

LEGISLATURE:

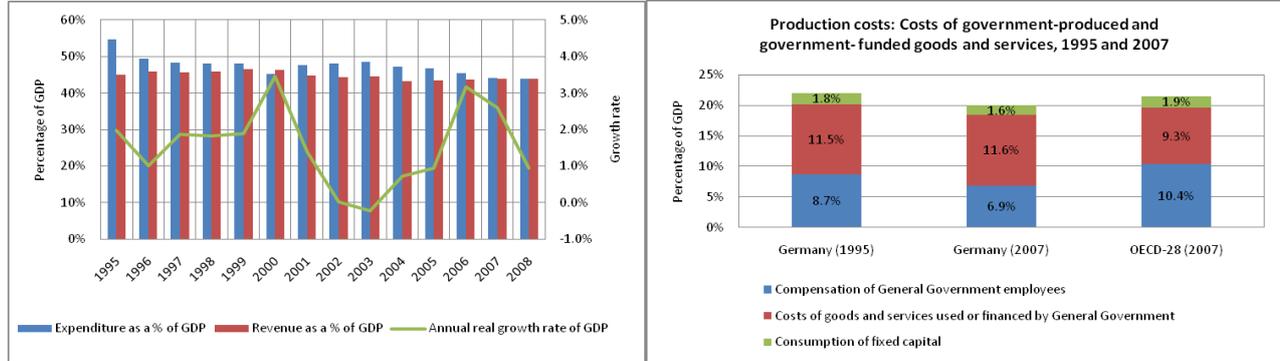
- Bundesrat: members of state governments
- Bundestag: elected using Semi-Proportional Representation

SYSTEM OF GOVERNMENT: Parliamentary

- No. of ministries: 14 (2008)
- No. of ministers: 16 (2008)

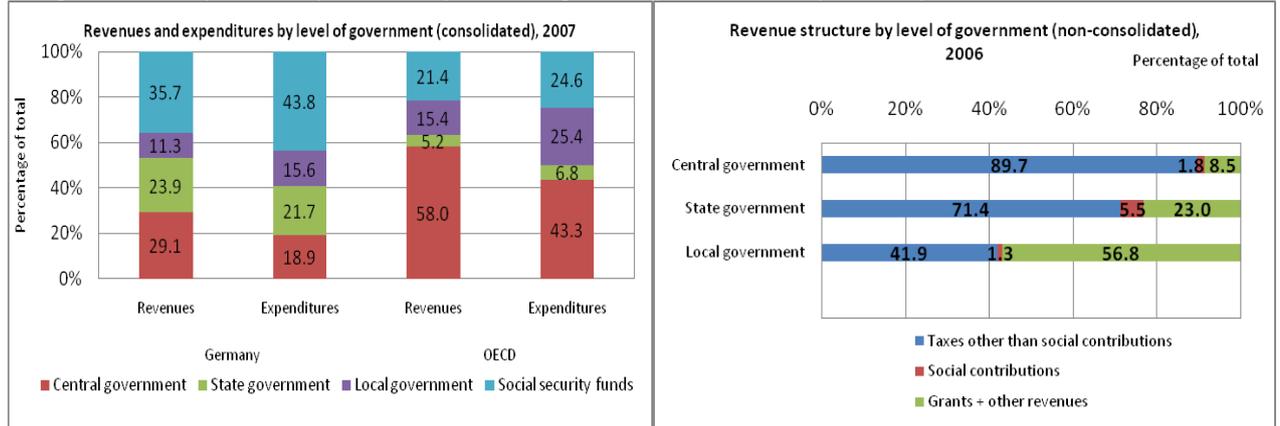
STATE STRUCTURE: Federal (16 *länder*)

Revenues and expenditures have hovered around 45% of GDP over the past decade, very close to the OECD average but lower than many other European countries. In recent years, the German government has successfully balanced the budget. Between 1995 and 2007, total government expenditures on producing goods and services decreased relative to GDP. These decreases were largely driven by decreases in the costs of goods and services produced by government employees, whereas the costs of goods and services provided by the private sector (with government funding) stayed constant. Compared to other OECD countries, the private sector is involved to a larger extent (11.6% vs. 9.3%) in the provision of public goods and services, although a large share of this is related to payments provided for health services.



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

The federal government plays a small overall role in raising revenues and expenditures compared to the average OECD country. Not including social security funds, the bulk of spending on programmes and policies occurs in the *Länder* and municipalities. In addition, these sub-federal levels of government have much greater power to tax than in other OECD countries, suggesting higher levels of decentralisation. Next to France, Germany has the highest share of expenditures by social security funds among its OECD peers; this is mainly due to responsibilities in the health care sector.



