxies for material wealth, and the number of books and other educational resources available in the home. Advantaged and disadvantaged students are defined as those in the top/bottom 25% of the distribution of the ESCS index within their country.

The figure on the "Difference in science performance between immigrant and non-immigrant students, 2015" is available online (see annex F). Only countries where the percentage of immigrant students is higher than 6.25% are shown.

Further reading

OECD (2016), PISA 2015 Results (Volume I): Excellence and Equity in Education, PISA, OECD Publishing, Paris. *http://dx.doi.org/10.1787/9789264266490-en*

Figure notes

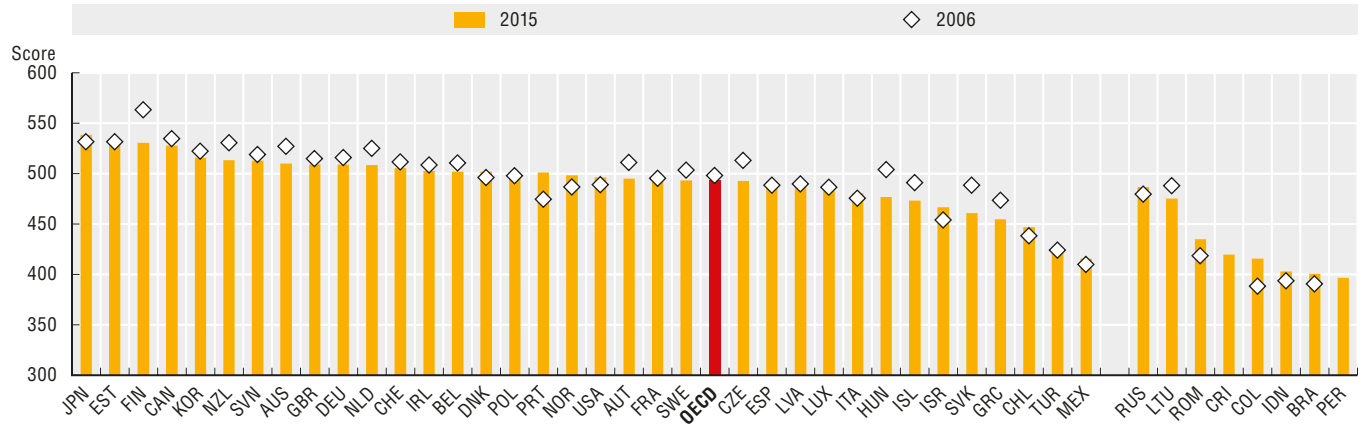
14.32. Variations in mean scores are only statistically significant in Australia, Austria, Czech Republic, Republic, Finland, Greece, Hungary, Iceland, Netherlands, New Zealand, Norway, Portugal and the Slovak Republic

The changes in the average mean scores are only statistically significant in Australia, Austria, Czech Republic, Republic, Finland, Greece, Hungary, Iceland, Netherlands, New Zealand, Norway, Portugal and the Slovak Republic are statistically significant.

14.33. Countries are ranked in ascending order of the share of low performers.

Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*

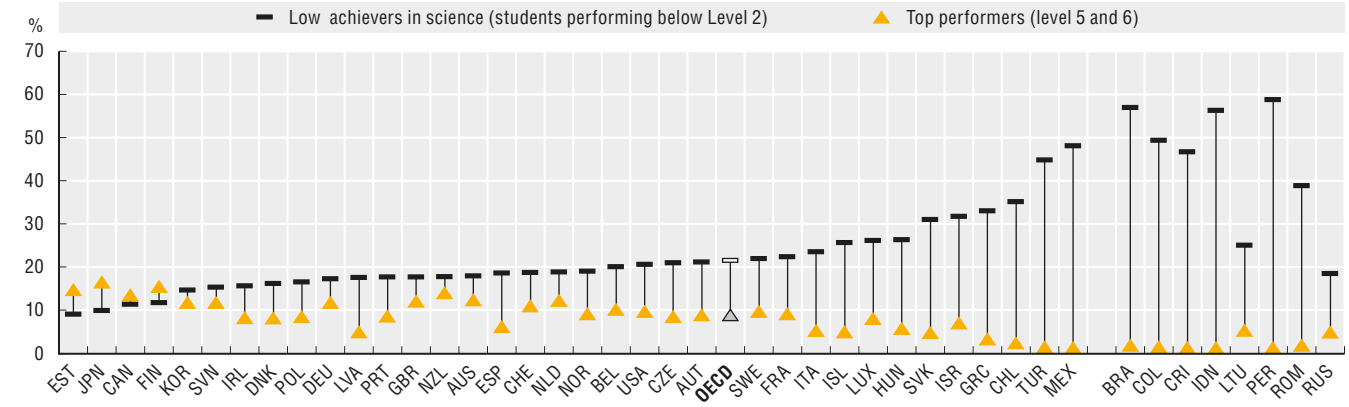
14.32. Evolution in PISA mean score in science, 2006 and 2015



Source: PISA 2015 Results (Volume I): Excellence and Equity in Education

StatLink http://dx.doi.org/10.1787/888933534309

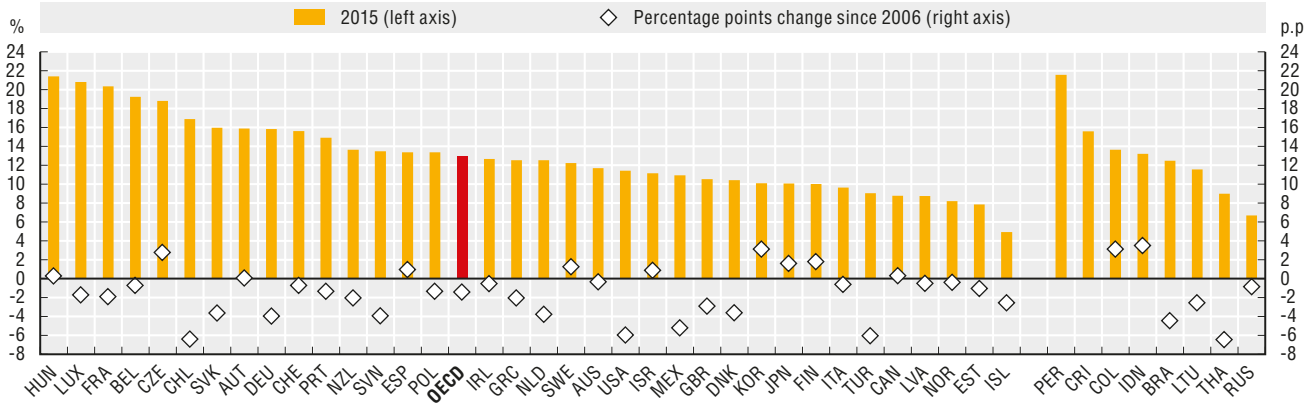
14.33. Share of PISA top and low performers in science, 2015



Source: PISA 2015 Results (Volume I): Excellence and Equity in Education

StatLink http://dx.doi.org/10.1787/888933534328

14.34. Percentage of variation in science performance explained by students' socio-economic status, 2015



Source: OECD, PISA 2015 Database, Tables I.2.3, I.6.1, I.6.3a, I.6.7, I.6.17, I.7.1 and I.7.15a.

StatLink http://dx.doi.org/10.1787/888933534347

Effectiveness and fairness of judicial systems

An essential component of the rule of law is based on effective and fair justice systems to ensure that laws are respected, legal needs are met and appropriate sanctions are taken when they are violated. Effective justice systems protect the rights of all citizens against infringement of the law by others, including by powerful parties and governments. The impact of well-functioning justice systems and services on a wide range of well-being outcomes is nevertheless difficult to isolate from the involvement of other stakeholders such as the police, the prison system and other justice and social actors.

Effectiveness and independence in the implementation of civil justice decisions

In a democracy, individual judges and the justice system as a whole should be impartial and independent of all external pressures. This is key to ensure that those who go to court and the wider public have confidence that their cases will be decided fairly and in accordance with the law. Every year, a number of citizens rely on civil justice courts to solve a wide range of legal disputes including for cases of domestic violence, family/relationship breakdown, medical treatments, housing or employment issues. Undue influence can arise from a wide range of stakeholders including the executive or the legislature, individual litigants, pressure groups, the media, self-interest or other judges.

The World Justice Project collects annually data on the perception of people and experts on the effectiveness of civil justice services and their independence from undue government influence. Based on the latest data released, there is a strong correlation between the perception that civil courts are effective and their perceived independence from undue government influence. The delivery of civil justice services entails effective enforcement of justice decisions. In 2016, citizens and justice experts living in Denmark, Finland, Germany, the Netherlands, Norway and Sweden perceived their civil justice system as both highly effective and independent from government influence.

Effectiveness of criminal justice system and protection against crime

Effective criminal justice systems are capable of investigating and adjudicating criminal offences effectively and impartially, while ensuring that the rights of suspects and victims are protected. Rates of crimes and recidivism are commonly used metrics to evaluate the performance of the criminal justice system. However, an assessment of such systems, should take into consideration the entire system, including police, lawyers, prosecutors, judges, and prison officers (Botero and Ponce, 2012).

