# Government at a Glance 2015

OECD

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# *Foreword*

*In this post-crisis period, governments in OECD countries continue to play an active role in the economy while undertaking major reforms to increase value for money and improve the access and quality of public services. The set of indicators presented in* Government at a Glance 2015 *provides countries with solid evidence to support the design and implementation of public sector reforms and good practices. It presents indicators on the entire production chain of government, including resources (financial and human), practices and procedures and key trends in performance and results. The opening chapter offers some general policy insights emerging from the data presented in the publication. This edition focuses on the role of governments in fostering inclusive growth and a more inclusive society.*

*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 Santiago González, Guillaume Lafortune, Alessandro Lupi and Daniel Sanchez-Serra. Major drafted contributions were received from Luiz De Mello, Edwin Lau, Stéphane Jacobzone, Julio Bacio Terracino, Lisa Von Trapp and Paloma Baena Olabe (Chapter 1: Inclusive government for a more inclusive society); Luiz De Mello (Chapter 2: Public finance and economics); Daniel Gerson, Tatyana Teplova and Pinar Guven (Chapter 3: Public employment and compensation); Andrew Davies and Andrea Urhammer (Chapter 4: Institutions); Ronnie Downes, Ian Hawkesworth, Lisa Von Trapp, Camilla Vammalle and Ihssane Loudiyi (Chapter 5: Budgeting practices and procedures); Daniel Gerson, Christoph Demkke and Alice Lazzati (Chapter 6: Human resource management); Janos Bertok, Julio Bacio Terracino, Maria-Emma Cantera, Jovana Blagotic, Yukihiko Hamada, Minjoo Son (Chapter 7: Public sector integrity); Céline Kaufmann, Christiane Arndt, Faisal Naru, Daniel Trnka, Manuel Flores Romero, Rebecca Schultz (Chapter 8: Regulatory governance); Janos Bertok, Julio Bacio Terracino, Paulo Magina, Maria-Emma Cantera, Minjoo Son (Chapter 9: Public procurement); Barbara Ubaldi, Arthur Mickoleit and Ryan Androsoff (Chapter 10: Digital government); Tatyana Teplova and Pinar Guven (Chapter 12: Serving citizens). We thank Kate Lancaster, Katherine Kraig-Ernandes, Lia Beyeler and Laura Boutin for their help in preparing the document for publication.*

*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 F); 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 Working Party on Territorial Indicators. Valuable comments have also been received from Peter Van de Ven, Jennifer Ribarsky, Catherine La Rosa-*

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# *Governance at a Critical Time for Public Policies*

This fourth edition of *Government at a Glace* offers a comprehensive panorama of the capacities and performance of government in OECD countries and key partners at a moment when many are grappling with huge economic challenges and painful trade-offs. Ambitious goals contrast with the reality of a recovery that is still fragile in many places. Reforms and other essential programmes must proceed in a context of limited public investment. At the same time, societies have to urgently confront long-term challenges, including sustainability and climate change. Rising inequality is also excluding large segments of society from the benefits of growth and is constraining the return to full economic potential. The fact that trust in public institutions is strained does not make the task easier.

Governments are striving to leave the crisis behind and build the foundations for strong, sustainable and inclusive economic growth. They are also trying to restore the trust of citizens in their institutions. Government processes can help make policy outcomes more effective and inclusive by fostering transparency and engagement, generating evidence on the distributive effects of policies and reinforcing the system of checks and balances to ensure that policies and regulations both serve the public interest. Open government data (OGD) strengthens inclusiveness by proactively providing access to information, thereby increasing transparency and creating opportunities for citizens, businesses and civil society organisations to reuse the data in new ways.

*Government at a Glance 2015* demonstrates that there is substantial scope for improving stakeholder engagement in making and evaluating policies – a critical component of inclusive growth. The report underlines that information and communications technologies (ICTs) are not sufficient on their own to give citizens a greater role in decisions that affect their quality of life. The new OECD *OURdata* Index reveals that many countries have made progress in making public data more available and accessible, but large variations remain, not least with respect to the quality of data provided. Governments need to make participation initiatives more accessible, targeted, relevant and appealing.

The publication also underscores that public sector integrity remains an area of particular attention in the eyes of citizens and business. More can be done to avoid policy and regulatory capture by vested interests. Governments must provide effective protection to whistle blowers and extend private interest disclosure requirements to the judiciary branch and "at risk" actors including tax and customs officials, procurement agents and financial authorities.

These themes and others are reflected in the set of indicators presented in this edition. They enable evidence-based decision making and allow governments to compare their practices and performance to others. By extending the scope and timeliness of our governance indicators and analysis, and providing them in a variety of electronic formats, *Government at a Glance 2015* 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

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# Executive summary

The recovery is under way and economic growth is slowly starting to pick up in the OECD area. Fiscal consolidation is proceeding, although unemployment remains high, while productivity growth has been low. Inequalities, in the distribution of income and other outcomes that matter for people's well-being, are also widening. Governments must address these challenges to deliver stronger, more inclusive growth in the years to come; a multidimensional approach to public policy making is needed.

Governments possess many policy levers to build the foundations for more sustainable and inclusive societies. However, without appropriate mechanisms to prevent the "capture" of public policy making by special interest groups, ensure effective implementation and promote thorough monitoring and evaluation, even well-designed policies may not deliver their expected results. The indicators provided in *Government at a Glance 2015* shed light on how inclusive governments are in terms of employment, policy-making processes and policy outcomes.

## Key findings

### *The overall fiscal balance of OECD countries is improving*

- The budget balance of OECD countries improved by 4.2 p.p, moving from a deficit of 8.4% of GDP in 2009 to a deficit of 4.2% of GDP in 2013.
- In 2013, the structural fiscal balance reached an average deficit of 3.5% as a share of potential GDP in OECD countries, an improvement of 3.6 p.p. compared to 2009.
- As a result of consolidation efforts, the majority of OECD countries improved their net saving ratio (difference between current revenues and current expenditures) between 2009 and 2013, including countries with highly negative ratios such as Greece, Ireland and Portugal.
- In 2013, the average debt level in OECD countries reached 109.3% of GDP. From 2013 to 2014, debt decreased in Czech Republic, Ireland, Norway and Slovak Republic, while the highest increases in debt occurred in Slovenia, Spain, Italy and Belgium.

### *Government investment is low and down significantly from 2009*

- Between 2009 and 2013, government investment declined by 0.8 p.p. as a share of GDP and 1.4 p.p. as a share of total expenditures on average in OECD countries. In 2013, government investment represented 3.3% of GDP and 7.8% of total expenditure on average.
- In 2013, sub-central governments spent on average about 60% of total government investment. However, in countries such as Chile, Greece and the Slovak Republic more than 70% of government investment was carried out by central government.

### *Despite reforms, public sector employment remains relatively stable as a share of the labour force*

- Employment and remuneration reforms have been used extensively by the central governments of most OECD countries to reduce spending.
- Different tools have been used in employment reforms, including non- or partial replacement of retiring staff, recruitment freezes, outsourcing and adjusting remunerations, notably by reducing the remuneration for top-level officials and pay freezes. On average, reforms have led to a moderate increase of perceived stress levels and work intensity.
- Despite the reforms, the size of public sector employment (not limited to central government) as a share of the labour force remains relatively stable, at just above 19% in 2013.

### *Stakeholder engagement in regulatory policies is widespread but takes place at a very late stage*

- Through the 2012 OECD Recommendation on Regulatory Practices and Policies, OECD countries committed to a "whole-of-government" approach to regulatory practices. Many have introduced formal requirements, making substantial progress in improving regulatory practices and quality and in complying with some OECD Council recommendations.
- Nevertheless, the extent to which governments conduct regulatory impact assessment and *ex post* evaluations of costs and benefits, trade-offs and synergies across regulations varies significantly.
- Substantial scope remains to improve stakeholder engagement in rule-making. Citizens, businesses, civil society organizations, etc., are generally consulted late in the process, often when the legislative draft is presented to the government. They are rarely asked for feedback to inform performance assessment or better implementation of regulations, nor systematically included in early-stage discussions on the nature of the problem and possible solutions.

### *Public integrity efforts are growing, but major loopholes remain*

- OECD countries are paying increasing attention to conflicts of interest, but unlike post-public employment, pre-public employment (for instance former private sector employees, or lobbyists) is largely unregulated.
- Requirements for public officials with higher decision-making power to disclose private interests have been further developed in most OECD countries, although the judiciary branch and "at risk" areas – including tax and customs officials, procurement agents and financial authorities – display a lower level of disclosure compared to the executive and legislative branches.
- Undue influence on the policy-making processes by vested interests is a persistent risk due to loopholes such as unbalanced representation of interests in government advisory groups and the movement of people between regulators and the regulated (i.e. "revolving doors").
- Since 2009, there has been a significant increase in adoption of whistleblower protection laws. In practice, however, effective protection remains a challenge.

### *Countries are implementing open government data good practices*

- Open government data empowers a new generation of citizens, businesses and civil servants to create socio-economic value and can increase government transparency.
- According to the new *OURdata* Index, open data efforts were the highest in Korea, France, the United Kingdom, Australia, Canada and Spain.
- While most countries have made significant efforts to make data available and easily accessible, the extent to which governments actively support the reuse of public data varies (especially with regard to the reuse inside public administrations).

### *Government tax benefit systems have significantly mitigated the rise in market income inequalities, but non-income inequalities require action*

- Government transfers and transfer payments represent a powerful tool to limit the effects of rising market inequalities. In 2011, income redistribution by governments of OECD countries reduced the GINI coefficient by more than 16 p.p.
- In some countries, government spending cuts have increased the share of expenditures paid directly by citizens to access services, which may further increase financial barriers for low-income people.
- A citizen-centred approach to service delivery, focusing on vulnerable people (low-income people, immigrants, disabled, youth, etc.), and fully exploiting the potential of new technologies may provide opportunities for more inclusive service delivery and outcomes.

# *Reader's guide*

In order to accurately interpret the data included in *Government at a Glance 2015*, 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 8 May 2015.

## Country coverage

*Government at a Glance 2015* includes data for all 34 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, Latvia and the Russian Federation* (accession countries to the OECD), other major economies of the world (i.e. Brazil, People's Republic of China, India, Indonesia and South Africa) as well as others that have participant status to the Public Governance Committee of the OECD (e.g. Ukraine) 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" (*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 | Portugal | PRT |
| Austria | AUT | Slovak Republic | SVK |
| Belgium | BEL | Slovenia | SVN |
| Canada | CAN | Spain | ESP |
| Chile | CHL | Sweden | SWE |
| Czech Republic | CZE | Switzerland | CHE |
| Denmark | DNK | Turkey | TUR |
| Estonia | EST | United Kingdom | GBR |
| Finland | FIN | United States | USA |
| France | FRA | | |
| Germany | DEU | **OECD accession countries*** | |
| Greece | GRC | Colombia | COL |
| Hungary | HUN | Latvia | LVA |
| Iceland | ISL | Russian Federation (hereafter "Russia") | RUS |
| Ireland | IRL | | |
| Israel | ISR | **Other major economies** | |
| Italy | ITA | Brazil (participant to the OECD Public Governance Committee) | BRA |
| Japan | JPN | People's Republic of China (hereafter "China") | CHN |
| Korea | KOR | India | IND |
| Luxembourg | LUX | Indonesia | IDN |
| Mexico | MEX | South Africa (participant to the OECD Public Governance Committee) | ZAF |
| Netherlands | NLD | | |
| New Zealand | NZL | **Other participant to the OECD Public Governance Committee** | |
| Norway | NOR | Ukraine | UKR |
| Poland | POL | | |

* With regard to the Russian Federation, see footnote above. On 9 April 2015, the OECD Council decided to open accession discussions with Costa Rica and Lithuania (data for these two countries are not included in the publication).

## OECD averages and totals

### *Averages*

In figures, the OECD average is presented either as unweighted, arithmetic mean and/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. In the text, the reference is made for the OECD weighted average, unless otherwise indicated.

When the two OECD averages are not shown in an indicator, the OECD average refers to the unweighted, arithmetic mean.

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 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 are calculated until 2013, as not all OECD countries (mainly, OECD non-European countries) have available data for 2014 .

### *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

Several indicators include additional online tables and figures that present country-specific data. When available, these are noted in the "Methodology and definitions" section of the indicator. *Government at a Glance 2015* 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.htm*:

- 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 defense 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 should be read with the following information:

- 2007, 2009 and 2013: PPPs for European countries are annual benchmark results provided by Eurostat. PPPs for non-European countries and Russia are OECD estimates.
- 2008, 2011: PPPs for all OECD countries and Russia are triennial benchmark results calculated jointly by the OECD and Eurostat.
- 2014**:** PPPs for all countries are preliminary OECD estimates and should be taken with caution.
- Chile: Data for Chile from 2007 to 2009 are OECD estimates and have been revised with the introduction of the 2011 benchmark results.
- More information is available on the OECD PPP Internet site: *www.oecd.org/std/prices-ppp*.

## Composite indicators

The publication includes several descriptive composite indexes in narrowly defined areas related to conflict of interest and open government data. 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 conflict of interest and open government data composites are available in Annex D and Annex 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 composing 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 |
| UWA | Unweighted average |
| WA | Weighted average |
| PPP | Purchasing Power Parities |
| EUR | euros |
| USD | US dollars |

# *Introduction*

The main objective of the *Government at a Glance* series is 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 their own 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 third edition includes a selection of new indicators and additional data sources, allowing for a more complete picture of public administrations across OECD countries.

## What's new in *Government at a Glance 2015?*

Like in every edition, this 2015 edition of *Government at a Glance* provides a mix between core chapters that are repeated 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 compensation, Chapter 7: Public sector integrity, Chapter 9: Public procurement and Chapter 11: Core government results (entitled "Strategic governance" in the previous edition). In addition to those core chapters, this *Government at a Glance* 2015 edition presents a series of new and consolidated features:

- A new chapter on "Institutions" (Chapter 4) is introduced, focusing this year on the centres of government, which play a key role in ensuring strategic foresight and a whole-of-government approach to public policy reform and implementation. Depending on the country, the centre of government institutions correspond to the Cabinet Office, the Ministry of Finance and/or Treasury Board. This chapter is based on the responses provided by the delegates of the OECD Network of Senior Officials from Centres of Government to a survey conducted in 2013. Data collected through this network represent one of the first cross-national empirical assessments of centres of government. The content highlights the main functions and policy tools of these institutions and provides a unique knowledge base that countries can draw on to benchmark the performance and evolution of their centres of government.
- Chapter 8 on "Regulatory Governance" is not an entirely new chapter but had not been updated for some time (it was last published in 2009). Recent developments in this area have modified in large part the content of the chapter. In this year's edition, the chapter on regulations provides a series of indicators on the regulatory cycle and the process of making regulations including stakeholders' engagement and *ex post* evaluation. These indicators are based on the *2014 Survey on Regulatory Policy and Governance*, which builds on the 2012 Recommendation of the Council on Regulatory Policy and Governance, where countries have agreed to adhere to the principles of open government, including transparency and participation in the regulatory process.

- Chapter 12 on "Serving citizens", provided as a special feature in 2013, has been consolidated and now provides a broader set of internationally comparable measures on services to citizens. Developed in close collaboration with other OECD directorates specialised in health care and education and in close collaboration with OECD countries, this year's chapter focuses on three sectors: health care, education and justice. It builds on a consolidated and structured framework to assess the degree of access, responsiveness and quality of services to citizens.
- In addition to the new and consolidated chapters, the publication also provides new indicators in the areas of public finances (financial net worth, gross debt), human resource management (focus on the impact of budget constraints on HRM practices), budgeting (health budgeting, cost-benefit analysis) and digital government (social media use by governments and a new *OURdata* Index: **O**pen, **U**seful, **R**eusable Government Data).