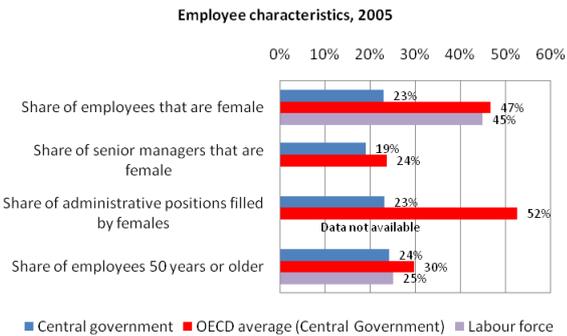
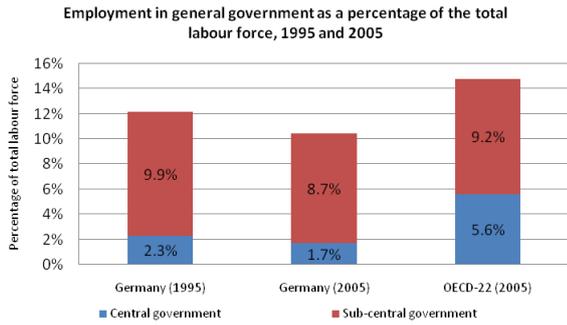
Source: OECD National Accounts [\[Revenues\]](#) [\[Expenditures\]](#)

The structure of general government expenditures in Germany is similar to the OECD average, with a higher percentage of expenditures on social protection balanced by less on health and education. Amongst its OECD peers, Germany has the highest share of social spending in overall government expenditure. Public order and safety are the responsibilities of both the *Länder* and local governments, while responsibilities for environmental protection; housing and community amenities; and recreation, culture and religion fall predominately to local governments. Defence and social protection are largely the responsibility of the federal government whereas health care is paid for by social security funds (not depicted separately but included in General government).

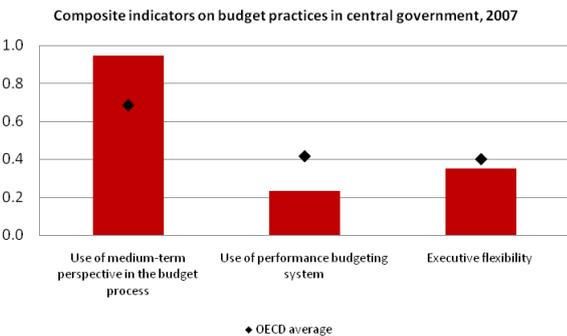
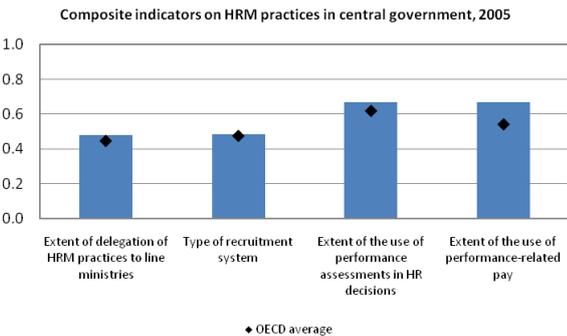
Expenditure structure by function of government (non-consolidated), 2006	Germany				OECD-26	EU-19
	Federal government	<i>Länder</i> government	Local government	General government	General government	General government
General public services	30.5%	25.2%	14.6%	13.3%	13.8%	13.9%
Defence	7.6%	0.0%	0.0%	2.3%	3.4%	3%
Public order and safety	1.0%	9.1%	4.5%	3.5%	3.8%	3.7%
Economic affairs	8.9%	10.5%	11.4%	7.2%	10.6%	10.1%
Environment protection	0.1%	0.6%	5.7%	1.1%	1.7%	1.5%
Housing and community amenities	1.6%	2.8%	6.4%	2.1%	2%	1.9%
Health	0.0%	1.3%	1.9%	13.6%	15.1%	14.1%
Recreation, culture and religion	0.2%	1.6%	6.0%	1.3%	2.6%	2.5%
Education	1.2%	25.4%	16.2%	8.9%	12.9%	11.6%
Social protection	48.7%	23.5%	33.3%	46.7%	34.2%	37.7%

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

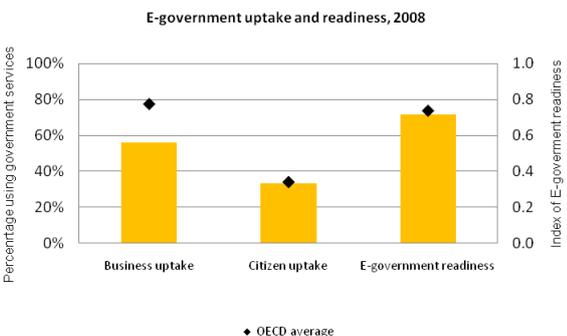
GOVERNMENT EMPLOYMENT: SIZE AND CHARACTERISTICS



COMPOSITE INDICATORS: PUBLIC MANAGEMENT PRACTICES



E-GOVERNMENT



Government employment in Germany amounted to roughly 10% of the total labour force in 2005, a decrease from 1995. This is four percentage points lower than the OECD average of 14%. At the same time, government employment in Germany is highly decentralised, with the bulk of staff employed by *Länder* and municipal (sub-central) governments.