Yet, according to the data collected by the World Justice Project, there is a high positive correlation between the perceived effectiveness and timeliness of the criminal adjudication system and the extent to which people do not resort to violence to redress disputes and grievances. This suggests that when criminal adjudication system are perceived as effective people will tend to use it and enact procedures rather than taking actions themselves to obtain justice.

In 2016, the extent to which crime was perceived to be effectively controlled was high in almost all OECD countries compared to other major economies with the exception of Mexico. However, as for the other indicators presented in this section, data apply only to the three major urban areas in each of the countries. Data are perception-based and may be sensitive to specific events that occurred when they were collected. Further analyses and data are needed to better capture empirically the relationship and interactions between the court, police and prison system and their impact on broader societal outcome.

Methodology and definitions

Data for the three figures are from the World Justice Project's Rule of Law Index. The index is based on replies from a general population survey conducted by leading local polling companies using a sample of 1 000 respondents in the three largest cities in each country and a survey of qualified respondents completed by practitioners and academics with expertise in civil law. Scores over time are not perfectly comparable due to changes in the underlying methodology and survey instrument. For more information see: worldjusticeproject.org/ruleoflaw-index.

"Criminal adjudication system" measures whether perpetrators of crimes are prosecuted and punished. It also measures the degree to which criminal judges and other judicial officers are competent and produce speedy decisions without abuse of pre-trial detention.

"People do not resort to violence to redress personal grievances" measures the degree to which people resort to intimidation or violence to resolve civil disputes amongst themselves, or to seek redress from the government, and the degree to which people are free from mob/riot violence.

"Crime is effectively controlled" measures the prevalence of common crimes, including homicide, kidnapping, burglary and theft, armed robbery and extortion, as well as people's general perceptions of safety in their communities."

Further reading

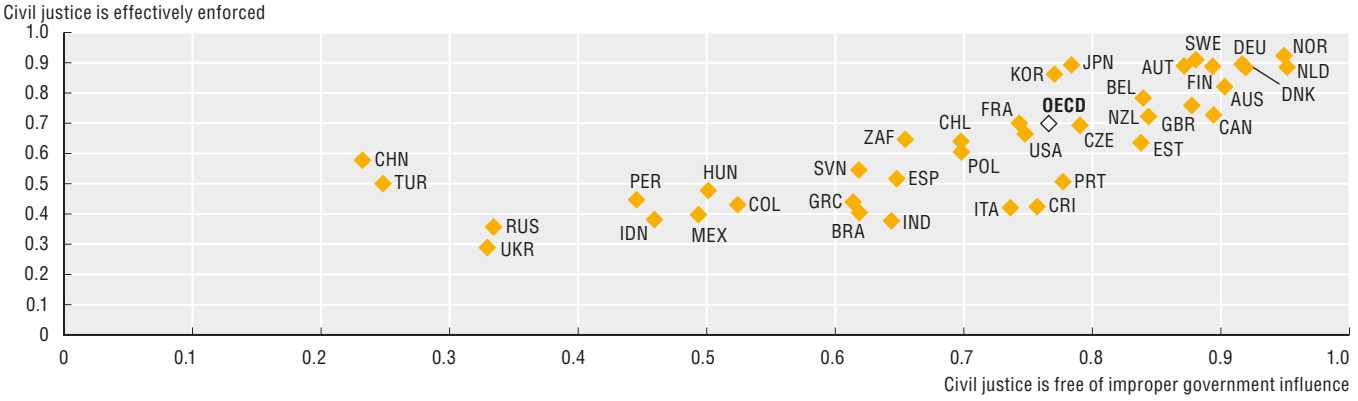
Botero, J. and A. Ponce (2012), Measuring the Rule of Law, WJP Working Paper No. 2, World Justice Project, Washington, DC.

World Justice Project (2016), The Rule of Law Index 2016, World Justice Project,Washington, DC.

Figure notes

Data for Iceland, Ireland, Israel, Latvia, Luxembourg, the Slovak Republic and Switzerland are not available.

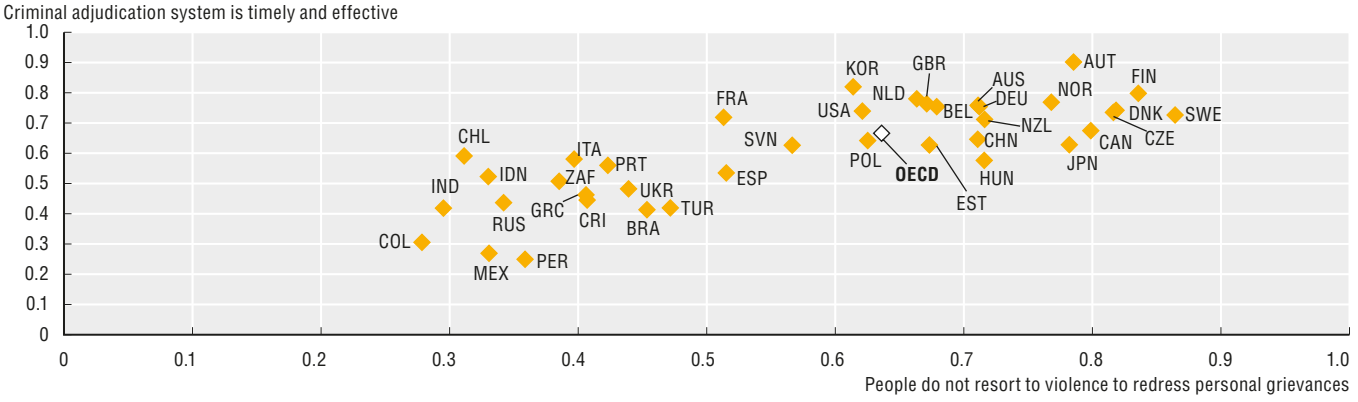
14.36. Effective enforcement of civil justice and freedom from improper government influence, 2016



Source: World Justice Project

StatLink http://dx.doi.org/10.1787/888933534366

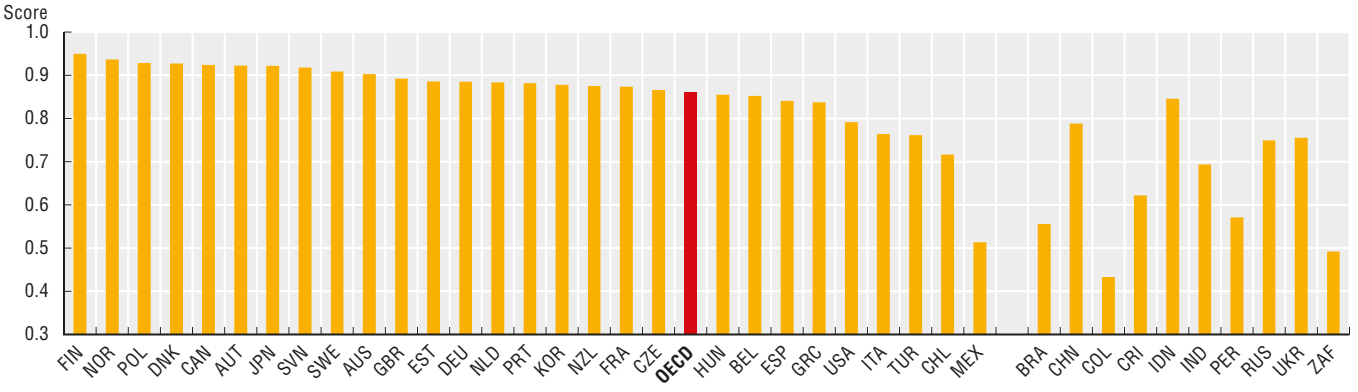
14.37. Effectiveness/timeliness of criminal justice courts adjudication system and the extent of the use of violence to redress personal grievances, 2016



Source: World Justice Project

StatLink http://dx.doi.org/10.1787/888933534385

14.38. Crime is effectively controlled, 2016



Source: World Justice Project

StatLink http://dx.doi.org/10.1787/888933534404

ANNEX A

Reporting systems and sources of the countries for government in the National Accounts statistics