## 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 more than the 34 OECD countries, including data, when available, on accession countries (Colombia, Latvia and Russia) as well as other major economies of the world such as Brazil, China, India, Indonesia and South Africa. For some indicators, data from participant countries to the Public Governance Committee (e.g. Ukraine) have been included. These countries play a significant and increasing role in the world economy and in international political structures.

This third 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*.

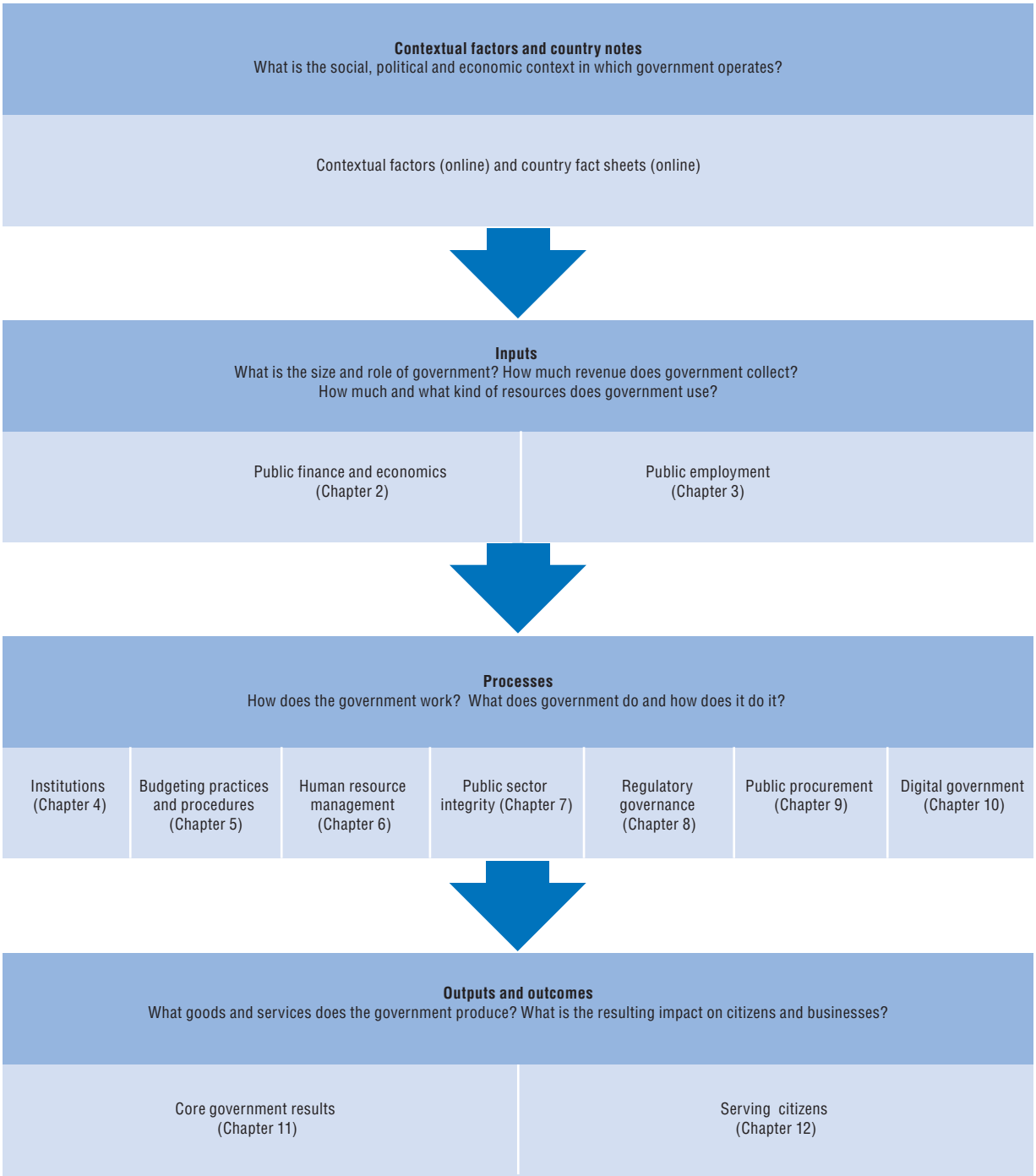
### *Context*

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 identify better 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

Figure 0.1. **Conceptual framework for Government at a Glance 2015**




chapters that describe these inputs are Public finance and economics, Public employment and compensation, including indicators on government expenditures, production costs, employment, and the role and characteristics of centres of government. 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 are usually targeted towards the improvement of processes; as such they capture most of the public's attention. This edition includes information on institutions (centre of government), budget practices and procedures, human resource management in times of austerity, public sector integrity (managing conflicts of interest, lobbying rules and procedures, and asset disclosure of public servants), regulatory governance, public procurement and digital government.

### *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 2015*, the 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:

- Map public sector agencies and their characteristics.
- Update and expand the data collection on the characteristics of the public sector workforce through the strategic HRM survey (age, gender, education level, etc.).

- Repeat the data collection on public sector compensation.
- Collect new data on open government practices and stakeholder and citizen engagement mechanisms in public administrations.
- Collect data on the efficiency and performance of judicial systems for all OECD countries, using the survey instrument of the European Commission for the Efficiency of Justice.

## Regional and country-focused editions of *Government at a Glance*

For the first time in 2014, a regional edition of *Government at a Glance* was released. *Government at a Glance: Latin America and the Caribbean 2014: Towards Innovative Public Financial Management* focused on the most relevant policy issues and topics in the region. In addition, a country-focused edition, *Government at a Glance: How Hungary Compares*, was released in May 2015, focusing on the key aspects of public sector reforms in Hungary and comparing trends to neighbouring countries. More regional and country-focused editions of *Government at a Glance* are expected to be published later in 2015 and in 2016.

## All data and indicators on public governance now accessible online!

Another new feature this year is that all data collected by the OECD Public Governance Directorate for the production of *Government at a Glance* (including the previous editions) 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.

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*Chapter 1*

# Inclusive government for a more inclusive society

## Introduction

Inclusive growth is crucial not only for a fairer society but also for a stronger economy. Income gaps between rich and the poor have widened, and these inequalities undermine economic growth and strain the relationship between government and citizens. Countries are searching for new ways to improve living standards, while sharing the benefits of growth more evenly across all groups in society. In responding to the challenge of inclusive growth, the public sector has an important role to play, with respect to the inclusiveness of the public sector itself, the inclusiveness of policy-making processes, and the inclusiveness of the outcomes that governments seek to promote.

*First*, we ask whether the public sector, a major employer in the economy, is representative of the society it serves, whether it should aspire to being an "inclusive employer" and, if so, what that would entail. For example, *Government at a Glance* data show that while women are well represented – even over-represented – in the public sector workforce as a whole, the "glass ceiling" is still in place in the public sector as well: the higher the level of responsibility, the fewer women hold positions. The results presented here also illustrate the data gaps: additional breakdowns by ethnic and religious minorities, disabled people, immigrants or indigenous populations are not available, as no internationally comparative data exist about their representation in public employment in OECD countries.

*Second*, promoting inclusive growth requires strong, inclusive processes and institutions to counteract the forces that produce inequality. In the last three decades, efficiency became one of the most important guiding principles of how governments operate and how services are delivered in OECD countries, often putting equity or fairness considerations on the back burner. In pursuing inclusive public policies and practices, efficiency and equity are not viewed as mutually exclusive; rather, inclusiveness becomes a key dimension of effectiveness. In an inclusive approach to public policies, equity and fairness considerations are introduced by looking at the impact of various policy options on different groups in society. Inclusive government processes also allow civil society and the wider public to be involved in policy making, regulation and service delivery. By gathering more input from citizens about their needs and the impact of policies on them, open government makes public policies more effective and public services more user friendly and user driven.

*Finally*, and perhaps most importantly, the test of an effective policy of inclusive growth is whether public policies achieve their wider societal goals, from increasing access to education and educational attainment across society to reducing disparities in life expectancy and other key health indicators and lowering income inequality through better-targeted tax policies. Inclusiveness – reflected in access (financial and geographical) to public services such as education, health care and justice – in turn shapes the growth potential of economies and the level of societal well-being.

Exploring the role of government in fostering inclusive growth requires a new look at what we know about government performance, one that goes beyond traditional parameters of efficiency and effectiveness. The working hypothesis of this approach is that a more inclusive approach to policy making will play a key role in achieving inclusive

growth, and that inclusive growth, in turn, represents a more sustainable economic model for our societies. OECD countries have made progress in some areas – governments are becoming more open, consultative, gender-aware, and so on – but there is much work still to do. This chapter provides a preliminary overview, drawing on data from various editions of *Government at a Glance*, to launch the debate. Over time, the reflection on how governments and the policies and services they deliver can be organised better in the interest of more inclusive societies will undoubtedly entail a deeper review of how we assess the performance of government and the indicators that we use to measure it.

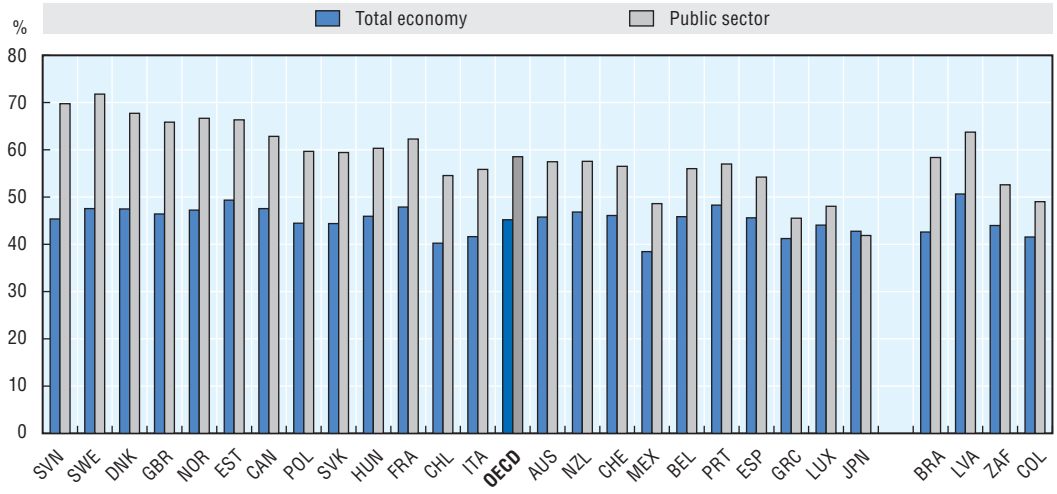
## Towards an inclusive public sector: The importance of gender and age

Governments are increasingly concerned about the importance of diversity in public institutions, to ensure that the needs, aspirations and experiences of a diverse range of citizens are reflected in the decision-making process (OECD, 2011b; OECD, 2014f). To achieve that goal, governments in OECD countries have worked over the last decades to establish public sector employment frameworks that guarantee attention to fundamental values such as fairness, equality, justice and social cohesion (OECD, 2008b).

Depending on the policy area or sector, a more representative public administration can better access previously overlooked knowledge, networks and perspectives for improved policy development and implementation. The notion of which groups should be represented in the public administration has expanded over the years (Pitts and Wise, 2010), and now includes a range of dimensions such as women; racial, ethnic and religious minorities; the poor; the elderly; the disabled; and other minority groups such as indigenous populations.

Of all these groups, internationally comparable data are available mainly on the representation of women in the public sector. Women are overall well represented in the public sector workforce but still face important barriers in reaching senior leadership positions. In 2013, on average, 59% of the OECD public sector workforce was female (Figure 1.1). Many public sector occupations such as nurses or teachers are female-dominated. Some may offer

Figure 1.1. **Share of women in the public sector and total economy, 2013**




*Note:* Data for Austria, Czech Republic, Finland, Ireland, Iceland, Israel, Korea, the Netherlands, Turkey and the United States are not available. Data for New Zealand are expressed in full-time equivalents (FTEs). Data for Australia, Greece, Hungary and Slovenia are for 2012 rather than 2013. Data for Denmark, Luxembourg and New Zealand are for 2011 rather than 2013.
*Source:* International Labour Organization (ILO), *ILOSTAT Database*.

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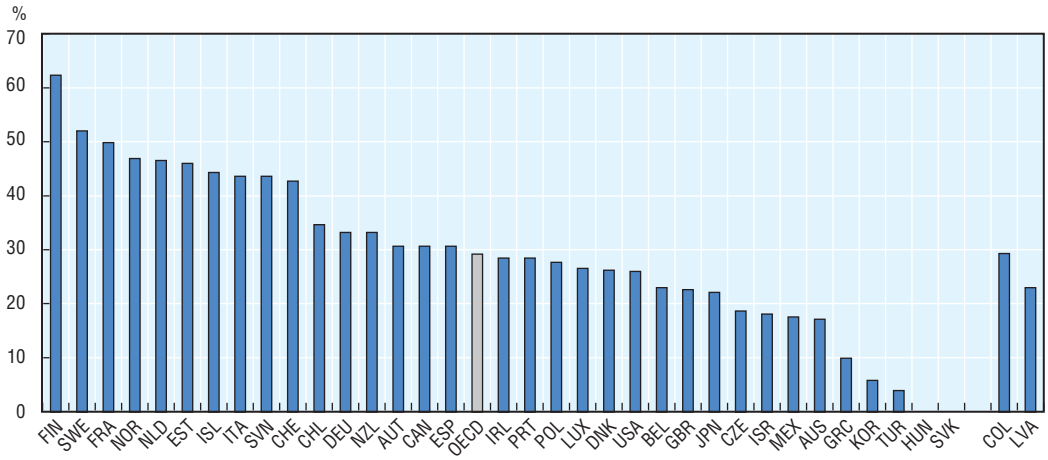
more flexible working conditions, better work and family life balance and greater benefits than private sector occupations. Still, there are important variations in the representation of women in public sectors across OECD countries. In Sweden, Slovenia and Denmark, women represent more than 67% of the public sector workforce, while in Mexico, Luxembourg, Greece and Japan, the share of women in the public sector workforce is below 50%, which may also reflect a different range of public sector functions in those countries.

The public sector has, on average, a higher share of women in the labour force than the total economy (Figure 1.1). Japan is the only OECD country that displays a smaller share of women working in the public sector than in the total economy.

However, the gender imbalance found in senior levels of central government considerably limits the role of women in the decision-making process. According to OECD (2013a), in 2010 only 29% of the top manager positions in the central government were occupied by women across OECD countries. Similarly, in 2010 only 29% of seats for first and second instance court presidents were filled by women (OECD, 2013a). Another illustration of this gender imbalance can be seen in terms of political representation. In 2014, on average, women held 26.9% of ministerial positions (Figure 1.2). The extent to which women hold ministerial positions varies considerably among OECD countries. The Swedish and Finnish governments were the only ones where women are equally represented. The largest gaps between women and men in ministerial positions can be found in the Czech Republic, the Slovak Republic, Greece and Turkey, where fewer than 10% of ministerial positions are occupied by women.

Figure 1.2. **Share of women ministers**

2015




*Note:* Deputy prime ministers and ministers are included. 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.
*Source:* Inter-Parliamentary Union (2015), "Women in Politics".

