

**LEGISLATURE: Unicameral**

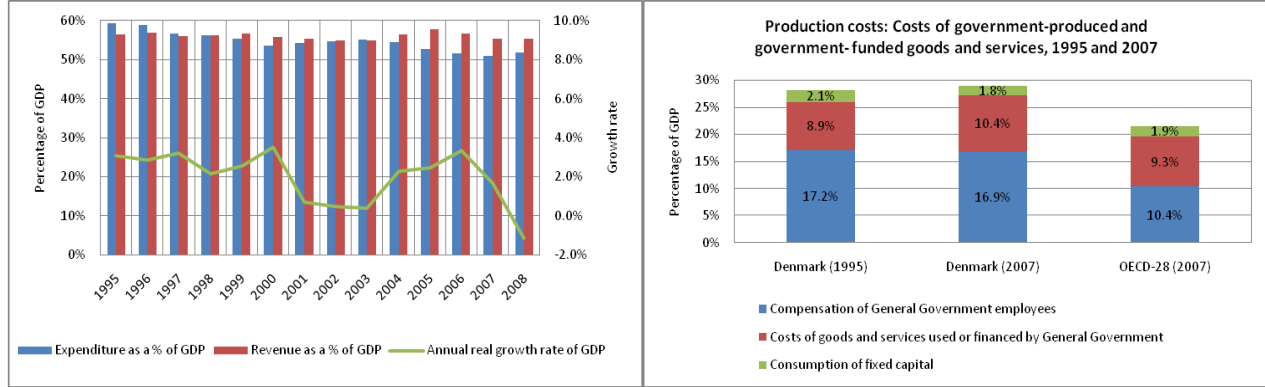
- Upper house: none
- Lower house: elected using Proportional Representation

**SYSTEM OF GOVERNMENT: Parliamentary**

- No. of ministries: 18 (2008)
- No. of ministers: 19 (2008)

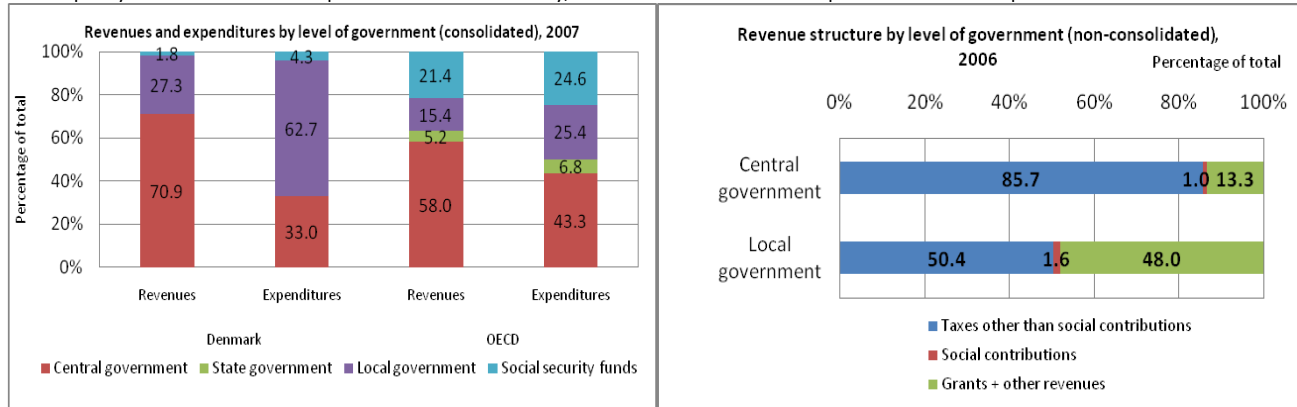
**STATE STRUCTURE: Unitary**

Revenues and expenditures have stayed above 50% of GDP over the past decade, and are among the highest in the OECD. However, in Denmark, most social benefits are taxable, which raises both revenues and expenditures as a share of GDP compared to other countries. Denmark successfully turned the deficits of the mid 1990's into surpluses through 2008. The boost to revenues from pension taxation and North Sea oil and gas production in recent years has, to a large extent, been channelled into faster-than-planned debt reduction. Production costs of government-funded services as a share of GDP increased between 1995 and 2007, driven by increases in the costs of goods and services outsourced or provided by private producers directly to citizens.