Source: *OECD Comparison of Employment in the Public Domain Survey and Labour Force Survey*
[\[General government employment\]](#) [\[Distribution by level\]](#)

In Germany, a large number of federal government employees work in defence or as police, areas with a traditionally low share of female employees. In comparison, women represent 52% of the government workforce in Germany when employment at the sub-federal level is also considered. Soldiers and police officers also have special rules regarding their retirement age, and an ageing workforce is less of a problem in the German federal government than in other OECD countries; the share of older employees is roughly similar in the federal government and the larger labour force.

Source: *OECD Strategic HRM Survey and Labour Force Survey*
[\[Female participation\]](#) [\[Ageing\]](#)

In general, the HRM system in the German central (federal) government performs very closely to the OECD average in most reviewed areas. The HRM system is rather delegated, with line ministries having relatively more authority to set HRM practices than in other OECD countries. A performance culture is evidenced by the increasing use of performance-based assessments and performance-related pay. The German federal government is characterised by a cadre of senior civil servants that are managed separately, although the rules applying to this group are not very different from other civil servants.

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

Medium-term financial planning was first introduced in Germany in 1969, and the country received the highest score on the composite index on central government's use of a medium-term perspective in the budget process. This medium-term framework is characterised by the use of expenditure targets/ceilings at the line-item level. In comparison to other OECD countries, the German federal (central) government uses little performance information in the budget process and managers in the executive have less flexibility to make changes to budgeted funds. Reflecting Germany's federal structure, the Financial Planning Council coordinates the budgets and financial plans of the different levels of government. It meets twice a year and is led by the Federal Ministry of Finance and comprised of the Finance Ministers of the *Länder* and representative of associations of municipalities.

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

Overall, Germany exhibits a high level of e-government readiness characterised by an educated population and an above average broadband network. The German government has made several improvements in recent years to increase the amount of information and services available on line and introduce some personalisation options. For example, Germany has established the German Administration Services Directory (DVDV). Through a unique co-operation between various levels of government and sectors, it provides a directory of all available e-government services through. In 2007, Germany was awarded the EU eGovernment Award for this initiative.

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

INTEGRITY

Types of information central government decision makers are required to disclose and level of transparency, 2009

Requirements for disclosure	President	Prime Minister	Minister	Bundestag Legislators	Bundesrat Legislators
Assets and liabilities	ND	ND	ND	NA	**
Loans	ND	ND	ND	NA	**
Sources and level of income	ND	ND	ND	NA	**
Outside positions	NA	NA	NA	NA	**
Gifts	ND	D	D	NA	**
Previous employment	ND	ND	ND	NA	**

D= Disclosed; DP= Disclosed and publicly available; ND= Not disclosed; NA= Not applicable.

Legislators in the Bundestag must publicly disclose their private interests concurrent with the exercise of the mandate; however, this rule is not followed for decision makers in the executive. The Chancellor and Ministers must only disclose gifts. They are generally not allowed to occupy outside positions. The *Bundesrat* is composed of members of government of the 16 *Länder*. As executives of state governments, they are subject to state codes of conduct which have not been summarised in this table.

Source: OECD Survey on Integrity
[Disclosures](#)

REGULATORY MANAGEMENT

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

	2005	2008
Quality reviewed by body external to Ministry preparing rules	Yes	Yes
Required for draft primary laws	Always	Always
Required for draft subordinate regulations	Always	Always
Required to quantify costs	Always	Always
Required to quantify benefits	In selected cases	In selected cases
Required to publicly release results	In selected cases	In selected cases

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.

Against the backdrop of continuing strong emphasis on legal and administrative procedures for law making, the main pillars of the German federal policy on Better Regulation are the programme for the reduction of bureaucracy and better regulation and a wide-ranging programme to take forward e-government in support of businesses and citizens. In 2006, the National Regulatory Control Council was established as an independent watchdog to prevent new bureaucracy and to ensure compliance with the policy. The federal government has used *ex ante* impact assessment for a number of years. Recently, requirements flowing from the administrative burden reduction policies were integrated into impact assessment procedures. The *Länder* have significant regulatory powers and are responsible for the implementation of most federal legislation. Federal-*Länder* cooperation is encouraged in areas where a shared approach is important, such as burdens on businesses.

Source: OECD Survey on Regulatory Management.

[\[RIA\]](#) [\[Administrative simplification\]](#)

Regulatory Management Indicators: www.oecd.org/regreform/indicators

EU 15 reviews on Regulatory Reform: www.oecd.org/gov/regref/eu15

Background reports on Regulatory Reform: www.oecd.org/regreform/backgroundreports

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

	1998	2005	2008
Explicit programme exists	No	Yes	Yes
Includes quantitative targets	N/A	No	Yes

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.

- **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.

- 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.