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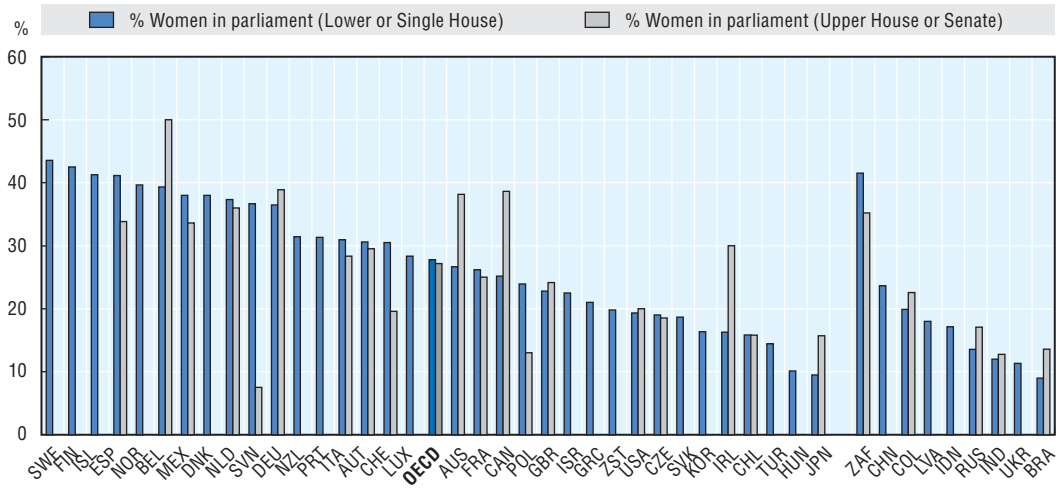
A similar trend can be found in the parliaments of OECD countries. In 2014, the composition of these assemblies, elected by citizens to take decisions that affect every aspect of their lives, did not reflect gender equality. On average, fewer than 30% of seats in the lower and upper parliamentary houses of OECD countries were filled by women (Figure 1.3). Those that came closest to gender balance were the lower parliamentary houses of Sweden, Finland and Belgium and the higher parliamentary houses of Australia, Canada and Belgium.

Figure 1.3. **Share of women in parliament, 2015**




*Note:* South Africa: The figures on the distribution of seats in the Upper House do not include the 36 special rotating delegates appointed on an *ad hoc* basis, and all percentages given are therefore calculated on the basis of the 54 permanent seats. United States of America: Total refers to all voting members of the House.
*Source:* Inter-Parliamentary Union (2015), "Women in Politics".

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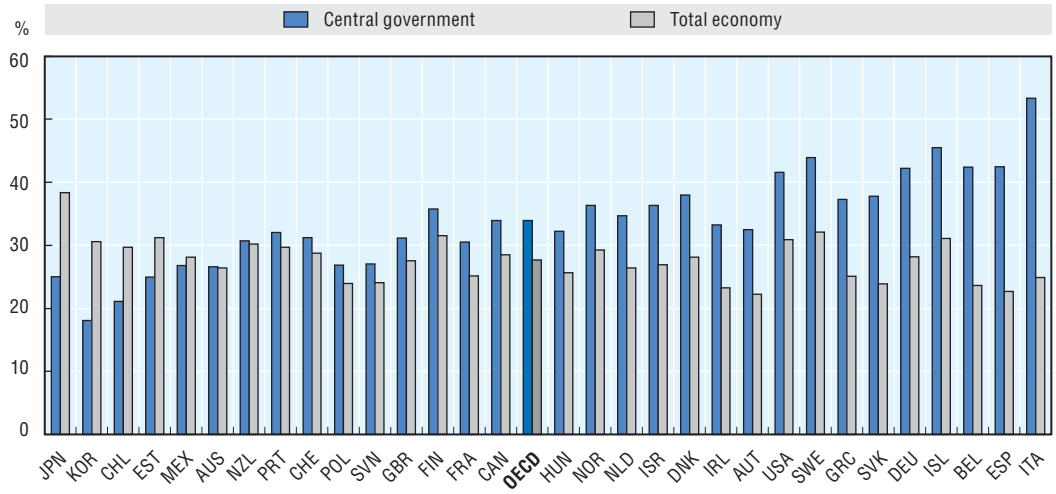
Governments also are seeking to respond to the demographic challenges that are currently facing OECD countries. The changing demands of an ageing society, for example, lead to increasing employment in health and elderly care services. Moreover, the government workforce itself is also ageing. According to previous results, (OECD, 2009a) central government workforces are ageing more rapidly than the rest of the society. On average, a very large proportion (33.9%) of the central government workforce was over 50 years old in 2009. This percentage is 6.2 percentage points higher than the share of elderly working in the total economy (Figure 1.4). Nonetheless, the share of elderly people in the central government workforce varies considerably across OECD countries. Japan,

Figure 1.4. **Percentage of workers 50 years or older in central government and the total economy, 2009**




*Note:* Data for the Czech Republic, Turkey and Luxembourg are not available.
*Source:* OECD (2010), *2010 OECD Survey on Strategic HRM in Central/Federal Government*, OECD, Paris; and International Labour Organization (ILO), *ILOSTAT Database*. Data for Spain were provided by national authorities.

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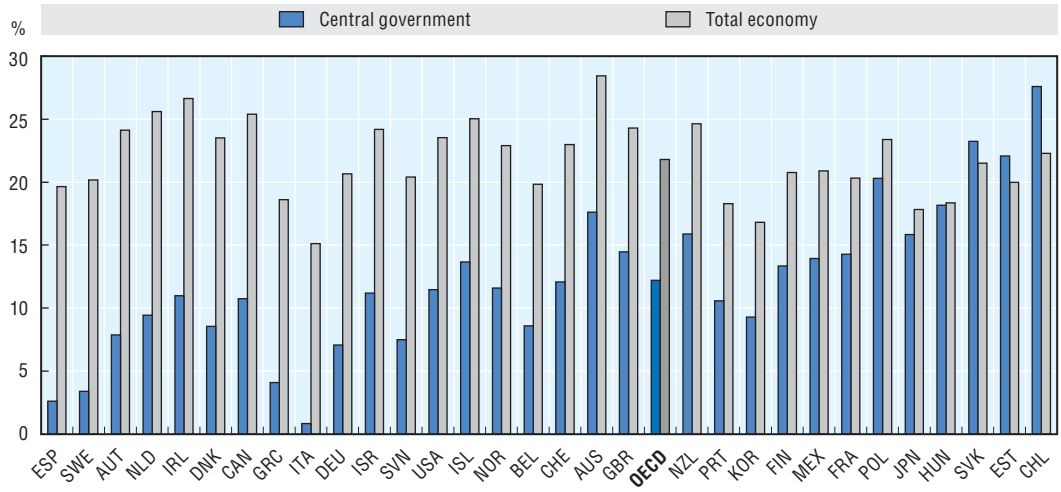
Korea, Chile, Estonia and Mexico displayed a lower share of elderly in the workforce in the central government than in the total economy. On the other hand, Belgium, Spain and Italy had a considerably greater share of elderly in the central government than in the total economy (difference of 18 p.p.).

Population ageing creates challenges for governments but also opportunities. Indeed, the large share of the central government workforce who will retire over a relatively short period of time creates an opportunity to bring staff with new skills into government. In many OECD countries, the share of youth in the central government workforce is lower than their share in the total economy. On average, in 2009 only 12.2% of the workforce in the central government was under 30 years old, which is 9.6 percentage points lower than the share of this age group in the total economy (Figure 1.5).

Figure 1.5. **Percentage of workers 30 years or younger in central government and the total economy, 2009**




*Note:* Data for the Czech Republic, Turkey and Luxembourg are not available.
*Source:* OECD (2010), *2010 OECD Survey on Strategic HRM in Central/Federal Government*, OECD, Paris; and International Labour Organization (ILO), *ILOSTAT Database*. Data for Spain were provided by national authorities.

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In an effort to improve diversity in their government workforces, many OECD countries have launched specific programmes to foster the recruitment of under-represented and minority groups. For instance, in October 2010 the United Kingdom implemented the *Equality Act*, which requires public bodies with over 250 employees to publish data on the composition of their workforce. It also encourages them to share details of policies and programmes that address diversity, such as recruitment, equal pay, flexible working and development. Similarly, the *Gender Equality and Anti-Discrimination Ombudsman* was established by the Norwegian government in 2006 to promote equality and combat discrimination on the basis of gender, ethnic origin, sexual orientation, disability and age. In Canada, the Public Service Employment Act was enacted in 2005 to increase the representation of minority groups in the public service for women, people with disabilities, indigenous populations and visible minorities.

The empirical evidence on the representation of minority groups in the public sector workforce is limited. There has been a growing debate about the need to collect this type of information to ensure diversity and equality in the public sector. Personal data protection laws sometimes prohibit the collection of these data for sensitive categories such as

ethnicity, race and religion. Census and official surveys as well as administrative data are the main sources of sensitive personal data; however, even their reliability could be questioned (Simon, 2007). Despite all these difficulties, the United Kingdom, based on its Labour Force Survey, observed that minority ethnic groups were somewhat under-represented in the public workforce. In 2010, the representation of black, Asian and other ethnic minority groups in the public workforce was 8.8%, compared to 9.7% in the private workforce (Local Government Group, 2010). Collecting further information about the composition of the public sector workforce in an internationally comparative way would be a key way to help countries rethink the inclusiveness of their public sectors.

## Inclusive policy-making processes

### *Why are inclusive processes relevant?*

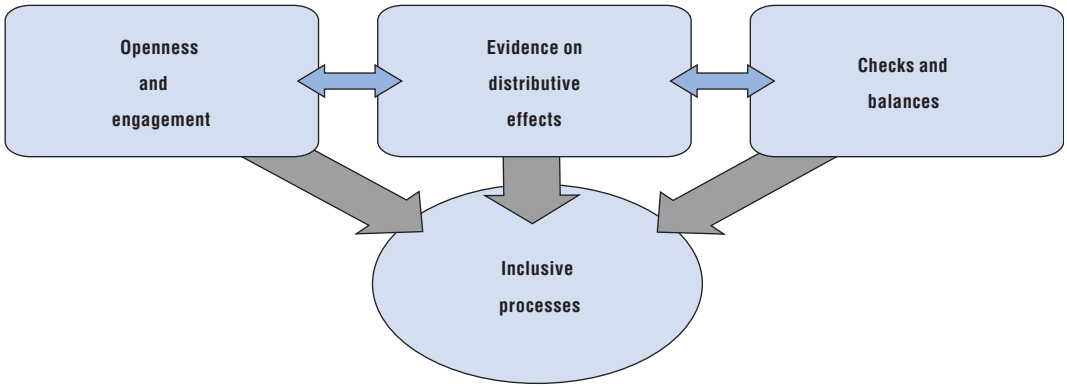
The transformation of inputs into outputs and outcomes takes place through government processes and institutions. The public management and governance processes measured in *Government at a Glance* reflect the day-to-day working methods of central governments and are the mechanisms that shape public policies. Channelling and administering resources in different ways can affect the quality of outputs and outcomes; therefore, processes influence both the effectiveness of public administrations as well as the inclusiveness of their outcomes.

Inclusive processes are important to give all segments of society access to government decision making in order to better reflect their needs and aspirations, both in policy making and in service delivery. While their impact on an outcome as complex as inclusive growth is certainly not simple or predictable, inclusive processes increase awareness across the policy cycle and help to orient institutions in support of inclusive outcomes. They can be instrumental in preventing capture by powerful special interest groups as well as the dominance of informal and often illegal processes (e.g. corruption) over formal and open ones. Bringing citizens actively on board in the design and implementation of policies could also increase their legitimacy and effectiveness, and create the feeling of ownership by citizens. Citizen and stakeholder engagement helps to access knowledge about needs, solutions and impacts that could otherwise be overlooked. All in all, inclusive processes could help to address, across the policy-making cycle, the differential impacts of various policies on outcomes for different segments of society and their likely effects on growth and well-being.

### *How to make inclusive processes work in practice?*

Inclusive policy making relies on inclusive processes, evidence and structures to ensure that policies and their implementation reflect and integrate the perspectives of diverse stakeholders. This is supported by public transparency, openness and engagement mechanisms that inform citizens about government's intentions and actions and that provide them with ways to express their opinions. Inclusive policy making depends also on evidence that includes information on the distributional consequences of policy decisions, and the appropriate institutional structures for collecting, exchanging and incorporating that information into decision making. Finally, a strong system of checks and balances helps achieve better-balanced, more accountable government action, including through independent institutions and administrative control tools and mechanisms to curb undue influence and boost transparency. Processes, evidence and structures for greater inclusiveness are mutually supportive, further strengthening the case for ensuring their alignment to better reinforce the factors of inclusive policy making (Figure 1.6). The following sections present in detail each of the mechanisms mentioned above, as well as corresponding pieces of evidence provided by the different editions of *Government at a Glance*.

Figure 1.6. **Towards inclusive policy-making processes**




### *Openness and engagement*

Many OECD and non-member countries are designing and implementing public sector reforms inspired by the open government principles of transparency, accountability and citizen engagement. Several mechanisms have been developed with the objective of enhancing citizens' participation in the policy-making process. These mechanisms range from innovative public governance processes, such as participatory budgeting at the local level, to the use of social media for real-time interaction. More openness could create opportunities for citizens as well as governments to produce better policies and services. In turn, this may enable the development of collaborative and better-tailored channels of service delivery, two-way engagement and co-production of public services.

The variety of mechanisms for including and engaging citizens in a continuous and constructive dialogue is today greater than ever. Still, the availability of these mechanisms is a necessary, but not sufficient, condition for strengthening inclusiveness. More and better co-ordination at the policy design and implementation stages as well as the identification of synergies between the different tools may be required to fully reap the benefits of inclusive policy processes.

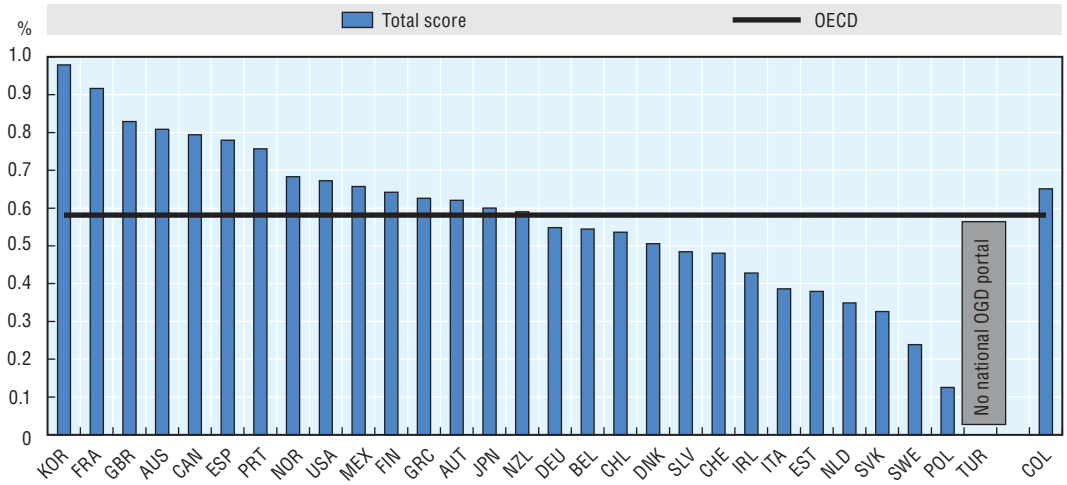
### *From access to information to Open, Useful, Reusable data*

Inclusive processes require access to information. "Freedom of information" (FOI) laws led the way by creating a framework of legal rights for citizens to request public sector information. By 2011, almost all OECD countries had a FOI law in place, although there were differences in the breadth and depth of these laws, as well as in their implementation mechanisms (see OECD, 2011c). The rise of open government has seen a shift from the passive dissemination of information (mainly upon request, e.g. FOI) to the proactive government dissemination of information – in particular public data that can be massively analysed and reused on a large scale. This opens the way for innovative uses of public data to generate both public (e.g. better services, greater transparency and accountability) and private (economic growth through the creation of new business lines) value, for example through the proliferation of mobile phone applications using geospatial data. Further pursuing this joint value creation provides citizens with the information resources to proactively participate (directly or indirectly) in policy making.