Source: OECD National Accounts and Economic Outlook. [\[Revenues\]](#) [\[Expenditures\]](#) [\[Production costs\]](#)

Central government collects over 70% of revenues but represents about 33% of all expenditures, suggesting that most goods and services are provided by local governments. Much of the taxes collected at the central level are transferred to local governments, which still have relatively large powers to raise their own revenues via taxes. Local governments represent a much larger share of expenditures in Denmark than on average in the OECD, indicating that Denmark is a very decentralised country. A new local government structure was established in 2007 which, together with the recent quality reform and the action plan to reduce bureaucracy, will facilitate efforts to make public services more professional and efficient.



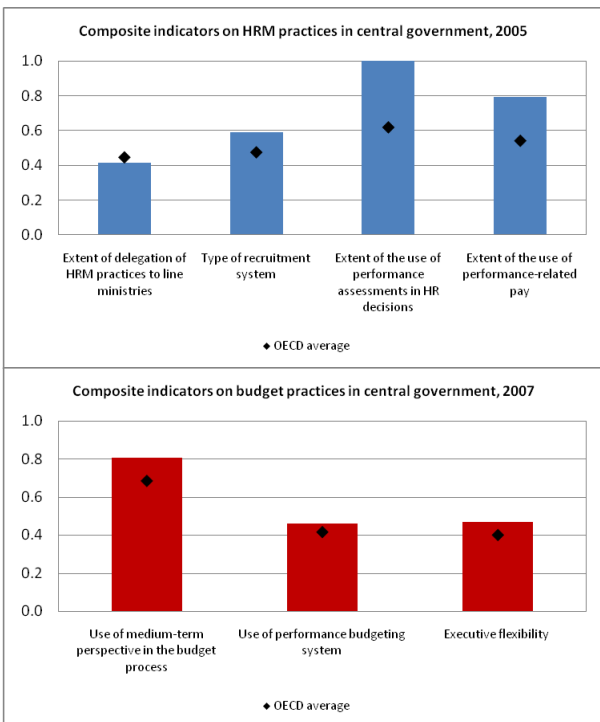
Source: OECD National Accounts [\[Revenues\]](#) [\[Expenditures\]](#)

Compared to the average among OECD countries, Denmark spends a slightly higher percentage of expenditures on general social protection and education and a lower share of resources on general public services. Most expenditures at the local level go towards health, social protection and education, indicating that local governments deliver most public services. The central government is responsible for defence and public order and safety, with a large share of resources devoted to general public services.

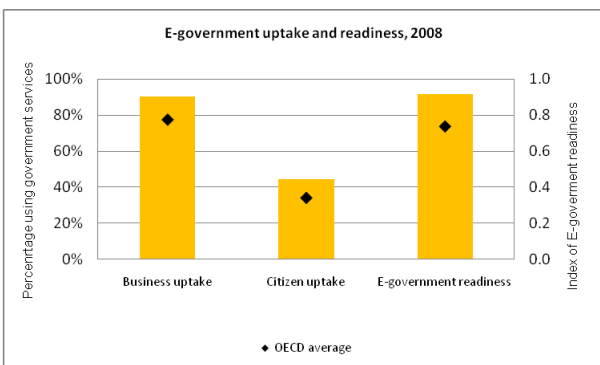
Expenditure structure by function of government (non-consolidated), 2006	Share of total				
	Central government	Denmark Local government	Denmark General government	OECD-26 General government	EU-19 General government
General public services	28.8%	5.8%	11.7%	13.8%	13.9%
Defence	5.1%	0.0%	3.1%	3.4%	3%
Public order and safety	2.9%	0.3%	1.9%	3.8%	3.7%
Economic affairs	6.5%	4.7%	6.8%	10.6%	10.1%
Environment protection	0.8%	0.9%	1.0%	1.7%	1.5%
Housing and community amenities	1.1%	0.4%	0.9%	2%	1.9%
Health	0.6%	21.0%	13.8%	15.1%	14.1%
Recreation, culture and religion	2.3%	2.7%	3.1%	2.6%	2.5%
Education	12.2%	12.8%	15.0%	12.9%	11.6%
Social protection	39.8%	51.2%	42.6%	34.2%	37.7%

Source: OECD National Accounts [\[General government\]](#) [\[Central, state and local\]](#)

COMPOSITE INDICATORS: PUBLIC MANAGEMENT PRACTICES



E-GOVERNMENT



REGULATORY MANAGEMENT

Requirements for Regulatory Impact Analysis (RIA) processes used by central governments