Table A.1. **Reporting systems and sources of countries**

Country	Non-financial government accounts	Financial government accounts
OECD member countries		
Australia	SNA2008; OECD Annual National accounts, General government accounts	SNA2008; OECD Annual National accounts, Financial balance sheets, consolidated
Austria	ESA2010; OECD Annual National accounts, General government accounts	ESA2010; OECD Annual National accounts, Financial balance sheets, consolidated
Belgium	ESA2010; OECD Annual National accounts, General government accounts	ESA2010; Eurostat Government financial statistics, Annual financial accounts for general government, consolidated*
Canada	SNA2008; OECD Annual National accounts, General government accounts	SNA2008; OECD Annual National accounts, Financial balance sheets, consolidated
Chile	SNA2008; OECD Annual National accounts, General government accounts	SNA2008; OECD Annual National accounts, Financial balance sheets, non consolidated
Czech Republic	ESA2010; OECD Annual National accounts, General government accounts	ESA2010; Eurostat Government financial statistics, Annual financial accounts for general government, consolidated*
Denmark	ESA2010; OECD Annual National accounts, General government accounts	ESA2010; OECD Annual National accounts, Financial balance sheets, consolidated
Estonia	ESA2010; OECD Annual National accounts, General government accounts	ESA2010; Eurostat Government financial statistics, Annual financial accounts for general government, consolidated*
Finland	ESA2010; OECD Annual National accounts, General government accounts	ESA2010; OECD Annual National accounts, Financial balance sheets, consolidated
France	ESA2010; OECD Annual National accounts, General government accounts	ESA2010; Eurostat Government financial statistics, Annual financial accounts for general government, consolidated*
Germany	ESA2010; OECD Annual National accounts, General government accounts	ESA2010; Eurostat Government financial statistics, Annual financial accounts for general government, consolidated*
Greece	ESA2010; OECD Annual National accounts, General government accounts	ESA2010; OECD Annual National accounts, Financial balance sheets, consolidated
Hungary	ESA2010; OECD Annual National accounts, General government accounts	ESA2010; OECD Annual National accounts, Financial balance sheets, consolidated
Iceland	SNA2008; OECD Annual National accounts, General government accounts	SNA2008; OECD Annual National accounts, Financial balance sheets, consolidated
Ireland	ESA2010; OECD Annual National accounts, General government accounts	ESA2010; OECD Annual National accounts, Financial balance sheets, consolidated
Israel	SNA2008; OECD Annual National accounts, General government accounts	SNA2008; OECD Annual National accounts, Financial balance sheets, consolidated
Italy	ESA2010; OECD Annual National accounts, General government accounts	ESA2010; Eurostat Government financial statistics, Annual financial accounts for general government, consolidated*
Japan	SNA2008; OECD Annual National accounts, General government accounts	SNA2008; OECD Annual National accounts, Financial balance sheets, consolidated
Korea	SNA2008; OECD Annual National accounts, General government accounts	SNA2008; OECD Annual National accounts, Financial balance sheets, consolidated

Table A.1. **Reporting systems and sources of countries** *(cont.)*

Country	Non-financial government accounts	Financial government accounts
Latvia	ESA2010; OECD Annual National accounts, General government accounts	ESA2010; Eurostat Government financial statistics, Annual financial accounts for general government, consolidated*
Luxembourg	ESA2010; OECD Annual National accounts, General government accounts	ESA2010; OECD Annual National accounts, Financial balance sheets, consolidated
Mexico	SNA2008; OECD Annual National accounts, General government accounts	SNA2008; OECD Annual National accounts, Financial balance sheets, non consolidated
Netherlands	ESA2010; OECD Annual National accounts, General government accounts	ESA2010; Eurostat Government financial statistics, Annual financial accounts for general government, consolidated*
New Zealand	SNA2008; OECD Annual National accounts, General government accounts	-
Norway	SNA2008; OECD Annual National accounts, General government accounts	SNA2008; OECD Annual National accounts, Financial balance sheets, consolidated
Poland	ESA2010; OECD Annual National accounts, General government accounts	ESA2010; OECD Annual National accounts, Financial balance sheets, consolidated
Portugal	ESA2010; OECD Annual National accounts, General government accounts	ESA2010; OECD Annual National accounts, Financial balance sheets, consolidated
Slovak Republic	ESA2010; OECD Annual National accounts, General government accounts	ESA2010; Eurostat Government financial statistics, Annual financial accounts for general government, consolidated*
Slovenia	ESA2010; OECD Annual National accounts, General government accounts	ESA2010; Eurostat Government financial statistics, Annual financial accounts for general government, consolidated*
Spain	ESA2010; OECD Annual National accounts, General government accounts	ESA2010; OECD Annual National accounts, Financial balance sheets, consolidated
Sweden	ESA2010; OECD Annual National accounts, General government accounts	ESA2010; OECD Annual National accounts, Financial balance sheets, consolidated
Switzerland	SNA2008; OECD Annual National accounts, General government accounts	SNA2008; OECD Annual National accounts, Financial balance sheets, consolidated
Turkey	SNA2008; OECD Annual National accounts, General government accounts	SNA2008; OECD Annual National accounts, Financial balance sheets, consolidated
United Kingdom	ESA2010; OECD Annual National accounts, General government accounts	ESA2010; OECD Annual National accounts, Financial balance sheets, consolidated
United States	SNA2008; OECD Annual National accounts, General government accounts	SNA2008; OECD Annual National accounts, Financial balance sheets, consolidated
OECD accession countries		
Colombia	SNA1993; OECD Annual National accounts, General government accounts	SNA2008; OECD Annual National accounts, Financial balance sheets, consolidated
Costa Rica	SNA2008; OECD Annual National accounts, General government accounts	SNA1993 (GFSM2001/86)
Lithuania	ESA2010; OECD Annual National accounts, General government accounts	ESA2010; OECD Annual National accounts, Financial balance sheets, consolidated
Russia	SNA1993; OECD Annual National accounts, General government accounts	SNA2008; OECD Annual National accounts, Financial balance sheets, non consolidated

* The source for the financial government accounts for these countries refers to Eurostat as it reflects the validated data updates (which are transmitted twice a year). For the other countries of the same domain the validated data updates have been transmitted to and drawn from the *OECD National Accounts Statistics* (database).

ANNEX B

Methodology for revenue aggregates

The following table provides detailed information about how the aggregates of taxes, net social contributions, sales, and grants and other revenues presented in Chapter 3 "Public finance and economics" were constructed from the *OECD National Accounts* data.

Table B.1. **Revenue aggregates**

Label in *Government at a Glance*	Label in the *System of National Accounts*	Code in *OECD National Accounts* Data (Main aggregates of general government)
Taxes		
Indirect taxes	Taxes on production and imports, receivable	GD2R
Direct taxes	Current taxes on income and wealth, receivable	GD5R
Capital taxes	Capital taxes	GD91R
Net social contributions	Net social contributions	GD61R
Sales	Market output and output for own final use	GP11_P12R
	Payments for other non-market output	GP131R
Grants and other revenues		
Current and capital grants	Other current transfers, receivable	GD7R
	Other capital transfers and investment grants, receivable	GD92R_D99R
Subsidies	Other subsidies on production, receivable	GD39R
Property income	Property income, receivable	GD4R
Total revenues	Total revenues	GTR

ANNEX C

Classification of the Functions of Government (COFOG)

Developed by the OECD, the Classification of the Functions of Government (COFOG) classifies government expenditure data from the *System of National Accounts* by the purpose for which the funds are used. As Table C.1 illustrates, first-level COFOG splits expenditure data into ten "functional" groups or sub-sectors of expenditures (such as economic affairs, education and social protection), and second-level COFOG further splits each first-level group into up to nine sub-groups. While first-level COFOG data are available for 32 out of the 35 OECD member countries (according to time-series availability), second-level COFOG data are currently only available for 25 OECD European member countries plus Israel.*

Table C.1. **First- and second-level COFOG**

First-level	Second-level
General public services	● Executive and legislative organs, financial and fiscal affairs, external affairs ● Foreign economic aid ● General services ● Basic research ● R&D general public services ● General public services n.e.c. ● Public debt transactions ● Transfers of a general character between different levels of government
Defence	● Military defence ● Civil defence ● Foreign military aid ● R&D defence ● Defence n.e.c.
Public order and safety	● Police services ● Fire-protection services ● Law courts ● Prisons ● R&D public order and safety ● Public order and safety n.e.c.

* First-level COFOG expenditures data are not available for Canada, Chile and Mexico. Until recently, second level COFOG data were available in some national statistical offices, but were not collected by international organisations. Moreover, the second-level COFOG data were not always fully comparable among countries because the SNA/UN guide and the International Monetary Fund Manual on Government Finance Statistics did not provide much practical information on the application of COFOG concepts. However, in 2005, Eurostat established a task force on guidance on the application of COFOG to national account expenditure data and to discuss the collection of second-level COFOG data for European countries. Second-level COFOG data are not available for Turkey and all non-European member countries of the OECD, except Israel. In addition, these data are available only for selected COFOG divisions in some members of the EU. Efforts are underway to reach agreement with these countries about the submission of these data to the OECD.