A clear example of how inclusiveness could be strengthened through proactive access to information stems from open government data (OGD) that provides new opportunities to empower a new generation of citizens, businesses and civil society organisations

through the reuse of these data and increased transparency. The OECD *OURdata* Index measures government efforts to implement the G8 Open Data charter based on the availability, accessibility and government support to promote the reuse of data, focusing on the central OGD portal in each country (see Figure 1.7 and two-pager on open data). While many countries are well advanced in the process of implementing the Charter, especially regarding availability and access to data, there are still large variations in the extent to which governments provide active support for the reuse of the data through specific events, incentives and training programmes both out- and inside public administrations. Given the speed of developments, some countries are already implementing important reforms to their central open government data (OGD) programmes and portals, which could lead to rapid improvements on this indicator in the coming years.

Figure 1.7. ***OURdata* Index: Open, Useful, Reusable Government data, 2014**




*Source:* 2014 *OECD Survey on Open Government Data*.

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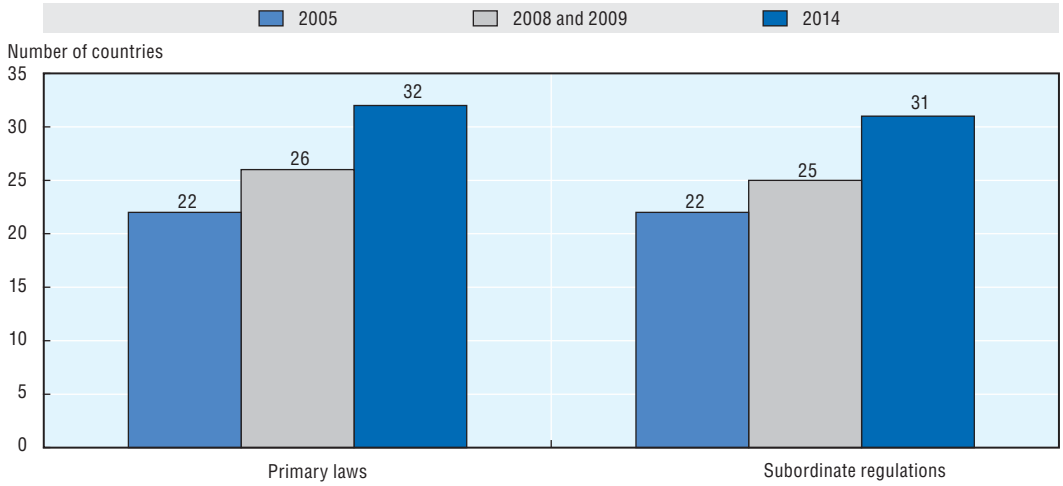
### *From one-way consultation to two-way collaboration across the policy-making process*

Meaningful citizen engagement is at the heart of inclusive policy making. Engagement implies giving citizens a greater role in decisions that affect their quality of life, not only through consultation, but through collaboration and joint deliberation, so that policies reflect and integrate the perspectives of those affected by them. Overall, enhanced public engagement could increase trust in public institutions and contribute to closing the gaps between citizens' expectations and government responses, therefore resulting in better public policies. Still, achieving meaningful engagement relies on strong leadership, and requires creating and developing adequate communication channels, effective guidance and proper incentives to facilitate both governments and citizens' involvement.

Most OECD countries are still at the early stages of this public engagement, although in some areas progress has been important, such as regulatory policy. The OECD Recommendation on Regulatory Policy and Governance encourages governments to "actively engage […] all relevant stakeholders during the regulation-making process and design […] in consultation processes to maximise the quality of the information received and its effectiveness" (OECD, 2012b). According to the OECD regulatory indicators survey, a majority of OECD countries engage stakeholders in developing both primary laws and subordinate regulations. Figure 1.8 presents the trend in the number of countries that have incorporated mandatory public consultation mechanisms as part of developing new draft

Figure 1.8. **Number of countries in which mandatory consultation with parties affected by regulations is part of developing new draft regulations, 2005, 2008-09 and 2014**




*Note:* Based on preliminary data from 34 countries and the European Commission Chile, Estonia, Israel and Slovenia were not members of the OECD in 2005 and so were not included in that year's survey.
*Source:* OECD *Regulatory Management Systems' Indicators Survey* 2005 and 2008/09, *www.oecd.org/gov/regulatory-policy/Indicators-RMS.htm*; *OECD Regulatory Policy Outlook* (forthcoming) based on the preliminary 2014 *OECD Regulatory Indicators Survey*.
StatLink *http://dx.doi.org/10.1787/888933248009*

regulations. In 2014, all but two and three countries, respectively, had incorporated such consultations in primary laws and subordinate regulations.

Still challenges remain. Even when stakeholder engagement is mandatory it is not always required that the general public be consulted. Eleven countries out of thirty-five in the survey reported always or frequently publishing consultations online with an invitation to comment, and eighteen countries reported using this method only occasionally (see two-pager on stakeholder engagement). Simply granting access to public consultations may not automatically lead to real citizen engagement. Additional barriers (e.g. distance, time, language, and access) could hamper the effective participation of citizens. Therefore, governments should also try both to make sure that citizens are truly able to participate and make participation initiatives more accessible, targeted, relevant and appealing.

In many OECD countries, consultation mechanisms have been created and enriched by new ICTs; however, there is no conclusive evidence showing that these technologies have significantly increased the level of citizen engagement in policy making. For example, many countries publish draft regulations on government websites or experiment with more innovative tools such as social media, crowdsourcing or wiki-based tools; however the extent to which these developments would have a lasting impact on engagement practices is still uncertain. Moreover, stakeholders are still rarely engaged in the final delivery stage of the regulatory governance cycle – implementation and monitoring (see *OECD Regulatory Policy Outlook*, forthcoming). Although the mechanisms of engagement have changed, the nature of the process has remained essentially the same as in the pre-digital era. On their own, ICTs could be considered as a necessary, but not sufficient, condition for attaining a high level of participation and aligning and incorporating the interests of different stakeholders (see two-pager on stakeholder engagement).

Social media practices by governments reveal similar results. While the use of social media platforms is widespread, there is a lack of effective measurement and benchmarking frameworks. This hampers our understanding of institutional social media use (see two-

pager on the use of social media by governments). The OECD Recommendation on Digital Government Strategies acknowledges that it is necessary to "encourage the engagement and participation of public, private and civil society stakeholders in policy making and service delivery" through several different mechanisms such as the development of institutional capacities and the development of a digital government "ecosystem" (see OECD , 2014a).

### *Generating evidence on distributive effects for decision making*

Mechanisms to involve stakeholders both benefit from and contribute to evidence on the possible distributive effects of policy. This evidence helps inform the decision-making process, allowing policy makers to better understand impacts and to adjust policy. This includes generating relevant information and using methodologies such as cost-benefit analysis (CBA) to select investment projects, or regulatory impact assessment (RIA) to assess the effects of regulatory policies (see two-pagers on Cost-Benefit Analysis and Regulatory Impact Assessment). If properly designed, such mechanisms can also show the distributional effects of different policy options across different stakeholders. More recently, a new generation of assessment tools allow governments to better understand distributive implications in terms of environmental impacts (EIA), poverty impacts (PIA) or gender (gender-responsive budgeting).

When considering public investment opportunities, OECD countries recognise that CBA is an important tool for deciding the merits of investment projects. Furthermore, many countries (France, the United Kingdom and Canada) have been able to extend the use of CBA beyond the infrastructure projects for which it was originally developed. Such a shift has been triggered by evolving demands from citizens in areas such as environmental protection, technological development and innovation, scientific research and culture and leisure. However, in other countries (Italy, Sweden), CBA remains restricted to large infrastructure projects. As technical problems are often similar across countries, a pool of evidence is thus available for countries seeking to expand the application of CBA to other projects and policies.

While a common core methodological framework for economic appraisal of investment through CBA is generally well developed, certain aspects of it are still under-developed, notably risk analysis (more developed in the United Kingdom, Sweden, Canada, Germany and the Netherlands), or virtually absent, such as the distribution of project outcomes across different groups (available in the United Kingdom only, although some qualitative stakeholder analysis is indicated for Canada) and regional distribution analysis (apparently unknown or only episodically carried out). Generating more and better CBA information and generalising the use of distributional analysis would help improve the understanding of the effects on inclusiveness of a given policy or project (Box 1.1).

In the regulatory area, OECD countries tend to assess the distributional effects of regulation through RIA. However, in the majority of cases this assessment focuses on large groups (i.e. government, business, community) without going into specific population subgroups and without targeting inequality *per se*. Some OECD countries also use RIA to monitor a number of impacts, such as those on: i) disadvantaged social groups; ii) gender equality; iii) poverty; and iv) job creation. However, this practice remains relatively limited and is fraught with methodological issues. Critical challenges involve gathering the relevant information and developing standard models and tools to measure social impacts, quantify the qualitative impacts and tackle the lack of adequate skills and resources within ministries. As a result, broadening the application of impact assessment methodologies to other groups or other areas will require a proportionate approach as promoted in the

### Box 1.1. **The use of CBA in the United Kingdom**

CBA has a long intellectual tradition for the evaluation of public investment projects. Under this methodology the desirability of a project is achieved when the total benefits of an intervention, to whomever might occur, exceed the cost of that intervention. Benefits are defined as increases in human well-being (utility) and the trade-offs involved in choosing among different policy options are clearly identified. The United Kingdom has one of the most solid traditions in project appraisal to select investments under budget constraints. The *Green Book* is a reference document for how policies, programmes and projects must be evaluated. Currently, there is no legal requirement for the application of CBA. However, the use of the methods and frameworks set out in the *Green Book* is mandatory for all policies, programmes and projects benefiting from central government support. All proposals involving regulation, spending or public assets are covered and should be based on clear and objective evidence supporting their social value. The peculiarity of the *Green Book* is that it does not define rigid procedures to be followed. Instead, it provides a general and flexible approach for an analytical methodology conducive to objective and transparent decision-making for public investments and for other socio-economic proposals. Instructions are not binding; rather, they are intended as guidelines that reflect the moral suasion that comes from the strong position of the Treasury in the system of financial delegation to spending departments.

The logical sequence of the appraisal process, as pointed out in the latest edition of the *Green Book*, is the following:

- clearly define the objectives of the policy, programme or project under assessment;
- identify a shortlist by systematically considering a long list of options to achieve the identified actions;
- applying social CBA or Cost Effectiveness Analysis (CEA), if appropriate, to the shortlist in order to select the preferred option;
- developing and implementing the solution, which is the selected option;
- paying attention to consultations throughout the preparation of the proposal; and
- using *ex post* CBA as a policy learning tool.

Recommendation of the Council on Regulatory Policy and Governance. For instance, the use of specific assessment tools or criteria for the impact assessment would be triggered once the effects of regulation in a specific field (social, environmental) reach a certain level.

### *Rebalancing policy processes to give a voice to all groups: the example of gender-responsive budgeting*

Another argument for involving key stakeholders in the policy-making process stems from historical and cultural patterns of discrimination affecting specific groups such as women, ethnic minorities and immigrants. These groups have often been excluded from the policy-making process and as a result have experienced the results of systematically biased policy outcomes. In order to redress such patterns, it is important to incorporate balancing mechanisms at all stages of the policy design and implementation process. Gender-responsive budgeting (GRB) is such a mechanism as it incorporates a gender perspective at all stages of the budgetary process. The idea behind GRB is to analyse whether allocations contribute to gender equality. In 2011, the OECD collected data on the extent to which member countries were applying GRB (see OECD, 2013a). At that time, only ten countries reported using GRB.

Implementing GRB would require important changes to how standard processes are carried out as well as the type of information generated. In the first phase, GRB requires building the capacity and sensitivity of key stakeholders and guaranteeing the involvement of civil society as a crucial channel for raising awareness. The analysis by relevant stakeholders of the implementation of policies and the associated outcomes are key to assessing the inequalities generated by policies as well as actions to address those inequalities.

Furthermore, governments have a crucial role in generating the information required to analyse the gender effects of budget proposals. Such information entails that the demand for a given service must be broken down between men and women. Without this information, it is difficult to compare women's demand for the service with the supply budgeted for, and therefore assess the neutrality of budgetary proposals. Finally, GRB should be accompanied by mechanisms guaranteeing the accountability of agencies. All in all, GRB is an example of a process that requires raising awareness and involving relevant stakeholders while generating information to evaluate the effects of public policies on different groups.

### *The contribution of performance management*

Integrating inclusiveness objectives into government performance frameworks can help raise awareness of the impact of resource allocation and implementation decisions in different sectors and for different groups. To be effective, performance budgeting and management should be aligned with high-level, politically agreed key national indicators that focus on the outcomes that matter most to citizens. Implementing enhanced performance management frameworks requires monitoring and co-ordination across government with a strong role from the central budget agency or centre of government to ensure that cross-sectoral dimensions are taken into account.

Performance information is also a key tool for governments seeking to improve transparency and public accountability. In addition to good reporting practices by governments, supreme audit institutions (SAIs), which have traditionally provided important financial accountability and compliance checks, are increasingly conducting performance audits (see two-pager on performance-related budgeting and supreme audit institutions). SAIs taking up this challenge can improve government accountability for major performance objectives, including distributive impacts.

## *Anchoring inclusive policy making through checks and balances*

A strong system of checks and balances is essential for the legitimacy, but also the inclusiveness, of policy making, from problem definition to accurate evaluation. Checks and balances underpin inclusive governance by interpreting and enforcing regulation equally for all, protecting the vulnerable, providing independent, evidence-based inputs and curbing the risks of undue influence and corruption. Increasingly, the challenge is how to not only set up effective structures and mechanisms of checks and balances, but to create an "ecosystem" where these institutions and mechanisms, within their respective functions, reinforce and complement each other.

### *The role of independent institutions in fostering transparency*

Independent bodies have an important role in supporting transparency in a variety of areas. They can be either temporary or permanent. They may include bodies such as productivity commissions or independent fiscal institutions (IFIs). In essence, these institutions can provide an external expert view on the likely effects of policy options and inform the public debate. (see OECD, 2013a). By doing so, they raise awareness among the general public and relevant stakeholders about the consequences of government action.

### *Public transparency and accountability*

Making the decision-making process inclusive requires recognising that it is vulnerable to capture by vested interests. Efforts to make processes inclusive will not work in practice if the access and influence of a powerful few are not averted. The growing inequality in societies and the increasing concentration of resources in the hands of a few creates a vicious circle by which those that hold the resources capture the design and implementation of policies in their favour, further concentrating resources and exacerbating inequality.

Practice has shown that OECD countries are not immune to the risk of policy capture at the expense of the public interest. The 2008 crisis showed the extent of capture of financial policies, although the risk is present to different degrees in countries. The main forms of capture can be averted by managing conflict of interest, enhancing integrity and transparency in lobbying practices and ensuring balanced political finance. The OECD has advanced understanding on each of the elements of the policy-making process and has developed a "better policy-making framework" to mitigate the risks of policy capture at both individual and institutional levels.