	2005	2008
Quality reviewed by body external to Ministry preparing rules	No	Yes
Required for draft primary laws	Always	Always
Required for draft subordinate regulations	Only for major regulation	Only for major regulation
Required to quantify costs	Only for major regulation	Only for major regulation
Required to quantify benefits	In selected cases	In selected cases
Required to publicly release results	Always	Always

Extent of programs for reducing administrative burdens at the central level of government

	1998	2005	2008
Explicit programme exists	Yes	Yes	Yes
Includes quantitative targets	Yes	Yes	Yes

In Denmark, line ministries have been delegated an average level of authority to make HRM decisions compared to other OECD countries. The recruitment system is relatively open to external candidates. Denmark has developed a staff performance management system, basing many HR decision on performance assessments and using performance-related pay to a relatively high degree.

Source: OECD Strategic HRM Survey  
[\[Delegation\]](#) [\[Recruitment\]](#) [\[Performance management\]](#)

In August 2007, the government presented a new medium-term fiscal framework: the 2015 Strategy. With fiscal sustainability as the overarching objective, it stipulates a set of targets that will guide fiscal policy. Denmark primarily uses performance indicators in the management process, and has developed a comprehensive performance-based contract management system. Denmark uses top-down budgeting, which generally provides the executive with some flexibility to reallocate budgeted funds. Unspent appropriations at the end of the year are divided into two parts: a "free surplus" that can be used for whatever activity the individual institution sees fit (as long as it is in accordance with the general purpose of the appropriation - the argument being that it is due to efficiency), and an earmarked residual that can only be used for the project for which the appropriation was given (the argument being that the unspent funds are due to a delay in activity).

Source: OECD International Budget Practices and Procedures Database  
[\[Medium-term\]](#) [\[Performance budgeting\]](#) [\[Executive flexibility\]](#)  
 OECD Journal on Budgeting: [www.oecd.org/gov/budget/journal](http://www.oecd.org/gov/budget/journal)

Overall, Denmark exhibits a high-degree of e-government readiness. The percentage of citizens and businesses that use e-government services is well above the OECD average. In October 2008, the Danish government launched a new version of *borger.dk* (the Danish citizens portal) that includes personalisation options.

Source: United Nations E-Government Readiness Knowledge Base, Eurostat.  
[\[Readiness\]](#) [\[Uptake\]](#)  
[\[OECD E-government Publications\]](#)

The 2005 and 2008 surveys of Indicators of Systems of Regulatory Management examined the extent of governance practices designed to improve the quality of regulation in OECD countries. Among the most important practices are: the use of regulatory impact analysis (RIA) to assess the cost and benefits of new regulation and the institutional oversight of the quality of regulations; and the design of programs to reduce the costs of administrative activities on business and citizens.

Denmark was an early adopter of RIA, which was made a formal requirement in 1993 in the preparation of draft bills. It is also one of the front runners in the area of administrative burden reduction. Using the Standard Cost Model (SCM) to measure administrative burdens, Denmark committed to a reduction of 25% between 2001 and 2010, and had achieved a reduction of 15% by mid-2008. In 2007, the government launched an initiative to simplify rules, requirements and procedures that place unnecessary burdens on local and central authorities and on public sector employees. The administrative simplification policy combines simplification of existing regulations and prevention of new burdens through specific provisions in the *ex ante* impact assessment process, which assesses expected administrative burdens on businesses and local governments.

Source: OECD Survey on Regulatory Management.  
[\[RIA\]](#) [\[Administrative simplification\]](#)  
 Regulatory Management Indicators: [www.oecd.org/regreform/indicators](http://www.oecd.org/regreform/indicators)  
 EU 15 reviews on Regulatory Reform: [www.oecd.org/gov/regref/eu15](http://www.oecd.org/gov/regref/eu15)  
 Background reports on Regulatory Reform: [www.oecd.org/regreform/backgroundreports](http://www.oecd.org/regreform/backgroundreports)

**Production costs** are a subset of total government expenditures, excluding government investment (other than depreciation costs), interest paid on government debt and payments made to citizens and others not in exchange for the production of goods and services (such as subsidies or social benefits). Production costs include compensation costs of general government employees, the costs of goods and services produced by private entities funded by government (intermediate consumption and social transfers in kind via market producers), and the consumption of fixed capital (indicating the level of depreciation of capital).

**Structure of government expenditures:** Data on expenditures are disaggregated according to the Classification of the Functions of Government (COFOG), which divides government spending into 10 functions. More information about the types of expenditures included in each function can be found in Annex B of *Government at a Glance 2009*.