Table C.1. **First- and second-level COFOG** *(cont.)*

First-level	Second-level
Economic affairs	• General economic, commercial and labour affairs • Agriculture, forestry, fishing and hunting • Fuel and energy • Mining, manufacturing and construction • Transport • Communication • Other industries • R&D economic affairs • Economic affairs n.e.c.
Environmental protection	• Waste management • Waste water management • Pollution abatement • Protection of biodiversity and landscape • R&D environmental protection • Environmental protection n.e.c.
Housing and community amenities	• Housing development • Community development • Water supply • Street lighting • R&D housing and community amenities • Housing and community amenities n.e.c.
Health	• Medical products, appliances and equipment • Outpatient services • Hospital services • Public health services • R&D health • Health n.e.c.
Recreation, culture and religion	• Recreational and sporting services • Cultural services • Broadcasting and publishing services • Religious and other community services • R&D recreation, culture and religion • Recreation, culture and religion n.e.c.
Education	• Pre-primary and primary education • Secondary education • Post-secondary non-tertiary education • Tertiary education • Education not definable by level • Subsidiary services to education • R&D education • Education n.e.c.
Social protection	• Sickness and disability • Old age • Survivors • Family and children • Unemployment • Housing • Social exclusion n.e.c. • R&D social protection • Social protection n.e.c

n.e.c.: "not elsewhere classified".

ANNEX D

Methodology and Additional Notes on Compensation of Government Employees

In 2010, the OECD launched a database, updated first in 2012, and again in 2016, on compensation levels for typical occupations in central government in core ministries, which contributes to a better understanding of the salary structures and pay levels in the public sector. Since there is no common definition of managerial positions and the number of managerial levels varies across countries and ministries, this compensation survey offers a common typology for specific occupations in central government. Comparing average compensation in the public sector can be misleading because the public sector in different countries includes various and heterogeneous occupations. However, this survey provides compensation data for comparable occupations, hence improving our knowledge of the public sector.

The comparison of compensation levels for senior managers, middle managers, professionals and secretaries shows their relative total remuneration across OECD countries, which includes not only wages and salaries but also contributions to health and pension benefits. Hence, when comparing compensation levels, we have a more or less full-cost approach that allows for consistent comparisons across countries.

Comparison must also take into account various levels of economic development in the countries; compensation has therefore been calculated in terms of GDP per capita. However, comparison between countries must be made with caution because of different labour markets, different cultural and political consensus, and possible differences in wage defining characteristics even for the same occupational groups across countries, which are not corrected for in this analysis.

The data collected through this survey enables comparative analysis and work on compensation policies and practices in OECD member and accession countries. This survey aims at collecting information on annual compensation of employees for a sample of occupations in central/federal/national government. The purpose is to build a database on compensation levels for typical positions in central government in core and sectoral ministries that contributes to a better understanding of the salary structures and pay levels in the public service in OECD countries. Pay levels not only reveal how much public servants are actually paid but also how competitive central government is in attracting and retaining a competent public workforce.

This database feeds the OECD secretariat's work on public employment allowing international comparisons on the compensation of public servants, and facilitate policy decisions regarding compensation policies in the public sector. In particular, this survey gathers data that permit the analysis of: i) the attractiveness of public administration as

an employer by offering competitive salaries and the ability of the public administration to recruit and retain qualified staff; ii) the differences between categories of employees and the compression ratios between highest and lowest paid; and iii) the structure of compensation costs the public workforce represents to governments. It should be noted that these research areas cannot be fully understood without considering other aspects apart from compensation.

Occupations

In order to build a comparable database, this survey is based on a classification of occupations typical in most ministries of OECD countries, and of service delivery agents.

This survey collects data on compensation levels of public servants in central/federal/national government in the OECD countries, and accession countries. The survey focuses on the central/federal government level and excludes states, regional and local levels and social security institutions. The survey excludes all public and quasi-public corporations at all government levels[1]. The survey does not cover the subordinated offices/organisations of central government ministries, often referred to as "agencies", "executive agencies", except for D1 and D2 positions (Box D.2) and service delivery agents (Box D.3).

The questionnaire asks for information concerning a number of occupations within central/federal/national government grouped under four basic headings: top managers, middle managers, professionals, and secretaries. The selected occupations are considered relatively representative and comparable across countries. Information for those positions is collected from three core ministries (Interior, Finance, and Justice) and three sectoral ministries (Education, Health, and Environment) (Box D.1).

Moreover, countries are requested to provide information concerning some frontline service delivery agents such as detectives/inspectors, police officers, immigration officers, customs inspectors, and tax inspectors.

The classification and the definition of the occupations are an adaptation of the International Standard Classification of Occupations (ISCO-08) developed by the International Labour Organisation (ILO). Few countries follow the ISCO model to classify their occupations in government. In the questionnaire countries were asked to identify and describe the jobs that may correspond to the identified occupations, including a submission of a job description and examples of key responsibilities in the most senior and less senior positions for each occupation. The survey focuses on employees under the general employment framework or statute and not on consultants.

Box D.2 contains the classification and definitions of the occupations covered in this survey and which are considered to be relatively typical in every government. There is a large focus on managers in general as the criteria for considering an official to be a manager is to supervise and lead the work of at least three people. Because it is extremely difficult to provide for more detailed descriptions of responsibilities that *differentiate across the different layers of management, the option has been chosen to focus on hierarchical differentiation rather than a more* detailed description of functions. Since there is no common definition of managerial positions and the number of managerial levels varies across countries and ministries, for the purpose of this survey, D1 will denote the highest managerial level below the minister/secretary of state (who are designated by the President/Prime Minister) and appointed by the minister (sometimes designated by the President/Prime Minister). This survey will cover until D4 managerial level positions but D5 and D6 levels will be considered only if they are reported by participating countries. In the particular case of managerial positions countries will be asked whether data can be published considering the confidentiality of information.

The category of "professionals" has been divided between junior and senior positions. This group corresponds to the least identifiable group and involves staff with a large variety of experience.

Box D.1. **Typical responsibilities of the ministries covered in this survey**

Ministry of Interior/Home Affairs

- Ensures the representation of the State in the entire territory.
- Ensures the respect of citizens' rights in general by universal suffrage.
- Ensures the respect of competencies of local authorities within the framework of devolution.
- Defines immigration policy.
- Establishes and coordinates national security policy.
- Ensures the maintenance of a peaceful and safe society.
- Ensures the preservation of internal security and the protection of the constitutional order.

Ministry of Finance

- Plans and prepares government's budget.
- Analyses and designs tax policies.
- Develops and implements regulations for financial institutions.
- Monitors economic and financial developments.
- Administers the transfer of funds from national/central/federal government to sub-national governments

Ministry of Justice

- Ensures the well functioning of the judiciary system.
- Prepares the text of law and regulations for some specific fields.
- Defines the main orientations of the public policy in terms of justice and looks after its implementation.
- Provides support to the victims of crime.
- Provides fair, consistent, and effective enforcement of punishment and other sanctions.

Ministry of Education

- Regulates, coordinates, and organises the national educational system, generally from primary school to secondary or high school).
- Ensures the equal access to public education.
- Controls and assesses the schools and the higher education institutions both private and public.
- Ensures and effective management of the teachers and administrative workforce.

Ministry of Health

- Designs and implements public health policy (prevention, sanitary organisation, and formation of professionals).
- Defines the policy relative to sport and for fighting drug addiction.
- In collaboration with other ministries, it defines industrial safety regulations and social security.

Box D.2. **Classification and definition of occupations**

Top managers

D1 Managers (part of ISCO-08 1112) are top public servants just below the Minister or Secretary of State/ junior minister. They can be a member of the senior civil service and/or appointed by the government or head of government. They advise government on policy matters, oversee the interpretation and implementation of government policies and, in some countries, have executive powers. D1 managers may be entitled to attend some cabinet/council of ministers meetings, but they are not part of the Cabinet/council of ministers. They provide overall direction and management to the ministry/secretary of state or a particular administrative area. In countries with a system of autonomous agencies, decentralized powers, flatter organizations and empowered managers, D1 Managers will correspond to Director Generals.

D2 Managers (part of ISCO-08 11 and 112) are just below D1 managers. They formulate and review the policies and plan, direct, co-ordinate and evaluate the overall activities of the ministry or special directorate/unit with the support of other managers. They may be part of the senior civil service. They provide guidance in the co-ordination and management of the programme of work and leadership to professional teams in different policy areas. They determine the objectives, strategies, and programmes for the particular administrative unit / department under their supervision.

Middle managers (have managerial responsibilities for at least 3 staff)

D3 Managers (part of ISCO-08 12) are just below D2 managers. They plan, direct and co-ordinate the general functioning of a specific directorate/administrative unit within the ministry with the support of other managers usually within the guidelines established by a board of directors or a governing body. They provide leadership and management to teams of professionals within their particular area. These officials develop and manage the work programme and staff of units, divisions or policy areas. They establish and manage budgets, control expenditures and ensure the efficient use of resources. They monitor and evaluate performance of the different professional teams.

D4 Managers (part of ISCO-08 121) are just below D3. They formulate and administer policy advice, and strategic and financial planning. They establish and direct operational and administrative procedures, and provide advice to senior managers. They control selection, training and performance of staff; prepare budgets and oversee financial operations, control expenditures and ensure the efficient use of resources. They provide leadership to specific professional teams within a unit.