Individual resilience against capture and corruption is strengthened through measures to manage conflict of interest, including private interest disclosure by decision makers, follow-up of disclosures, and enforcement in case of non-compliance. The *OECD Guidelines for Managing Conflict of Interest* (OECD, 2003) set core principles for public officials to identify and manage conflict-of-interest situations: serving the public interest, supporting transparency, promoting individual responsibility and creating an organisational culture that resists undue influence and policy capture. Yet, attention is needed on emerging concerns, such as the unbalanced representation in government advisory groups and the "revolving door" phenomenon.

Vested interest groups wield influence through lobbying and providing financial resources to political parties and campaigns. To level the playing field among all stakeholders in the policy-making process, the OECD adopted in 2010 the Recommendation on Transparency and Integrity in Lobbying, aiming at mitigating lobbying-related risks of corruption and undue influence. While lobbying is receiving increasing attention in OECD countries, and recent years have seen an acceleration of regulations to promote transparency, political finance remains a weak point. Money in politics is a double-edged sword. It is a necessary component of the democratic processes, enabling representation and facilitating democratic competition. Yet, if the financing of political parties and election campaigns is not adequately regulated, money may also be a means for undue influence. The OECD has developed a Framework on Financing Democracy that maps relevant risk areas and provides policy options to promote a level playing field, transparency and integrity in the financing of political parties and electoral campaigns to avert policy capture.

The combination of these policy measures, together with effective measures that promote a culture of integrity in the public and private sectors, will curb the risks of capture within the policy-making process and lay a solid foundation for inclusive policy making and growth.

## Inclusive policies and results

### *The context*

Inclusive processes create better circumstances for making informed public policy decisions, but they do not guarantee inclusive policy results. There is growing recognition that inclusiveness of policy outcomes is a multidimensional concept, affecting not only

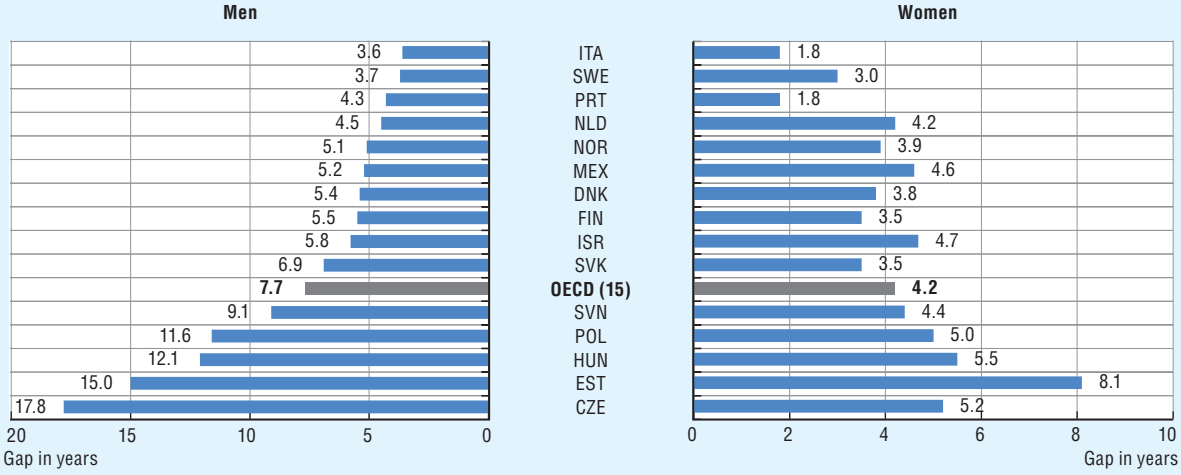
material living standards but also well-being. This is important, because some population groups tend to accumulate different types of inequalities, hampering government's ability to provide equal opportunities to the entire citizenry. Income and non-income inequalities mutually reinforce each other, possibly perpetuating a vicious cycle of exclusion and inequality. For example, being born in a disadvantaged family still has an impact on a student's performance and access to tertiary education, which, in turn, has an impact on earnings, employment status and life expectancy (Box 1.2). Indeed, recent evidence suggests that income and non-income inequality have a detrimental impact on economic activity, social cohesion and on the functioning of democracies and political fairness (Cingano, 2014; OECD, 2015c; OECD, 2015d).

### Box 1.2. **The cumulative nature of inequalities**

Income level, educational attainment, employability and health status are all linked. For instance, the inability to access good higher education for financial reasons can lead to a higher level of unemployment (or more difficult and unstable employment conditions), more stress and more physical and mental health problems. Furthermore, people from low-income groups are more likely to report unmet health care needs than higher-income people, which may further increase health inequalities. One of the most striking inequalities among people from different socio-economic groups relates to their life expectancy. Across 15 OECD countries, people with better education live on average 6 years longer at age 30 than people with the lowest level of education (Figure 1.9). Taking actions to reduce income and non-income inequalities may have a multiplier effect and significantly increase people's well-being.

Figure 1.9. **People with higher education are more likely to earn more and live longer**

Gap in life expectancy at age 30 by sex and educational level, 2012




*Note:* The figures show the gap in the expected years of life remaining at age 30 between adults with the highest level (tertiary education) and the lowest level (below upper secondary education) of education. Data for the Netherlands are for 2011.

*Source: Eurostat Database*, complemented with national data collected by the *OECD Health statistics* for Israel, Mexico and the Netherlands.

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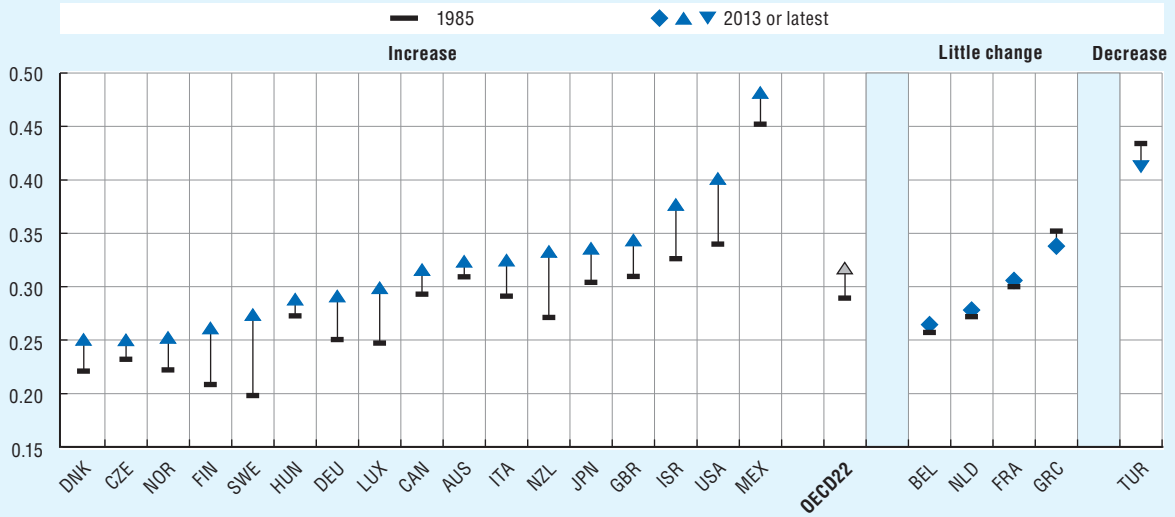
Since the 1980s, income and non-income inequalities have risen sharply in most OECD countries, and even more so if detailed evidence on the top 1% is included (Box 1.3). Even during the recent financial crisis, the highest income group increased its income more (or lost less) on average than people at the bottom of the income distribution. Evidence also suggests that there might be persistent issues of access and equity in service delivery (such as in health care and education) for certain population groups.

### Box 1.3. **Medium-term trends in income inequalities in OECD countries**

Income inequalities have reached, in the aftermath of the Great Recession, levels that we have not seen since the end of the 19th century. Evidence shows that, in developed countries, income inequalities have reached almost unprecedented level in recent years. The GINI coefficient increased from 0.29 in the mid-1980s to 0.32 in 2013 on average in OECD countries, with a value of one equalling the highest level of inequality possible (Figure 1.10) (OECD, 2015c). This increase affected nearly all countries, including those that used to have relatively low levels of inequality (e.g. Nordic countries). Countries that already had high levels of inequality in the mid-1980s have also seen an increase (Mexico, the United States, Israel, and United Kingdom).

Figure 1.10. **Income inequality increased in most OECD countries between 1985 and 2013**

Gini coefficients of income inequality, mid-1980s and 2013, or latest year available




*Note:* Little change in inequality refers to changes of less than 1.5 percentage points. Data year for 2013 (or latest year).
*Source:* *OECD Income Distribution Database* (IDD), 2015, *www.oecd.org/social/income-distribution-database.htm.*

StatLink http://dx.doi.org/10.1787/888933248026

Another way to measure income inequality is to look at the evolution of earnings at the top (1%, 10% or 20%) and at the bottom. A recent OECD study shows that the share of the richest 1% in total pre-tax income has increased in most OECD countries in the past three decades (OECD, 2015d). Moreover, in 2010, the average income of the richest 10% of the population was equivalent to 9.5 times the income of the poorest, up from 7 times twenty-five years ago (OECD, 2011a; OECD2015d) – similar to levels in the late 19th century (Piketty, 2014).

During the recent financial and economic crisis, the gap between the richest and the poorest has continued to widen. On average in OECD countries, between 2007 and 2011, people in the top 10% of the income scale suffered a smaller decrease in relative income than people in the bottom 10% (see chapter 11: Core government results – Income redistribution).

The income gap and a greater concentration of income and wealth at the top may undermine political fairness and participation in the political process. Concentrated wealth may increase the risk of policy capture by the wealthiest individuals and large corporations. It can translate into a greater ability to shape election results, legislative priorities and favourable regulations (Glaeser, Scheinkman, and Schleifer, 2002; You and Khagram, 2005). In addition, when people have the feeling that economic gains inevitably go to the wealthiest, this may lead to disillusionment with politics and lower turnouts at elections, thereby further increasing the power of the wealthiest to influence public decisions (Reich, 2013b). In the words attributed to Louis Brandeis (former United States Supreme Court Justice): "[…] we may have a democracy, or we may have great wealth concentrated in the hands of a few, but we cannot have both" (Dilliard, 1941).

Increased inequality affects perceived fairness, with risks for real fraud and corruption and reduced confidence of citizens in public authorities. Rising income inequalities and unequal access to key services such as education and health may foster greater public dissatisfaction and greater polarisation of political opinions, possibly leading to higher social instability (OECD, 2015d). Greater inequality in income and wealth leads people to feel less constrained about cheating others (Mauro, 1998) and about evading taxes (Oswiak, 2003; Uslaner, 2003). Using evidence from the *World Values Survey* and the World Bank measures of corruption, You and Khagram (2005) found that inequalities have the same negative impact on perceived and real corruption as the level of development of a country.

In addition to its impact on the good functioning of democracies, rising inequalities may also affect economic growth (Box 1.4). Governments possess a range of policy levers to prevent the rise of inequalities and also to reduce them (notably through income redistribution and in-kind transfers), but evaluating the trade-offs and synergies among different policy options can help to better deliver the expected results.

Box 1.4. **Exploring the impact of inequalities on economic growth**

Some studies have pointed to possible negative effects of rising income inequalities on economic growth in developed countries. A recent OECD study estimated that lowering inequality by 1 Gini coefficient point (the main measure of income inequalities) could translate into an increase in cumulative growth of 0.8 percentage points of GDP in the following 5 years (or 0.15 points per year) (Cingano, 2014). This study also suggests that lowering inequality by increasing the income of people at the bottom of the income distribution has a greater overall positive impact on economic performance, because this category of people tend to consume a greater proportion of their disposable income, than reducing the income of those at the top of the income scale. Inequalities can have a detrimental impact on domestic demand, productivity (less investment in human capital from low-income people) and investment (Cingano, 2014; OECD, 2015c).

New evidence also suggests that greater income redistribution and transfer payments have no negative impact on economic growth, especially in countries with already high levels of income inequalities. A recent study carried out by the International Monetary Fund found no evidence of a trade-off between redistribution and economic growth in OECD countries (Ostry et al., 2014). On the contrary, greater redistribution has a direct and indirect (through lower inequalities) positive effect on economic growth. These results were obtained by using a measure of redistribution that captures only direct taxes and transfers, without looking at the redistributive effects of in-kind government provision for health and education, which, in theory, would further strengthen this conclusion.

### *Policy levers to reduce income and non-income inequalities*

Governments have a range of tools for reducing income and non-income inequalities, including:

1. tax and social transfer policies (in the form of unemployment insurance, social assistance, wage subsidies, family benefits and pension benefits, tax credits, etc.);
2. employment policies and policies affecting the wage-bargaining process;
3. in-kind benefits through public services and spending for education, health and other important services, either delivered publicly or privately;
4. regulatory levers such as reducing barriers to accessing economic opportunity; and

5. more broadly, strengthening the rule of law, reducing special status or loopholes, and ensuring inclusive policy development processes and effective policy implementation (see section on inclusive policy-making processes).

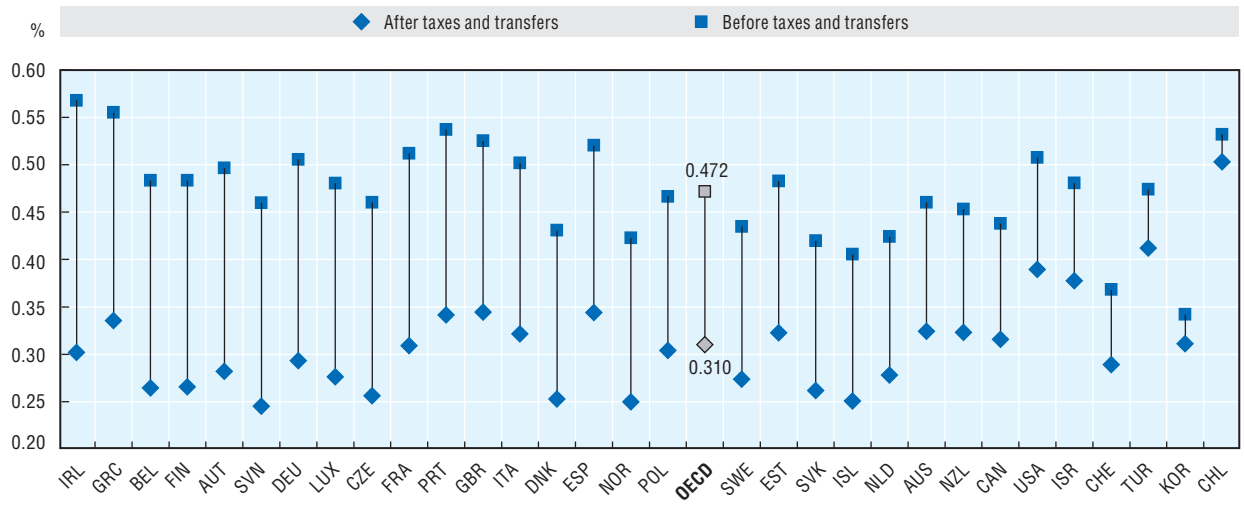
As many observers have pointed out, reducing inequalities cannot be done through taxes and government transfers alone; a broader and multidimensional approach is most likely required for greater impact, including public services such as employment, education and health care policies combined with effective policy design and implementation (Reich, 2008; 2013; Piketty, 2014; OECD, 2008a; 2012; 2015d). Assessing the trade-offs, synergies and complementarities between these different policy levers is crucial.