**Employment characteristics:** The OECD averages refer to the following number of countries:

- Share of employees that are female: OECD-23
- Share of senior managers that are female: OECD-22
- Share of administrative positions filled by females: OECD-17
- Share of employees 50 years or older: OECD-25

**HRM Composites:** The indexes range between 0 (low level) and 1 (high level). Details about the theoretical framework, construction, variables and weighting for each composite are available at: [www.oecd.org/gov/indicators/govata glance](http://www.oecd.org/gov/indicators/govata glance).

- **Delegation index** gathers data on the delegation of determining the number and types of posts needed in an organization, compensation levels, position classification, recruitment and dismissals, and conditions of employment. This index summarises the relative level of authority provided to line ministries to make HRM decisions. It does not evaluate how well line ministries are using this authority.
- **Type of recruitment system index** includes policies for becoming a civil servant in general (*e.g.* competitive examination or direct application) and for recruiting senior civil servants, and systems for appointing entry-level positions and for allocating posts across departments. This index describes a spectrum of recruitment systems in place in OECD member countries. Countries scoring closer to 0 have career-based systems whereas countries scoring closer to 1 have more position-based systems. The index does not evaluate the performance of difference systems.
- The **performance assessment index** indicates the extent to which it is used in career advancement, remuneration and contract renewal decisions, based on the views of survey respondents. This index provides information on the formal use of performance assessments in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **performance-related pay index** looks at the range of employees to whom PRP applies and the maximum proportion of base pay that PRP may represent. This index provides information on the formal use of performance related pay in central government, but does not provide any information on its implementation or the quality of work performed by public servants.

**Budget Composites:** The indexes range between 0 (low level) and 1 (high level). Details about the theoretical framework, construction, variables and weighting for each composite are available at: [www.oecd.org/gov/indicators/govata glance](http://www.oecd.org/gov/indicators/govata glance).

- The **medium term budget perspective index** contains information on whether countries develop and present multi-year expenditure estimates in the annual budget, the number of years the estimate covers, how often estimates are updated; and whether there are multi-year targets or ceilings and how often these are revised. This index measures the extent to which countries have developed a medium-term perspective in their budget process. However, it does not evaluate whether this perspective has been effective at achieving budget outcomes such as fiscal discipline and allocative efficiency.
- The **performance budgeting index** contains information on what type of performance information is developed; the processes for setting goals and targets; the process for monitoring and reporting on results; and if and how performance information is used in budget negotiations and decision making processes by key actors including the central budget authority, the line ministries and politicians. This index examines the degree to which OECD member countries have put a performance budgeting system in place. However, it does not measure how successfully these systems operate in practice.
- The **executive flexibility index** contains the following variables: the extent to which lump sum appropriations are used; the number of line items in the budget; agencies' ability to carry-over unused budget allocations between years, borrow against future appropriations, reallocate between line items and keep efficiency gains; and constraints on the executive's ability to increase spending during budget execution. This index looks at the different levels of flexibility provided to the executive during budget execution. However, it does not measure whether this flexibility is used effectively or appropriately.

**E-Government:**

- The **UN e-government readiness index** ranges between 0 (low level) and 1 (high level). It measures the capacity of governments to implement and develop e-government services. Developed within the framework of the UN global e-government survey, the indicator consists of three sub-indices: (1) the web measure index, (2) the telecommunication infrastructure index and (3) the human capital index. The web measure index ranks countries based on the coverage, sophistication and availability of e-services and e-products. The index categorizes countries as having either an emerging, enhanced, interactive, transactional, or networked e-government presence. The telecommunication infrastructure index is a weighted average of 5 measures of ICT infrastructure capacity: PCs/100 persons, Internet users/100 persons, Telephone lines/100 persons, Broad-banding/100 persons and Mobile phones/100 persons. The human capital index is a weighted average of the adult literacy rate (two-thirds weight) and the combined primary, secondary and tertiary gross enrolment ratio (one-thirds weight).
- The e-government take-up by citizens indicator measures the percentage of individuals (aged 16-74) who used the Internet to interact with public authorities in the 3 months preceding the survey. Data are collected through Eurostat's annual Community Survey on ICT Usage in Households and by Individuals, and are only available for European countries.
- The e-government take-up by businesses indicator measures the percentage of enterprises using the Internet to interact with public authorities. Only businesses with 10 or more employees are included. Data are collected by national statistical offices based on Eurostat's annual Model Survey on ICT Usage and E-commerce in Businesses.