D5 Managers (optional) (part of ISCO-08 1211, 1212, and 1213) are just below D4. They may be senior professionals whose main responsibility is to lead the execution of the work programme and supervise the work of other professionals and young professionals.

D6 Managers (optional) (part of ISCO-08 1211, 1212, and 1213) may be professionals whose main responsibility is to lead the execution of the work programme and supervise the work of other professionals or young professionals.

Professionals

Senior Economists / Policy Analysts (part of ISCO-08 242 and 2422) do not have managerial responsibilities (beyond managing 3 staff maximum), and are above the ranks of junior analysts and administrative/secretarial staff. They are usually required to have a university degree. They have some leadership responsibilities over a field of work or various projects, develop and analyse policies guiding the design, implementation and modification of government operations and programmes. These professionals review existing policies and legislation in order to identify anomalies and out-of-day provisions. They analyse and formulate policy options, prepare briefing papers and recommendations for policy changes. Moreover, they assess the impact, financial implications and political and administrative feasibility of public policies. Staffs in this group have the possibility of becoming a manager through career progression. Their areas of expertise may vary from law, economics, politics, public administration, international relations, to engineering, environment, pedagogy, health economics etc. Senior policy analysts/economists have at least 5 years of professional experience.

Box D.2. **Classification and definition of occupations** *(cont.)*

Junior economists/policy analysts (part of ISCO-08 242 and 2422) are above the ranks of administrative/secretarial staff. They are usually required to have a university degree. They have no leadership responsibilities. They develop and analyse policies guiding the design, implementation and modification of government operations and programmes. These professionals review existing policies and legislation in order to identify anomalies and out-of-day provisions. They analyse and formulate policy options, prepare briefing papers and recommendations for policy changes. Moreover, they assess the impact, financial implications and political and administrative feasibility of public policies. Their areas of expertise may vary from law, economics, politics, public administration, international relations, to engineering, environment, pedagogy, health economics etc. Junior policy analysts/economists have less than 5 years of professional experience.

Secretarial positions

Secretaries (general office clerks) (part of ISCO-08 411 and 4110) are generally not required to have a university degree although many do. They perform a wide range of clerical and administrative tasks in connection with money-handling operations, travel arrangements, requests for information, and appointments. Record, prepare, sort, classify and fill information; sort, open and send mail; prepare reports and correspondence; record issue of equipment to staff; respond to telephone or electronic enquiries or forwarding to appropriate person; check figures, prepare invoices and record details of financial transactions made; transcribe information onto computers, and proof read and correct copy. Some assist in the preparation of budgets, monitoring of expenditures, drafting of contracts and purchasing or acquisition orders. The most senior that supervise the work of clerical support workers are excluded from this category.

This survey also includes a section on compensation of service delivery agents including police detectives and inspectors, police officers, immigration officers, customs inspectors, and tax inspectors. These occupations are defined using job descriptions taken and adapted from ISCO-08 (Box D.3). The intention is to have an understanding of the compensations of service delivery agents for some functions that are relatively commonly provided by national governments such as tax administration, immigration services, and policing which are not covered in other surveys (such as those related to health and education services which typically involve sub-national governments).

These functions are organised in central government, and can be located in either ministries or agencies. It should be noted that in some countries functions like immigration officers do not exist as these activities are carried out by the police. In other countries, some of the functions mentioned above are carried out by states and/or local governments.

Box D.3. **Service delivery agents - description of occupation**

Police inspectors and detectives (part of ISCO-08 3355) investigate facts and circumstances relating to crimes committed in order to identify suspected offenders and obtain information not readily available or apparent concerning establishments or the circumstances and behaviour of persons, mostly in order to prevent crimes. Their tasks include establishing contacts and sources of information about crimes planned or committed, in order to prevent crimes or identify suspected offenders; obtaining, verifying and analysing evidence in order to solve crimes; making arrests; testifying in courts of law, among others. They usually have management responsibilities. Police inspectors and detectives are usually required to have a university diploma and/or are recruited through promotion after a certain number of years of experience as police officers (usually more than 5 years)

Police officers (part of ISCO-08 5412) maintain law and order, patrolling public areas, enforcing laws and regulations and arresting suspected offenders. Other duties include directing traffic and assuming authority in the event of accidents; providing emergency assistance to victims of accidents, crimes and natural disasters;

Box D.3. **Service delivery agents - description of occupation** *(cont.)*

among others. Police officers are usually not expected to have managerial responsibilities over more than 3 persons. Police officers are usually not required to have a university diploma.

Immigration officers (part of ISCO-08 3351) check persons crossing national borders to administer and enforce relevant rules and regulations. Their tasks include patrolling national borders and coastal waters to stop persons from illegally entering or leaving the country; checking travel documents of persons crossing national borders to ensure that they have the necessary authorizations and certificates; co-ordinating and co-operating with other agencies involved in law enforcement, deportation and prosecution; among others. Immigration officers are not expected to have management responsibilities over more than 3 persons, if any.

Customs inspectors (part of ISCO-08 3351) check vehicles crossing national borders to administer and enforce relevant rules and regulations. Their duties include inspecting the luggage of persons crossing national borders to ensure that it conforms to government rules and regulations concerning import or exports of goods and currencies; examining transport documents and freight of vehicles crossing national borders to ensure conformity with government rules and regulations; detaining persons and seizing prohibited and undeclared goods found to be in violation of immigration and customs law; among others. Customs officers are not expected to have managerial responsibilities over more than 3 persons, if any.

Tax inspectors (part of ISCO-08 3352) examine tax returns, bills of sale and other documents to determine the type and amount of taxes, duties and other types of fees to be paid by individuals or businesses, referring exceptional or important cases to accountants or senior government officials. They advise organisations, enterprises and the public on government laws, rules and regulations concerning the determination and payments of taxes, duties and other government fees, and on the public's rights and obligations; examine tax returns, bills of sale and other relevant documents; investigate filed tax returns and accounting records, systems and internal controls of organisations to ensure compliance with taxation laws and regulations; among others. Customs officers are not expected to have managerial responsibilities over more than 3 persons, if any.

Compensation

The survey focuses on total compensation, which has two main components: 1) wages and salaries, and 2) employer's social contributions. Data on remuneration levels were asked for full time jobs.

1. Gross wages and salaries which include the values of any social contributions, income taxes, etc., payable by the employee even if they are actually withheld by the employer for administrative convenience or other reasons and paid directly to social insurance schemes, tax authorities etc., on behalf of the employee. Employer's social contributions are not included in gross wages and salaries. In kind compensation is excluded from the survey (unless a government cannot exclude them, in which case, a note needs to explain the situation). Gross wages and salaries include:

- **Basic wages and salaries** (as laid down in the salary scales) refer to the regular annual payments to employees for their time worked and services delivered to government. Although salaries and wages are paid at regular weekly, monthly or other interval, for the purposes of this survey the annual salary is requested. Overtime payments are excluded from the data.
- **Additional payments –** because of the difficulties in getting exhaustive data and ensuring comparability across countries, additional payments have been limited to its most significant categories including:
  - **Compensations for time not worked** make reference to annual leave and bank holidays only.

- **Bonuses and gratuities regularly paid** refer to year-end and seasonal bonuses; profit-sharing bonuses; and additional payments in respect of vacation, supplementary to normal vacation pay and other bonuses and gratuities.
- **Bonuses and gratuities not paid in a regular fashion** (performance-related pay) refer to ad hoc bonuses or other exceptional payments linked to the overall performance of the employee to which he/she may be entitled.

2. Employers' social contributions are social contributions payable by employers to social security funds or other employment-related social insurance schemes to secure social benefits (health insurance, pensions) for their employees. Employers' social contributions can be divided into:

- **Employer's contribution to statutory social security schemes or to private funded social insurance schemes** for covering old age, pension, sickness and health. Employer's social contributions represent social contributions payable by employers to social security funds or other employment-related social insurance schemes to secure social benefits (health insurance, pensions) for their employees. In some countries, these social contributions pay for public schemes, while in others for private schemes. Employer's social contributions sometimes also include specific funds created for example in social agreements. Data collected on employer's social contributions have been limited to health and pension plans, which represent the majority of employer's social contributions.
- **Unfunded[2] employees social benefits paid by employers** limited to health and pension benefits. They represent the counterpart to social benefits paid directly by general government institutions without participating in, or establishing a fund, reserve or other special scheme for this purpose. Since these contributions do not involve actual cash flows, they have to be imputed. These unfunded pension or health schemes exist in many countries.

Not all countries have been able to include the social contribution element in their survey responses (mainly for unfunded pension schemes). As a consequence, it has been necessary to estimate this component using other data sources for those countries. In the National Accounts, imputations for unfunded pension's schemes are made conceptually consistent across countries. Therefore, by using the National Accounts data it was possible to estimate the overall rate of employer's social contributions that was reported in the different existing databases regarding government compensation of employees. The rate chosen to calculate compensation costs in the data for this publication has been chosen after investigation and discussion with the countries. The source of National Accounts for this share was selected in the following countries: Germany, Greece, Japan, Norway, Portugal, Spain and Lithuania. Moreover, for Belgium this share was estimated using a combination of information from the compensation survey and National Accounts data.