### *Designing tax-and-transfer systems for efficient redistribution*

Government can redistribute income through tax and social transfer policies. When adequately designed, public cash transfers, as well as income taxes and social security contributions, can play a significant role in reducing market income inequality (Figure 1.11). The effects of a government's income redistribution policy can be measured by comparing the Gini coefficient before and after taxes and transfers. In 2011, most OECD countries were able to achieve a sizeable reduction in market income inequalities through taxes and transfers, with the exception of Chile and Korea (however, in Korea, the market income inequality before taxes and transfers was much lower than in other countries). The largest reductions that could be attributed to government intervention by taxes and transfers took place in Ireland (26 p.p.) and Greece (22 p.p.), both severely affected by the global financial and economic crisis.

Figure 1.11. **Differences in income inequality pre and post-tax and government transfers**

2011




*Note:* Data for Belgium are for 2010 rather than 2011. Data for Australia and the Netherlands are for 2012 rather than 2011.
*Source:* OECD, *Income Distribution Database*.

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However, compared with the 1980s, the tax and transfer systems in many OECD countries have become less redistributive, while market income inequalities were rising. The rapid increase of market income inequality from the 1980s to the late 2000s has not been counterbalanced by more redistributive fiscal policies in most OECD countries. Market income inequality continued to rise, but the stabilising effect of taxes and transfer payments on household income inequality has mostly declined, especially since the mid-1990s. Moreover, despite the large gains of high-income earners in some countries, income

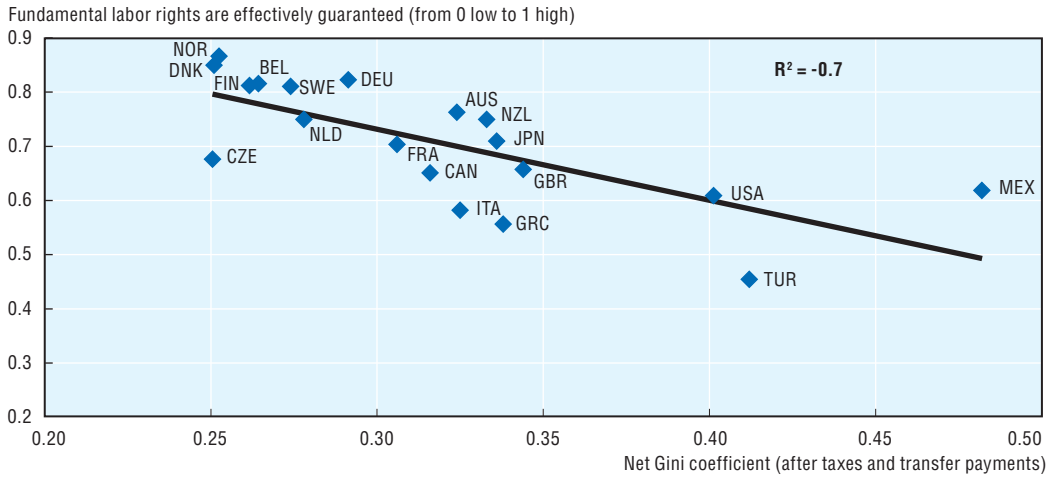
taxes played a relatively minor role in moderating trends towards higher inequality due notably to tax rates for high earners which have come down considerably over time (OECD, 2012a). Changes in the number of unemployed and reforms to benefits eligibility criteria also appear to have had a major impact on the evolution of net income inequality in some OECD countries (OECD, 2011a).

### *The role of labour market arrangements*

Protecting workers' rights may also be an important lever for both reducing market income inequalities and more redistributive tax and social transfer policies. Some evidence suggests that the loss of power and influence of labour unions over the past few decades might have been one factor explaining growing income inequalities before and after tax (Reich, 2013b). As a result, employers have been under less pressure to increase wages over time. The protection of labour rights, including the right of workers to bargain collectively, is a fundamental part of the rule of law and guarantees that their voice is effectively heard. Generally, using data from the World Justice Project and from the *OECD Income Distribution Database*, countries where the fundamental rights of labour unions are highly respected tend to report lower levels of income inequalities (Figure 1.12). Court rulings and labour legislation have historically been influenced by government actions playing the role of mediator in any negotiations and conflicts between employers and labour unions.

Figure 1.12. **Searching for evidence… Can better protection of labour rights help reduce income inequalities?**

Correlation between effective protection of labour rights (composite) and net income inequalities




*Note:* Data from the Rule of Law Index is for 2014. Data for the Net GINI coefficient is for 2013.
*Source:* World Justice Project; OECD *Income Distribution Database*.

StatLink http://dx.doi.org/10.1787/888933248039

Employment policies and higher minimum wage can have multiple effects on inequalities (but trade-offs and synergies should be assessed carefully). A key challenge for policy makers is to facilitate and encourage access to employment for under-represented groups (OECD, 2011a). Governments can encourage policies to increase the employment rate of populations with an immigrant background, those from lower socio-economic groups and young people. In addition, helping women better reconcile their work and family lives is key to creating an economy where everyone can be involved and contribute to economic activities. Also, as discussed in previous sections, focusing on the evolution of income at the bottom of the income distribution is crucial to combat inequalities effectively (OECD, 2015d). One way to raise the income for those on low wages is to raise minimum wages. However, trade-offs needs to be assessed very carefully and the

effectiveness of such policies may vary across countries. Higher minimum wages may further cut people from work and may lead to a growing informal sector. Recent evidence suggests, however, that in some countries a relatively high minimum wage might be very effective in narrowing the distribution of labour income (OECD, 2012a).

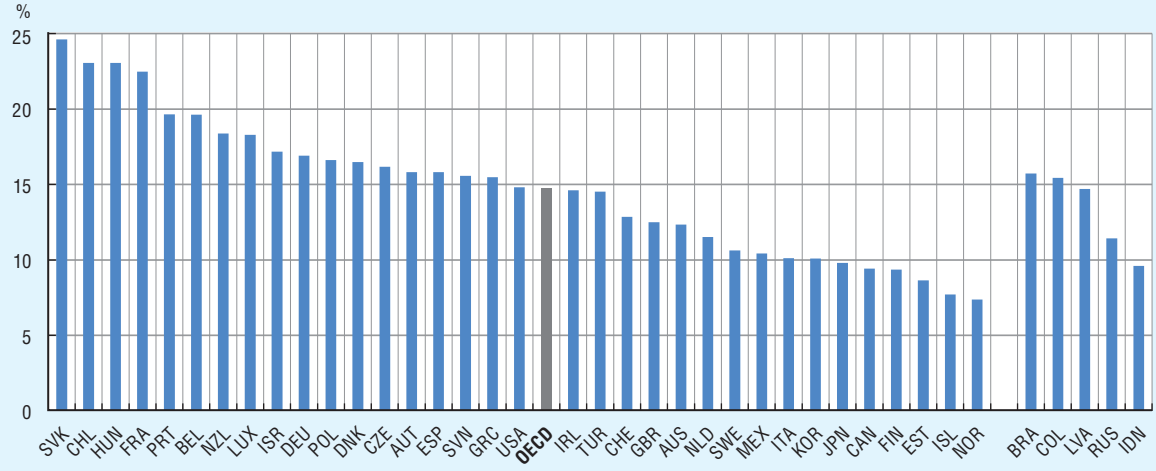
### *Investing in human capital and ensuring equal access to education*

Government support for education and skills development, especially among vulnerable groups, is crucial in the long run to fight income and non-income inequalities. Evidence suggests that students from lower socio-economic backgrounds still perform below their peers and are less likely to enter and complete tertiary education (Box 1.5).

### Box 1.5. **The persistent performance gap of students coming from a lower socio-economic background may have an impact on their ability to access tertiary education and the labour market**

Access to higher education depends at least partly on how well students perform in elementary and secondary school. Socio-economic background remains a good predictor of students' performance in school. On average across OECD countries, about 15% of the variation in students' performance in mathematics can be explained by their socio-economic background (OECD, 2014b) (see Chapter 12: Serving Citizens) (Figure 1.13). Moreover, growing up in a disadvantaged family where the parents have low levels of education also often means having fewer financial resources for pursuing higher education. This situation is aggravated if the education system does not provide sufficient support for students from disadvantaged backgrounds to equalise opportunities to access higher education.

Figure 1.13. **Percentage of variance in PISA mathematics score explained by socio-economic background, 2012**




*Source:* OECD (2014), PISA, *What Students Know and Can Do* (revised edition), OECD, Paris.

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The socio-economic background of students significantly influences their access to tertiary education and their future income levels in most OECD countries. Despite significant improvement in access to education over the past fifty years, in 2013, more than 50% of students enrolled in tertiary education had at least one parent with that level of education, whereas only 10% of children whose parents have not completed their secondary education are enrolled in university. Parents' level of education and socio-economic background also have a strong impact on the employment status and earnings of their children. In some countries, the wage "premium" associated with growing up in a better-educated family is more than 20% (OECD, 2010a).

Studies carried out at the OECD demonstrate that more educated people earn more, are less likely to be unemployed over their lifetime, are in better health, trust other people more and participate more actively in social activities (OECD, 2015d). Therefore, improving access to early childhood education, ensuring the equitable distribution of instructional resources, raising the quality of the teaching workforce through lifelong learning programmes and increasing access and financial support to tertiary education students may help foster a more equal society. Many countries have introduced significant cuts between 2007 and 2013 in spending in education as part of broader austerity programmes, which may have an impact on their ability to compete and prosper in an increasingly knowledge-based economy and exacerbate inequalities over the medium and long run.

### *Ensuring financial and geographic access to health care*

Ensuring access to health care for all the population, regardless of their ability to pay and geographic location, improves people's opportunities to participate in the labour market and to benefit from economic and employment growth. In all OECD-EU countries low income people are more likely to report unmet care needs due to financial barriers (Box 1.6). Governments can improve access to needed health services by reducing financial barriers. 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. If the financing of health care becomes more dependent on OOP payments, the burden shifts, in theory, towards those who use services more and possibly from high- to low-income households that often have greater health care needs. In 2012, about 3% of total household consumption was dedicated to medical spending on average in OECD countries (see Chapter 12: Serving citizens). In some countries that have been hit particularly hard by the crisis and where public coverage for certain health services and goods has been reduced, the share of OOP spending has increased in recent years.

Access to medical care also requires an adequate number and proper distribution of physicians in all parts of the country. In OECD countries, the density of physicians is consistently greater in urban regions, reflecting the concentration of specialised services such as surgery and physicians' preferences to practice in urban settings. In many OECD countries, different types of policy tools have been used to attract and retain physicians in underserved areas. These include the provision of financial incentives such as one-time subsidies to help them set up a practice and recurrent payments such as income guarantees and bonus payments (OECD, 2013b).

### *Fostering a whole-of-government approach to regulatory policies for greater impact*

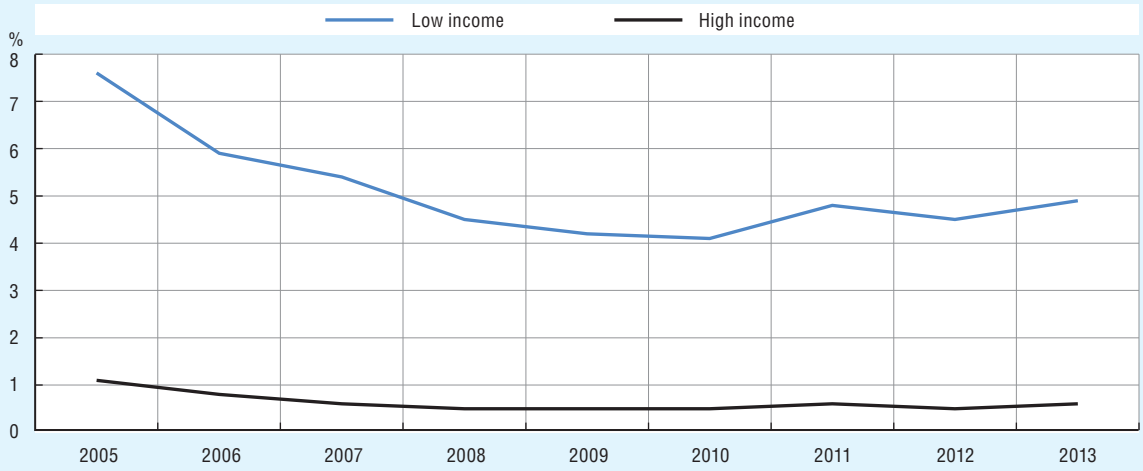
Regulatory policies in a wide range of areas such as the labour market, product markets, education and health are powerful tools for governments to foster more equal economic opportunities and reduce discrimination. The financial and economic crisis of 2008 has reinforced the need for and importance of a well-functioning regulatory framework for transparent and efficient markets with the right incentives. Fair, transparent and clear regulatory frameworks are also a basic condition for dealing effectively with a society's economic and social challenges. For instance, evidence suggests that quality regulations can have a significant positive impact on reducing race and gender discrimination in the labour market by introducing specific favourable measures for these population groups (OECD, 2014f). In addition, regulatory policies can also influence income distribution directly, e.g. through deregulation in product markets, changes in social

### Box 1.6. **After years of improvement, self-reported unmet care needs for low-income people have increased in EU countries between 2010 and 2013**

Financial access to health care deteriorated in several OECD countries during the Great Recession. While nearly all OECD countries have achieved and maintained universal coverage for health care, many have reduced the level of coverage for different services and pharmaceutical drugs, thereby increasing the burden of direct out-of-pocket (OOP) spending by households. This may create barriers to health care, particularly for low-income groups which must pay a higher share of their disposable income on health care when direct OOP payments increase. In all European countries, people with low income were more likely in 2013 to report unmet care needs than people with high income (Figure 1.14). The gap was particularly large in Hungary, Italy and Greece. The most common reason reported by low-income people for unmet health care needs is cost. On average across EU countries, people with low incomes are eight times more likely to report unmet care needs for financial reasons than people from high-income groups in 2013.

Figure 1.14. **On average across EU countries, people with low incomes are eight times more likely to report unmet care needs for financial reasons**

Unmet care needs for financial reasons by income level (EU27 average) (2005-13)




*Source: EU Survey on Income and Living Conditions* (EU-SILC), 2013.

StatLink http://dx.doi.org/10.1787/888933248049

Health systems in OECD countries differ 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.

transfers, wage-setting mechanisms, or workers' bargaining power (OECD, 2015d). Connecting various regulations together and ensuring that their distributive effects are assessed rigorously and systematically is key to fostering more inclusive growth and more inclusive societies.

### *Strengthening the rule of law and ensuring effective policy enforcement*

Designing inclusive public policies taking into account their distributional effects is important, but may end up having little impact if the policies are not enforced effectively. For example, raising the top income and capital tax rates without improving compliance mechanisms and combatting tax evasion may not reduce income inequalities.

## Conclusion

Creating conditions for inclusive growth has many implications for governments. For example, this could involve building a government workforce that is more representative of society. It could also mean developing policies in new ways that are based more on evidence, constructive dialogue and the participation of citizens, and that promote increased transparency and accountability. Governments could also try to increase inclusiveness by ensuring that the distributional effects of each policy and decision on income and non-income inequalities are systematically and rigorously evaluated. Traditionally, governments look at the effects of a given policy on particular outcomes in isolation. However, addressing inequality requires a more integrated, "whole-of-government" approach that measures the multi-dimensional impacts, trade-offs and synergies of public policies. For instance, fiscal policies may affect environmental, health and education outcomes. Higher public health spending can have potentially positive effects on employment and incomes, but may also imply higher taxation and hence less material consumption. Moreover, the emphasis of these distributional impact assessments should probably be on the distribution points (i.e. the median income) rather than the mean. The release of the OECD multi-dimensional living standard focusing on median household income and on three well-being dimensions (unemployment, household income and life expectancy) goes in that direction (OECD, 2014).

The evidence on the available strategies and tools is incomplete, and more data is needed to better chart the relationship between government action and inclusive growth. Awareness of the stakes for rebuilding citizen trust and improving policy effectiveness, however, is a starting point. Improving access to public services and strengthening the quality and effectiveness of those services, for example, not only have a direct impact on outcomes such as life expectancy and education attainment, but also seem to improve social inclusiveness in other ways such as strengthening labour market access and participation, reducing gender gaps and improving overall life opportunities and social mobility. These are desirable outcomes in and of themselves, but are also increasingly proving to be necessary ingredients to overall improvements in growth and well-being. In order to achieve a better understanding of the public sector's impact on inclusive growth, governments need to continue searching in this direction, while collecting the evidence necessary to inform better inform their efforts.

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# 2. PUBLIC FINANCE AND ECONOMICS


General government fiscal balance

General government net saving

General government structural balance

General government gross debt

Financial net worth of general government

Fiscal balance and debt by level of government

General government revenues

Structure of general government revenues

Revenue structure by level of government

General government expenditures

Structure of general government expenditures by function (COFOG)

Structure of general government expenditures by economic transaction

Expenditures structure by level of government

Government investment spending

Production costs and outsourcing of general government

# General government fiscal balance

Governments spend money in order perform their activities, and the required financial resources to cover government expenditures are obtained through the collection of taxes or by contracting debt. The fiscal balance is the difference between government revenues and spending. If in a given year, a government receives more than it spends, a surplus occurs. Conversely, when the government spends more than it receives in revenues, there is a deficit. Consecutive deficits will lead to mounting debt levels and consequently higher payments of interest. The primary balance that is the balance before interest payments signals the capacity of governments to honour debt without the need for further indebtedness.

On average OECD countries reported deficits reaching 4.2% of GDP in 2013. The largest deficits occurred in Slovenia (14.6%), Greece (12.3%) and Japan (8.5%) in the cases of Slovenia (4.9%) and Greece (3.5%) deficits decreased substantially in 2014 as, amongst others, the resources required to capitalize the banking system were a one off feature accounted mainly in 2013. Six OECD countries ran surpluses in 2013; from those Norway (11.3%), Korea (1.3%) and Luxembourg (0.9%) reported the highest figures. From 2013 to 2014, half of the countries with available information experienced improvements in their fiscal balances with Denmark (1.2%) and Estonia (0.6%) moving also their balances from a deficit to a surplus.

The average deficit in 2013 was 4.2 percentage points lower than in 2009 when it reached a peak of 8.4%, as the effects of the global financial and economic crisis were more acute. However, compared to an average deficit of 1.5% in 2007 the current levels are still far from the pre-crisis levels. Furthermore, between 2009 and 2013 the fiscal balance deteriorated in three OECD countries: Slovenia (8.4 p.p.), Sweden and Switzerland (both 0.7 p.p.).

On average, the deficit of the primary balance for OECD countries was 1.3% of GDP in 2013. However, it varied substantially across countries. Norway (12%), Korea (3.1%), Iceland (3.0%), Germany (2.2%) and Hungary (2.1%) experienced higher surpluses. On the other end of the spectrum, Slovenia (12%), Greece (8.3%) and Japan (6.4%) had primary deficits higher than 5%. According to the 2013 data, primary deficits occurred in around half of OECD countries implying a need to rely on debt to cover their spending. The two countries of Greece (0.4%) and Estonia (0.7%) shifted from a primary deficit in 2013 to a primary surplus in 2014. Consecutive primary deficits seriously threaten the sustainability of public finances in the medium term. For countries with a large public debt, achieving a primary balance is often seen as a necessary, though not sufficient condition to stabilize or diminish debt levels.

Interest payments are the result of previous deficits and in consequence linked to the size of public debt. On average, in 2013, interest payments in OECD countries amounted to 2.9% of GDP; however they ranged from around 5% in Iceland, Italy and Portugal to less than 0.5% in Estonia and Luxembourg. In OECD countries with available information no major changes occurred between 2013 and 2014 on the level of interest payments (notable is the increase of 1 p.p. of GDP recorded for Slovenia). While paying interest does not represent per se a negative feature, if debt continues to grow, it might add further pressure to the sustainability of public finances.

### *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 SNA framework has been revised and most of the OECD countries have partly or entirely implemented the updated 2008 SNA methodology (see Annex A for details). 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 net of interest payments on general government liabilities.

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 (2014a), *National Accounts at a Glance 2014*, OECD, Paris, *http://dx.doi.org/10.1787/na_glance-2014-en*.

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## Figure notes

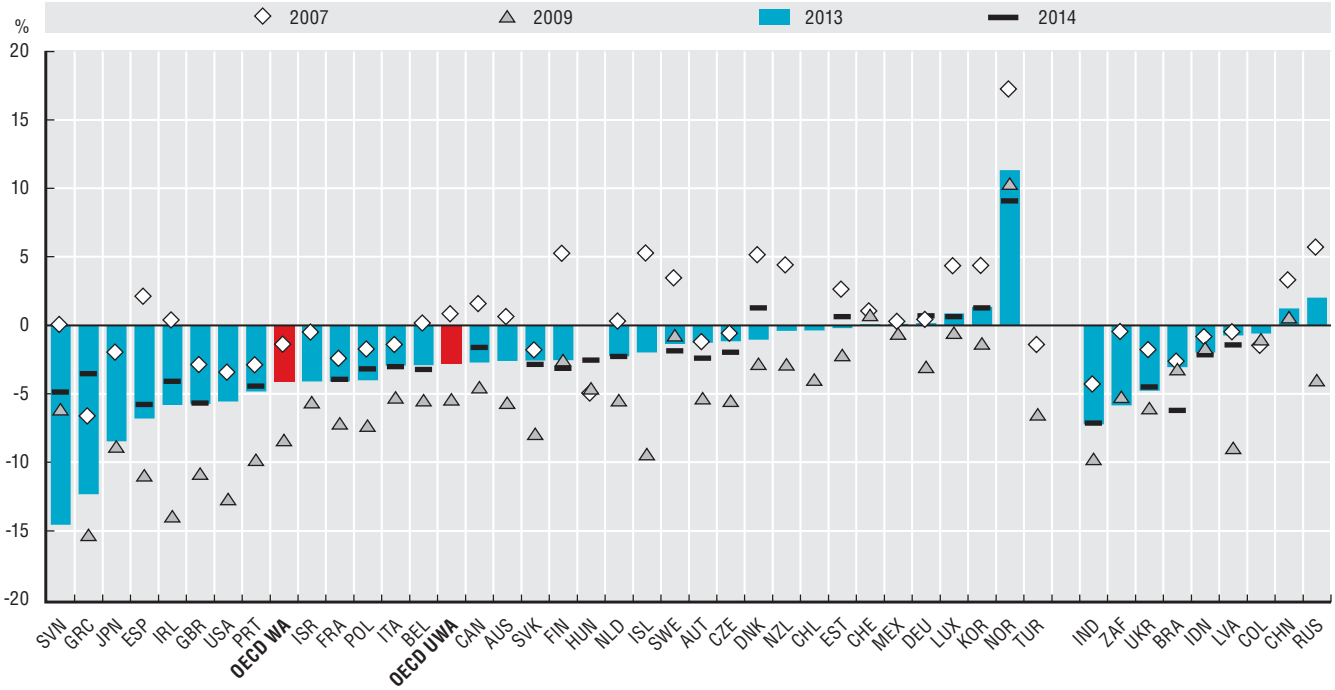
Data for Colombia and Russia are 2012 rather than 2013.

2.1: Data for Chile and Turkey and are not included in the OECD average because of missing time series. Data for China are 2012 rather than 2013.

2.2: Data for Chile and Turkey are not available.

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

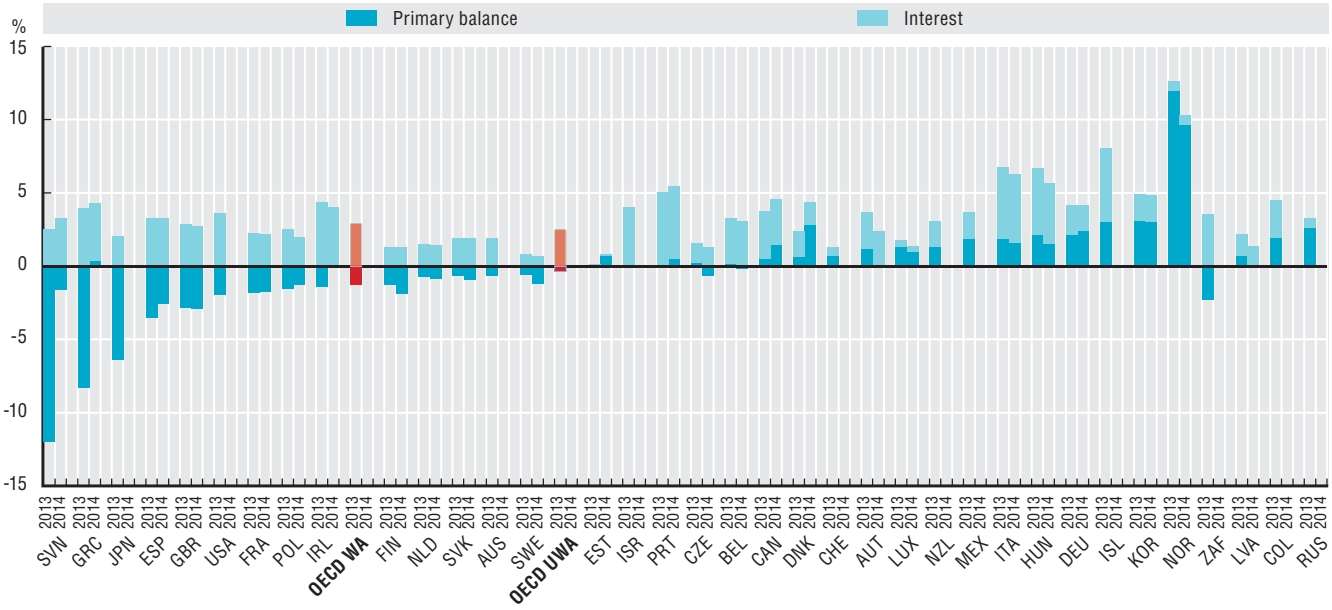
### 2.1. General government fiscal balance as a percentage of GDP, 2007, 2009, 2013 and 2014




*Source: OECD National Accounts Statistics* (database). Data for the other major economies of Brazil, India, Indonesia and Ukraine are from the *IMF Economic Outlook* (April 2015).

StatLink http://dx.doi.org/10.1787/888933248058

### 2.2. General government primary balance and interest spending as a percentage of GDP, 2013 and 2014




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

StatLink http://dx.doi.org/10.1787/888933248065

# General government net saving

General government net saving is the difference between current revenues and current expenditures. In other words, it corresponds to the fiscal balance excluding capital expenditures; therefore it does not take into account investment expenditures or capital transfers (e.g. transfers to rescue financial institutions). More generally, government net saving is typically associated with the "Golden Rule" concept, namely that government current revenues should, on average, cover current expenditures in the course of an economic cycle. Having consistent negative savings may thus indicate a situation of unsustainable government finances.

In 2013, across OECD countries net saving on average reached -3.3% of GDP, but varied widely from -7.2% in Japan to 12.6% in Norway. While net saving has recovered from an average of -6.3% of GDP in 2009 when the global economic and financial crisis reached its peak, it is still far from the average value in 2007 of -0.2%. Between 2009 and 2014 for the OECD countries with available information the net saving deteriorated in Norway (1.4 p.p.), Korea (0.9 p.p.), Sweden (0.8 p.p.) and Finland (0.7 p.p.). However, in the cases of Korea and Norway it reports positive balances of 4.0% and 10.6% respectively as a share of GDP.

The difference between net lending/borrowing and net saving is equal to the size of capital expenditures. Large differences could either indicate substantial investment programmes such as in Mexico or an outflow of capital transfers as was the case in Slovenia and Greece. Six OECD countries, namely Korea, Luxembourg, Germany, Mexico, Norway and Switzerland experienced a surplus in the fiscal balance after capital expenditures in 2013. A similar pattern is observed in 2014 for these countries with available information and additionally for Denmark and Estonia.

On average across OECD countries the deficit (net lending/borrowing) was 0.9 p.p. higher than the net saving in 2013. The highest negative differences between net lending/borrowing and net saving occurred in Slovenia (11.5 p.p.) and Greece (8.5 p.p.). In the case of Slovenia, the bulk of the difference is due to the net capital transfers (10% of GDP) mainly explained by the plan launched in late 2013 by the Slovenian government to restructure the banking sector, including important injections of cash and government securities. In the case of Greece, where a similar pattern is observed, it partially corresponded to the capitalisation of the Hellenic Financial Stability Fund, established in 2010 to contribute to the maintenance of the Greek banking system. In 2014 the situation of both of these countries drastically changed as most of the adjustment was accounted in 2013; therefore the differences between net lending/borrowing and net saving amounted to -2.4 p.p. in the case of Slovenia and to +0.9 p.p. in the case of Greece, for the latter the improved fiscal balance was the result of positive net capital transfers amounting to 1.2 as a share of GDP in 2014.

### *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 SNA framework was revised and most of the OECD countries have partly or entirely implemented the updated 2008 SNA methodology (see Annex A for details). 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 at: *http://dx.doi.org/10.1787/888933248090*.

## Further reading

OECD (2014a), *National Accounts at a Glance 2014*, OECD, Paris, *http://dx.doi.org/10.1787/na_glance-2014-en*.

## Figure notes

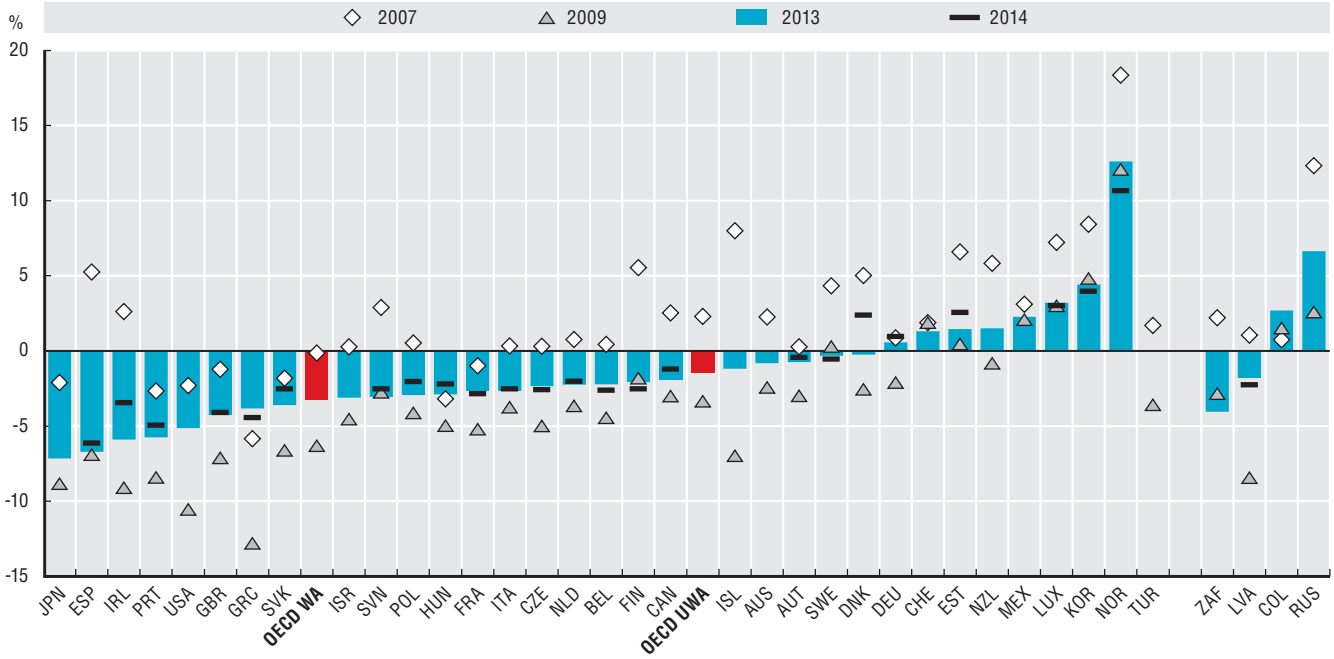
2.3 and 2.4: Data for Chile are not available. Data for Colombia and Russia are 2012 rather than 2013.