We should note that, contrary to the compensation survey where employers' contributions are restricted to health and pensions, data under the National Accounts framework consider all employer's social contributions. By consequence, the resulting share, to a certain extent, was overestimated when this source was taken into account. Moreover, National Accounts data provide ratios of employer's social contributions for all government employees. Using this ratio hence doesn't accommodate any differences that may exist for instance in ratios of social contributions across occupations. For the countries which have provided data for employer's social contributions in the survey, the exact data for social contributions (that may vary across occupation) have been used.

The level of social contributions is only a proxy. The quantity and quality of benefits that employees receive through the employers' and employees' social contributions depend

on many variables such as the quality and efficiency of the management of the funds and services in each country.

Use of comparators

Calculations have been made converting compensation data in USD using the PPP methodology. This compensates for differences in exchange rates and in relative price levels. The PPP does not take into account the relatively different costs of living in capital cities within and across countries. In many countries, the majority of central government employees are employed in capital cities. Wages can tend to make up for the relative difference in the costs of living in capital cities. PPPs are calculated for various levels of aggregation up to and including GDP. The PPP for GDP covers both final consumption expenditure and gross capital formation. The PPP for actual individual consumption covers all households consumption expenditures - which represent the private consumption component - and that part of government final expenditure supplied to individual households (e.g. health, education etc.).

The PPP used for the conversion of compensation in national currency of government employees by different positions was the PPP for private consumption. Prior to the 2013 edition of *Government at a Glance* (OECD, 2013), compensations were converted using PPP for GDP. As consequence, average compensations by positions in USD published in this edition are not directly comparable with the figures published prior to the 2013 edition.

The OECD also compared countries with data normalised with GDP per capita data available through the OECD *National Accounts Statistics* database. This normalisation is a way to remove for differences in levels of average wealth in the country.

The ratio of compensation of employees relative to GDP per capita has not been corrected for working time. This approach was followed in order to maintain consistency between the measures compared.

Computations for comparing annual compensation including adjustment for working time

Average comparative annual compensation is calculated as:

$$W_{co}^{a^*} = \frac{\left(\frac{W_{co}^{a}}{P_c}\right)}{H_c^{a^*}}$$

where:

$W_{co}^{a^*}$ = Average annual compensation of employees in country c within occupational group o in PPP corrected for working time

W_{co}^{a} = Average annual compensation in domestic currency in country c within occupational group o in national currency

P_c = Purchasing power parity of country c

$H_c^{a^*}$ = Ratio of average working time in country c. This corresponds to average annual working hours in country c (from survey data) divided to 2088. The number 2088 equals the theoretical working hours in year with 40 hours of work per week, no holidays or leave of any kind. This also results in an average of 261 working days per year with each working day including 8 hours of work.

The differences between the time people actually work and the annual average compensation (annual average gross salary plus employer's social contributions) is calculated so as to obtain an adjusted annual average compensation. Indeed, to put the compensation of employees reported on a comparable basis across countries, the differences in the working

time (number of hours worked per week in the civil service, the legal or average holiday entitlement as specified in the work contract, and the number of public holidays per year that apply to the civil service) are used for the calculation of the adjusted annual average compensation. For all managers (namely D1, D2, D3 and D4 positions), since weekly working times apply very unevenly to this category of employees data was adjusted only for holidays.

The working time corrections are reported in Table D.1.

Table D.1. **Working time correction**

	Contractual working time, h/week	Average number of holidays	Number of average public holidays that apply to the civil service	Average working days per year in country	Average working hours per year in country	Coefficient for working time corrections, weekly hours and holidays	Coefficient for working time correction, holidays	Coefficient for working time correction, no correction
Australia	38	20	12	229	1715	0.822	0.877	1.000
Austria	40	25	10	226	1806	0.866	0.866	1.000
Belgium	38	26	13	222	1685	0.808	0.850	1.000
Canada	38	20	11	230	1723	0.826	0.881	1.000
Chile	44	15	10	236	2074	0.995	0.904	1.000
Denmark	37	30	10	221	1633	0.783	0.847	1.000
Estonia	40	35	9	217	1734	0.831	0.831	1.000
Finland	36	34	9	218	1581	0.758	0.837	1.000
France	35	25	8	228	1594	0.764	0.873	1.000
Germany	41	30	9	222	1818	0.872	0.850	1.000
Greece	40	25	12	224	1790	0.858	0.858	1.000
Iceland	40	30	14	217	1734	0.831	0.831	1.000
Israel	43	24	9	228	1936	0.928	0.873	1.000
Italy	36	32	8	221	1589	0.762	0.847	1.000
Japan	39	20	19	222	1718	0.824	0.850	1.000
Korea	40	20	15	226	1806	0.866	0.866	1.000
Latvia	40	24	14	223	1782	0.854	0.854	1.000
Mexico	40	20	10	231	1846	0.885	0.885	1.000
Netherlands	36	23	8	230	1654	0.793	0.881	1.000
Norway	38	25	10	226	1693	0.812	0.866	1.000
Portugal	40	22	9	230	1838	0.881	0.881	1.000
Slovenia	40	29	14	218	1742	0.835	0.835	1.000
Spain	38	22	14	225	1685	0.808	0.862	1.000
Sweden	40	33	11	217	1723	0.826	0.831	1.000
United Kingdom	37	25	8	228	1685	0.808	0.873	1.000
United States	40	20	10	231	1846	0.885	0.885	1.000
Colombia	44	15	18	228	2004	0.961	0.873	1.000
Lithuania	40	20	15	226	1806	0.866	0.866	1.000

Source: OECD (2016) Survey on Compensation of employees in Central/Federal governments.

Notes: figures in the table are rounded. Maximum working days per year if 5 out of 7 days per week are worked: 261. Maximum working hours per year if 8h per working day: 2 088.
Austria: from 1 January 2011 on, the amount of holidays depends on the age: an FTE is entitled to take 240 hours (30 days/6 weeks) from that year on, in which his/her 43rd birthday is before 1 July. If his/her 43rd birthday is after 30 June, he/she is entitled to take the 240 hours in the next year.
Germany: contractual working time between public employees (39 hours per week) and civil servants (41 hours per week) is different.
Italy: the number of legal working days of holidays varies. 30 days in the first three years of work, 32 from the fourth year. For the police, there are two bands based on seniority: 36 days from 15 to 25 years of service, 45 days for more than 25 years.
Slovenia: the average number of days of annual leave is estimated. A worker is entitled to annual leave which may not be shorter than four weeks. In addition, he has the right to one additional day of annual leave for every child under the age of 15. In relation to work performance a civil servant is also entitled to no more than three days of annual leave. The annual leave can be extended by up to three days in case of bad working conditions (noise, heat,…) or of bad health condition or for directing an organisational unit.
Sweden: the number of working days varies with age according to the central collective agreement. Employees under 30 years of age have 28 days of holidays, between 30 and 39 years they are 31 days and for employees 40 years or older they have 35 days.
Spain: the number of days of annual leave is equal to 22 days plus more days off according to seniority, with a maximum of 26.

Notes

1. Non-profit institutions are also excluded from the survey.
2. The term 'unfunded' refers to social benefits for which no social security fund exists and there is no official tracking of social contributions. Unfunded pension or health schemes exist in many countries: in that case, it is the general government budget that pays for civil servants pensions/ health benefits. In a number of countries, the employee and employer contributions do not cover all the costs associated with the social benefits of government employees. In those cases, special lines in the budget are often dedicated to covering this unfunded part of social benefits.

ANNEX E

Methodology for composite indexes on public practices and procedures

The narrowly defined composite indexes presented in Government at a Glance represent the best way of summarising discrete, qualitative information. "Composite indexes are much easier to interpret than trying to find a common trend in many separate indicators" (Nardo et al., 2004). However, their development and use can be controversial. These indexes are easily and often misinterpreted by users due to a lack of transparency as to how they are generated and the resulting difficulty to truly unpack what they are actually measuring.

The OECD has taken several steps to avoid or address common problems associated with composite indexes. The composites presented in this publication adhere to the steps identified in the Handbook on Constructing Composite Indicators (Nardo et al., 2008) that are necessary for the meaningful construction of composite or synthetic indexes.

Each composite index is based on a theoretical framework representing an agreed upon concept in the area it covers. The variables comprising the indexes are selected based on their relevance to the concept. Each index is constructed in close collaboration with the relevant OECD expert group including seeking their advice on the selection of the variables for the composite and the use of weighting schemes.

In addition, various statistical analyses are conducted to ensure validity and reliability of the composite indicators .

- The survey questions used to create the indexes are the same across countries, ensuring that the indexes are comparable.
- Different methods for imputing missing values have been explored.
- All sub-indicators and variables were normalised for comparability.
- To build the composites, all sub-indicators were aggregated using a linear method
- according to the accepted methodology.
- Principal component factor analysis is conducted to confirm hypotheses on the underlying concepts being measured.
- Redundant variables are excluded to avoid double counting and overweighting.
- Chronbach's alpha is also calculated to measure inter-item correlations.
- Finally, sensitivity analysis (Monte Carlo simulation) is performed to establish the robustness of the indicators to different weighting options.

Detailed annexes on each of the composite indexes presented in Government at a Glance are available online: *http://www.oecd.org/gov/govataglance.htm*.

ANNEX F

Additional figures accessible online

Chapter 2. Public finance and economics

- 2.5. Net capital transfers as a percentage of GDP [*http://dx.doi.org/10.1787/888933535430*]
- 2.12. Annual average growth rate of real government debt per capita, 2007-15, 2009-15 and 2015-16 *[http://dx.doi.org/10.1787/888933534423]*
- 2.27. Structure of state government revenues, 2015 and 2016 *[http://dx.doi.org/10.1787/888933534442]*
- 2.28. Structure of local government revenues, 2015 and 2016 *[http://dx.doi.org/10.1787/888933534461]*
- 2.34. General government expenditures by function as a percentage of GDP, 2015 *[http://dx.doi.org/10.1787/888933535449]*
- 2.35. Change in general government expenditures as a percentage of GDP, 2007 to 2015 *[http://dx.doi.org/10.1787/888933535468]*
- 2.36. Structure of government expenditures by government function of general public services, 2015 *[http://dx.doi.org/10.1787/888933535487]*
- 2.37. Structure of government expenditures by government function of public order and safety, 2015 *[http://dx.doi.org/10.1787/888933535506]*
- 2.38. Structure of government expenditures by government function of economic affairs, 2015 *[http://dx.doi.org/10.1787/888933535525]*
- 2.39. Structure of government expenditures by government function of education, 2015 *[http://dx.doi.org/10.1787/888933535544]*
- 2.41. Change in the structure of general government expenditures by economic transaction, 2009 to 2015 *[http://dx.doi.org/10.1787/888933535563]*
- 2.45. Structure of central government expenditures by function, 2015 [*http://dx.doi.org/10.1787/888933535582*]
- 2.46. Structure of state government expenditures by function, 2015 [*http://dx.doi.org/10.1787/888933535601*]
- 2.47. Structure of local government expenditures by function, 2015 [*http://dx.doi.org/10.1787/888933535620*]
- 2.51. Government investment as a share of total investment, 2007, 2009 and 2015 [*http://dx.doi.org/10.1787/888933534480*]
- 2.52. Structure of general government investment by function, 2015 [*http://dx.doi.org/10.1787/888933534499*]

- 2.56. Structure of general government outsourcing expenditures, 2015 and 2016 [*http://dx.doi.org/10.1787/888933534518*]
- 2.59. Change in the structure of government expenditures by government function of social protection, 2009 to 2015 [*http://dx.doi.org/10.1787/888933535639*]
- 2.60. Change in the structure of government expenditures by government function of health, 2009 to 2015 [*http://dx.doi.org/10.1787/888933535658*]

Chapter 3. Public employment and pay

- 3.10 Share of employed women in total employment, 2009 and 2015 [*http://dx.doi.org/10.1787/888933534537*]
- 3.11 Policies to support equal opportunities for recruitment, promotions and career advancement of women, 2016 [*http://dx.doi.org/10.1787/888933535677*]

Chapter 4. Institutions

- 4.12. International Organisations participating in the OECD Survey of International Organisations - Acronyms of participating international organisations [*http://dx.doi.org/10.1787/888933535696*]

Chapter 5. Budgeting Practices and Procedures

- 5.10. Key pillars of strategic infrastructure plans in OECD countries [*http://dx.doi.org/10.1787/888933534556*]
- 5.11. Criteria for project prioritisation and approval [*http://dx.doi.org/10.1787/888933534575*]

Chapter 9. Public Procurement

- 9.3 Change in the structure of general government expenditures by function, 2012 to 2015 [*http://dx.doi.org/10.1787/888933535715*]
- 9.4 General government procurement by level of government, 2007, 2009 and 2015 [*http://dx.doi.org/10.1787/888933534594*]

Chapter 11. Innovative and Digital Government

- 11.8 Individuals using the Internet for sending filled forms via public authorities websites in the past 12 months, by age group, 2016 [*http://dx.doi.org/10.1787/888933534613*]

Chapter 12. Risk Management and Communication

- 12.7. Mechanisms used to engage national and sub-national stakeholder, 2016 [*http://dx.doi.org/10.1787/888933535734*]
- 12.11. Actors with legal or formal responsibility for risk communication, 2015 [*http://dx.doi.org/10.1787/888933535753*]

Chapter 13. Core Government Results

- 13.13 Life expectancy at birth and current public expenditure on health per capita, 2014 (or latest year available) [*http://dx.doi.org/10.1787/888933534632*]

Chapter 14. Serving Citizens

- 14.4 Citizen confidence with the local police, 2007 and 2016. [*http://dx.doi.org/10.1787/888933534651*]
- 14.8 Unmet care needs including medical examination and treatment due to cost by income level, 2016 [*http://dx.doi.org/10.1787/888933534670*]

- 14.12. Tuition fees charged by public institutions related to the proportion of students who benefit from public loans, scholarships or grants at bachelor's or equivalent level (2013-14) [*http://dx.doi.org/10.1787/888933534689*]
- 14.16. Access to justice and alternative dispute resolutions (composite indicators), 2016 [*http://dx.doi.org/10.1787/888933534708*]
- 14.30. Mortality rate for Acute Myocardial Infarction (heart attack), 2004 and 2014 [*http://dx.doi.org/10.1787/888933534727*]
- 14.31. Mortality rate from cerebrovascular diseases (stroke), 2004 and 2014 [*http://dx.doi.org/10.1787/888933534746*]
- 14.35. Difference in science performance between immigrant and non-immigrant students, 2015 [*http://dx.doi.org/10.1787/888933534765*]

ANNEX G

Members of the steering group

Country	Name	Title/position	Ministry
Austria	Mr Michael Kallinger	Head of Unit for Innovative Administrative Development	Federal Chancellery, Public Service and Innovative Administrative Development
Belgium	Mr Jacques Druart	Head of International Co-ordination	Federal Chancellery, Public Service Personnel and Organization
Canada	Ms Myra Latendresse-Drapeau	Acting Director	Treasury Board of Canada Secretariat
Chile	Ms Consuelo Herrera	Legal Counsellor	Permanent Delegation of Chile to the OECD
Finland	Ms Katju Holkeri	Head of Government Policy Unit	Ministry of Finance
France	Mr Patrick Le Menes	Senior Advisor for European and International Affairs	Secretariat-General for Government Modernization/Office of the Prime Minister
Hungary	Ms Zsuzsanna Gregor	First Secretary	Permanent Delegation of Hungary to the OECD and UNESCO
Italy	Mr Stefano Pizzicannella	Director International Relations	Department for Public Administration
Japan	Mr Masanari Yashiro	First Secretary	Permanent Delegation of Japan to the OECD
Korea	Mr KIM Jae Heum	Counsellor	Delegation of Korea to the OECD
Netherlands	Mr Frans van Dongen	Program Manager	Ministry of interior and Kingdom Relations
Norway	Mr Kleng Bratveit	Adviser	Ministry of Local Government and Modernisation Administration
Slovenia	Ms Klaudija Korazija	European Affairs and International Cooperation Office	Ministry of the Interior
Sweden	Mr Petter Kockum	Public Administration Development Director	Swedish Agency for Public Management, Statskontoret
United Kingdom	Ms Lisa Jordan	Economist	Cabinet Office

Glossary

Terms	Used in *Government at a Glance*
Budget	A comprehensive statement of Government financial plans which include expenditures, revenues, deficit or surplus and debt. The budget is the Government's main economic policy document, demonstrating how the Government plans to use public resources to meet policy goals and to some extent indicating where its policy priorities
Cash transfers	Benefits provided to eligible individuals by governments that are not required to be spent on a specific good or service. Examples of cash transfers include pensions, unemployment benefits and development aid.
Central Budget Authority (CBA)	The Central Budget Authority (CBA) is a public entity, or several co-ordinated entities, located at the central/national/federal level of government, which is responsible for the custody and management of the national/federal budget. In many countries, the CBA is often part of the Ministry of Finance. Specific responsibilities vary by country, but generally, the CBA is responsible for formulating budget proposals, conducting budget negotiations, allocating or reallocating funds, ensuring compliance with the budget laws and conducting performance evaluations and/or efficiency reviews. This Authority regulates budget execution but does not necessarily undertake the treasury function of disbursing public funds. Lastly, a very important role of the Central Budget Authority is monitoring and maintaining aggregate/national fiscal discipline and enforcing the effective control of budgetary expenditure.
Centre of Government (CoG)	The Centre of Government refers to the administrative structure that serves the Executive (President or Prime Minister, and the Cabinet collectively). The Centre of Government has a great variety of names across countries, such as General Secretariat, Cabinet Office, Chancellery, Office/Ministry of the Presidency, Council of Ministers Office, etc. In many countries the CoG is made up of more than one unit, fulfilling different functions. The role of the Centre of Government is closely linked to the role of the executive branch itself, i.e. to direct the resources of the State (financial, legal, regulatory, even military) to achieve a mission that reflects a political vision and responds to a mandate from citizens.

Citizen's budget	A citizens' guide to the budg et is defined here as an easy-to-understand summary of the main features of the annual budget as presented to the legislature. It should be a self-contained document that explains what is in the annual budget proposals and what their effects are expected to be. While containing links or references to more detailed documents, the guide should not require readers to refer to them, or to know their contents, in order to understand the guide.
Civil servant	An employee of the state, either permanent or on a long-term contract, who would remain a state employee if the government changes. In addition, civil servants are employees covered under a specific public legal framework or other specific provisions.
Collective goods and services	Goods and services that benefit the community at large. Examples include government expenditures on defence, and public safety and order.
Composite index	An indicator formed by compiling individual indicators into a single index on the basis of an underlying model (Nardo et al., 2005).
Dataset	A set of indicators or variables concerning a single topic (e.g. regulatory quality).
Efficiency	Achieving maximum output from a given level of resources used to carry out an activity (*OECD Glossary of Statistical Terms*).
Effectiveness	The extent to which the activities stated objectives have been met (*OECD Glossary of Statistical Terms*).
European System of National Accounts	An internationally compatible accounting framework used by members of the European Union for a systematic and detailed description of a total economy (that is a region, country or group of countries), its components and its relations with other total economies (*OECD Glossary of Statistical Terms*). It is fully consistent with System of National Accounts (SNA).
Federal state	A country that has a constitutionally delineated division of political authority between one central and several regional or state autonomous governments.
Fiscal Rule	For purposes of this book, the OECD utilises a similar definition as the European Commission. A numerical fiscal rule refers to a permanent constraint on fiscal policy aggregates (e.g. in-year rules are excluded).
Full-time equivalent (FTE)	The number of full-time equivalent jobs, defined as total hours worked divided by average annual hours worked in full-time jobs (*OECD Glossary of Statistical Terms*).
Gender	Socially constructed and socially learned behaviours and expectations associated with females and males. All cultures interpret and elaborate the biological differences between women and men into a set of social expectations about what behaviours and activities are appropriate and what rights, resources, and power women and men possess. Like race, ethnicity, and class, gender is a social category that largely establishes one's life chances. It shapes one's participation in society and in the economy.

General Employment Framework in the public service

It usually concerns the employment conditions of most government employees, and certainly concerns most statutory employees. Casual employees, by this definition, are not employed under the General Employment Framework for government employees. Please note that in a number of countries, all employees, including those employed on a short term basis, are employed under the General Employment framework, with a few exceptions (few casual employees in those cases, if any).

General government

The general government sector consists of the following groups of resident institutional units: a) All units of central, state or local government; b) All non-market NPIs that are controlled by government units. c) The sector also includes social security funds, either as separate institutional units or as part of any or all of central, state or local government.

The sector does not include public corporations, even when all the equity of such corporations is owned by government units. Nor does it include quasi-corporations that are owned and controlled by government units. However, unincorporated enterprises owned by government units that are not quasi-corporations remain integral parts of those units and, therefore, must be included in the general government sector (*2008 System of National Accounts*).

Governance

The exercise of political, economic and administrative authority.

Gross domestic product (GDP)

The standard measure of the value of the goods and services produced by a country during a period. Specifically, it is equal to the sum of the gross values added of all resident institutional units engaged in production (plus any taxes, and minus any subsidies, on products not included in the value of their outputs). The sum of the final uses of goods and services (all uses except intermediate consumption) measured in purchasers' prices, less the value of imports of goods and services, or the sum of primary incomes distributed by resident producer units (*OECD Glossary of Statistical Terms*).

Independent Fiscal Institution (IFI)

A publicly funded, independent body under the statutory authority of the executive or the legislature which provides non-partisan oversight and analysis of, and in some cases advice on, fiscal policy and performance. IFIs have a forward-looking *ex ante* diagnostic task (in contrast to public audit institutions which perform an equally indispensable *ex post* task).

Indicator

"… quantitative or qualitative measure derived from a series of observed facts that can reveal relative positions (e.g. of a country) in a given area. When evaluated at regular intervals, an indicator can point out the direction of change across different units and through time." (Nardo et al., 2005).

Individual goods and services

Goods and services that mainly benefit individuals. Examples include education, health and social insurance programmes.

Input	Units of labour, capital, goods and services used in the production of goods and services. "Taking the health service as an example, input is defined as the time of medical and non-medical staff, the drugs, the electricity and other inputs purchased, and the capital services from the equipment and buildings used." (Lequiller, 2005).
Labour force	The labour force, or currently active population, comprises all persons who fulfil the requirements for inclusion among the employed or the unemployed during a specified brief reference period (*OECD Glossary of Statistical Terms*).
Open Government Data centralized portal	The Central/federal Open Government Data central portal (or "one stop shop" portal) corresponds to a single entry point to access government's data. Access to the data can be provided either directly on the portal or indirectly (redirected to the place where the data is located e.g.: to a ministry's website).
Outcome	Refers to what is ultimately achieved by an activity. Outcomes reflect the intended or unintended results of government actions, but other factors outside of government actions are also implicated (*OECD Glossary of Statistical Terms*).
Output	In performance assessment in government, outputs are defined as the goods or services produced by government agencies (e.g. teaching hours delivered, welfare benefits assessed and paid) (*OECD Glossary of Statistical Terms*).
Performance Information	Performance information can be generated by both government and nongovernmental organizations, and can be both qualitative and quantitative. Performance information refers to metrics/indicators/general information on the inputs, processes, outputs and outcomes of government policies/programmes/organizations, and can be ultimately used to assess the effectiveness, cost effectiveness and efficiency of the same. Performance information can be found in statistics; the financial and/or operational accounts of government organisations; performance reports generated by government organizations; evaluations of policies, programmes or organizations; or Spending Reviews, for instance.
Productivity	Productivity is commonly defined as a ratio of a volume measure of output to a volume measure of input use (*OECD Statistical Glossary*). Economists distinguish between total productivity, namely total output divided by change in (weighted) input(s) and marginal productivity, namely change in output divided by change in (weighted) input(s) (Coelli et al., 1999).
Public sector	The public sector includes general government and public corporations. Quasi-corporations owned by government units are grouped with corporations in the nonfinancial or financial corporate sectors, thus part of public corporations (*2008 System of National Accounts*).
Public sector process	Structures, procedures and management arrangements with a broad application within the public sector.

Public services

Services that are performed for the benefit of the public or its institutions. Public services are provided by government to its citizens, either directly (through the public sector) or by financing private provision of services. The term is associated with a social consensus that certain services should be available to all, regardless of income. Even where public services are neither publicly provided nor publicly financed, for social and political reasons they are usually subject to regulation going beyond that applying to most economic sectors.

System of National Accounts

The *System of National Accounts* (SNA) consists of a coherent, consistent and integrated set of macroeconomic accounts; balance sheets and tables based on a set of internationally agreed concepts, definitions, classifications and accounting rules. In 2009, the United Nations Statistical Commission endorsed a revised set of international standards for the compilation of national accounts: the 2008 *System of National Accounts*, replacing the 1993 version of the SNA.

The 2008 SNA retains the basic theoretical framework of its predecessor. However, in line with the mandate of the United Nations Statistical Commission, the 2008 SNA introduces treatments for new aspects of economies that have come into prominence, elaborates on aspects that have increasingly become the focus of analytical attention and clarifies guidance on a wide range of issues. The changes in the 2008 SNA bring the accounts into line with developments in the economic environment, advances in methodological research and needs of users.

At the European Union level, the European System of Accounts (ESA), 1995 was made consistent with the 1993 SNA. Its update called European System of Accounts, 2010 covers the recommendations and clarifications agreed at the international level for the 2008 SNA.

Total employment

Total employment covers all persons engaged in productive activity that falls within the production boundary of the national accounts. The employed comprise all individuals who, during a specified brief period, were in the following categories: paid employment or self-employment.

Trust

Trust is broadly understood as holding a positive perception about the actions of an individual or an organization. Trust gives us confidence that others will act as we might expect in a particular circumstances. While trust may be based on actual experience, in most cases trust is a subjective phenomenon, reflected in the eyes of the beholder.

Unitary states

Countries that do not have a constitutionally delineated division of political authority between one central and several regional or state autonomous governments. However, unitary states may have administrative divisions that include local and provincial or regional levels of government.

Variable

A characteristic of a unit being observed that may assume more than one of a set of values to which a numerical measure or a category from a classification can be assigned (e.g. income, age, weight, etc., and "occupation", "industry", "disease", etc.) (*OECD Glossary of Statistical Terms*).

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