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

2.4: Data for Turkey are not available.

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

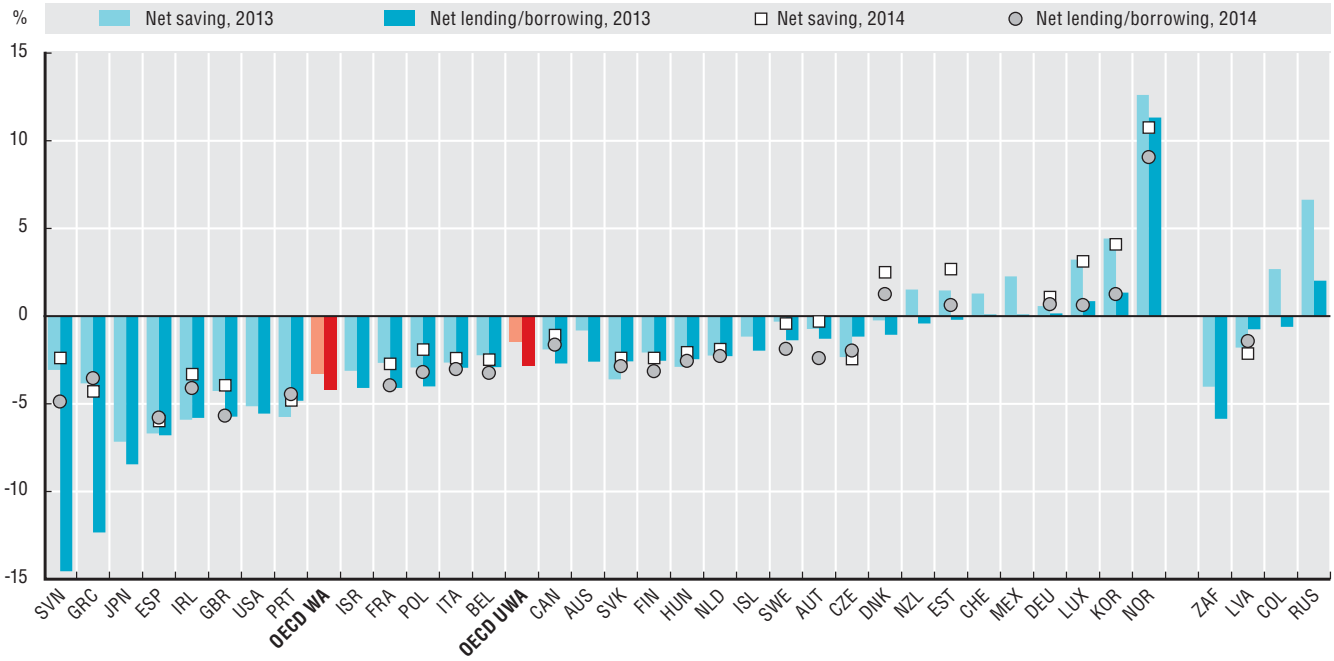
**2.3. General government net saving as a percentage of GDP, 2007, 2009, 2013 and 2014**




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

StatLink http://dx.doi.org/10.1787/888933248077

**2.4. General government net saving versus net lending/borrowing as a percentage of GDP, 2013 and 2014**




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

StatLink http://dx.doi.org/10.1787/888933248082

# General government structural balance

The structural or underlying fiscal balance is the difference between government revenues and expenditures corrected by the effects that could be attributed to the economic cycle and one off events. This indicator aims to capture structural trends in order to assess whether the fiscal policy of a country is expansionary, neutral or restrictive for a given period. In fact, government revenues and expenditures are highly sensitive to economic developments. For example, during an economic downturn, cyclical deficits result in lower revenues while at the same time public spending increase as higher unemployment determine additional spending on unemployment benefits. In consequence, eliminating the fluctuations occurred in the economies enable policy makers to identify the underlying trend of fiscal policies that are associated with the sustainability of public finances in the long run.

In 2013, the structural fiscal balance reached an average deficit of 3.5% as a share of potential GDP in OECD countries and decreased to an average of 3.1% in 2014. According to the latest available data Japan (-7.2%), the United Kingdom (-5.8%) and the United States (-4.2%) experienced the largest cyclically adjusted deficits. Oppositely, five OECD countries; Luxembourg (2.1%), Estonia (1.9%), New Zealand (1.5%), Greece (1.3%) and Denmark (1.1%) reported structural surpluses above 1% of potential GDP. In the case of Greece it is worth mentioning the reverted structural balance recorded in 2013 as compared to the previous years of continuous structural deficits. In fact, for this country after six years of deep recession and major consolidation efforts growth is projected to return to a positive trend if structural reforms continue and debt levels are prudently managed (OECD 2014).

Between 2007 and 2014 the structural deficit increased by 0.2 p.p. on average across OECD countries. However, this underlying balance experienced movements in opposite directions during this time period. Between 2013 and 2014 the average deficit decreased by 0.4 p.p. while between 2007 and 2013 it increased by 0.6 p.p. although recovering substantially compared to the 2009 peak deficit of 7.1% of the potential GDP reached as the result of the effects of the crisis. Between 2007 and 2009 the structural fiscal situation deteriorated the most in Iceland (11.5 p.p.), Spain (9.7 p.p.), the United States (5.6 p.p.), New Zealand (5.4 p.p.), Australia (5.2 p.p.), Ireland (5.1 p.p.) and Greece (5.0 p.p.).

It is important to notice that the differences between the underlying balance and the net lending/borrowing (fiscal balance) could be remarkable. For example in 2013 Greece reported an underlying balance with a surplus of 3.5% as a share of potential GDP, whereas the corresponding fiscal balance experienced a deficit of 12.3% as share of GDP, the difference between both indicators was due to a combination of cyclical components and one off factors as the capitalisation of a fund to rescue the banking sector (see indicators on General government fiscal balance and General government net saving).

Across OECD countries, the projections of the structural balance as a share of potential GDP display a diminishing trend for deficits, reaching an average of 2.7% and 2.3% as a share potential GDP in 2015 and 2016 respectively. As economic growth strengthens and fiscal consolidation continues to ease, temporary cyclical obstacles hampering the recovery could be removed, under this scenario the decreasing trend in structurally adjusted deficits is expected to continue (OECD, 2014).

### *Methodology and definitions*

Data are drawn from the *OECD Economic Outlook*, No. 97 (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 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 reading

OECD (2015), *OECD Economic Outlook*: Vol. 2015/1 (Preliminary version), OECD Publishing, Paris, *http://dx.doi.org/10.1787/eco_outlook-v2015-1-en*.

## Figure notes

Data for Chile, Mexico, the Slovak Republic and Turkey are not available. OECD unweighted average is not presented.

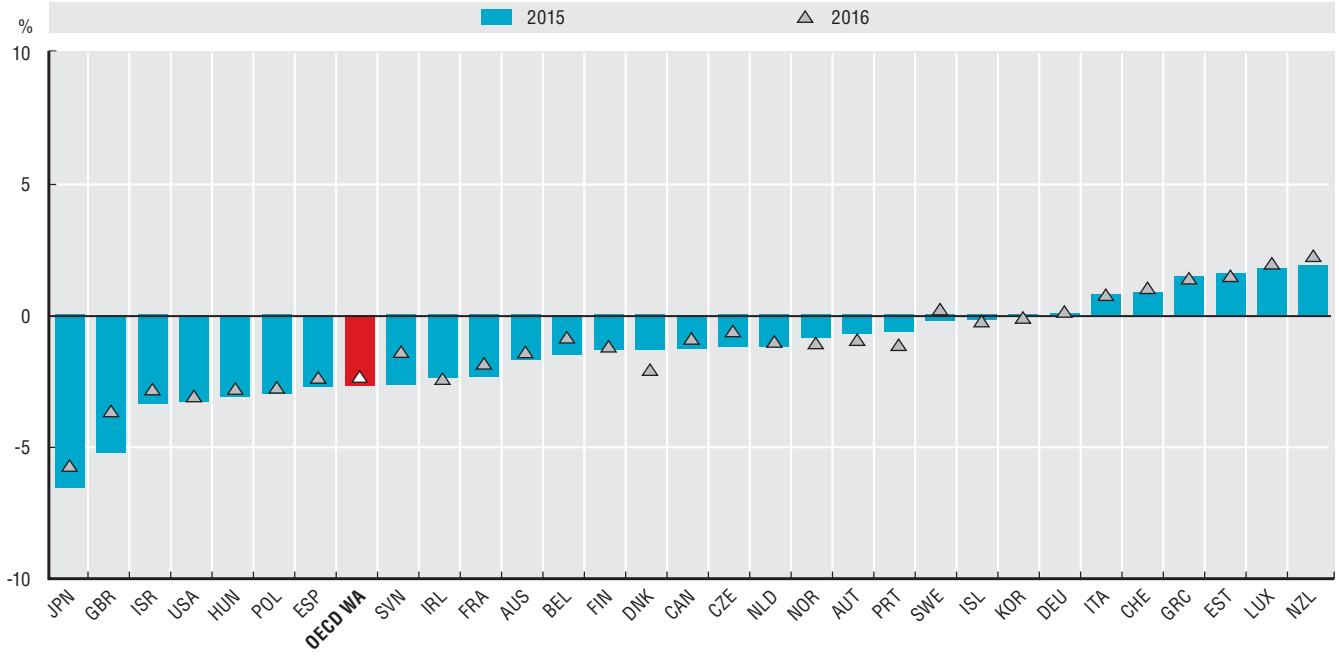
Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

**2.6. General government structural balance as a percentage of potential GDP, 2007, 2009, 2013 and 2014**

*Source:* OECD *Economic Outlook*, No. 97 (Preliminary version), May 2015.

StatLink http://dx.doi.org/10.1787/888933248109

**2.7. General government projected structural balance as a percentage of potential GDP in 2015 and 2016**




*Source:* OECD *Economic Outlook*, No. 97 (Preliminary version), May 2015.

StatLink http://dx.doi.org/10.1787/888933248116

# General government gross debt

Governments accumulate debt to finance expenditures above their revenues. As a result of the crisis, many OECD countries raised spending via stimulus packages and interventions to support financial institutions, therefore incurring public debt. In many OECD countries revenue collections also decreased, adding pressure to public finances.

In 2013, the average debt level in OECD countries reached 109.3% of GDP. Between 2007 and 2013, debt increased by 34.7 p.p. across OECD countries, with general government debt increasing except in Israel, Sweden, Switzerland and Norway. The highest increases were in Ireland, Greece and Portugal, countries severely affected by the crisis and targeted by special EU financial rescue programmes. From 2013 to 2014, debt decreased in Czech Republic, Ireland, Norway and Slovak Republic, while the highest increases in debt occurred in Slovenia, Spain, Italy and Belgium. Between 2007 and 2013, the annual average growth rate of real government debt per capita in OECD countries was 6.7%, reaching an average of USD 42 863 PPP in 2013. Nonetheless, debt per capita varies widely, from USD 86 682 PPP in Japan to USD 3 491 PPP in Estonia. However, in Japan, the majority of government debt is domestically owned, which has contributed to a stable issuance.

Public debt instruments have different types; the most common are loans granted by financial institutions or debt securities, which are bonds issued by governments. In OECD countries debt securities represented on average 77% of overall debt in 2013, ranging from around 90% in Korea and Israel to 11% in Estonia. In contrast, in Greece (74.6%) and Estonia (63.5%) the majority of debt was represented in loans.

### *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 SNA framework was revised and most of the OECD countries have partly or entirely implemented the updated 2008 SNA methodology (see Annex A). 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; insurance, pension and standardised guarantee schemes; and other accounts payable, as well as, in some cases special drawing rights (SDRs) (the last two included under other liabilities in Figure 2.10). 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. In the 1993 SNA, only the funded component of the government employee pension plans was reflected in its liabilities. However, the 2008 SNA recognises the importance of the liabilities of employers' pension schemes, regardless of whether they are funded or unfunded. For pensions provided by government to their employees, countries have some flexibility in recording unfunded liabilities in the core tables; this has also been followed by the ESA 2010, its European equivalent (although a new supplementary table will be added showing liabilities and associated flows of all pension schemes, whether funded or unfunded). Some OECD countries, e.g. Australia, Canada, Iceland, Sweden and the United States (including others whose data source is the IMF *Economic Outlook*), record employment-related pension liabilities, funded or unfunded, in government debt data. For those countries (except non-OECD ones), an adjusted government debt ratio is calculated by excluding from the debt these unfunded pension liabilities. 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 "methodology and definitions" section of the government revenues indicator. Figure 2.11, "Annual average growth rate of real government debt per capita, 2007-13, 2009-13 and 2009-14", available online at *http://dx.doi.org/10.1787/888933248150*.

## Figure notes

Data for New Zealand are not available. Data for Korea and Switzerland are for 2012 rather than 2013.

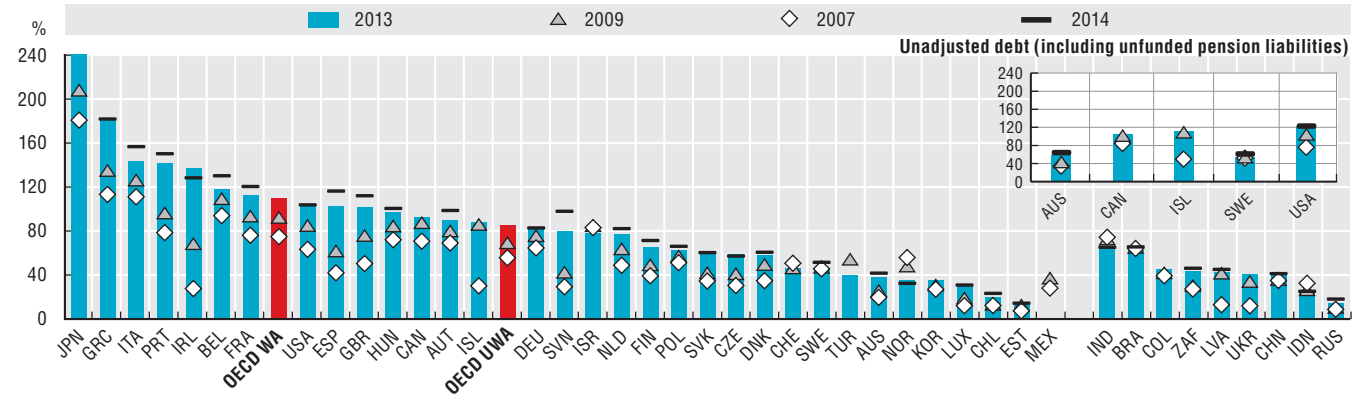
2.8: Data for Turkey are not included in the OECD average because of missing time-series.

2.8 and 2.9: Data for Mexico are not included in the OECD average due to missing time-series.

2.10: Data for Mexico are not available. Data for Australia, Canada, Iceland, Sweden and the United States are not adjusted for the unfunded pension liabilities.

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

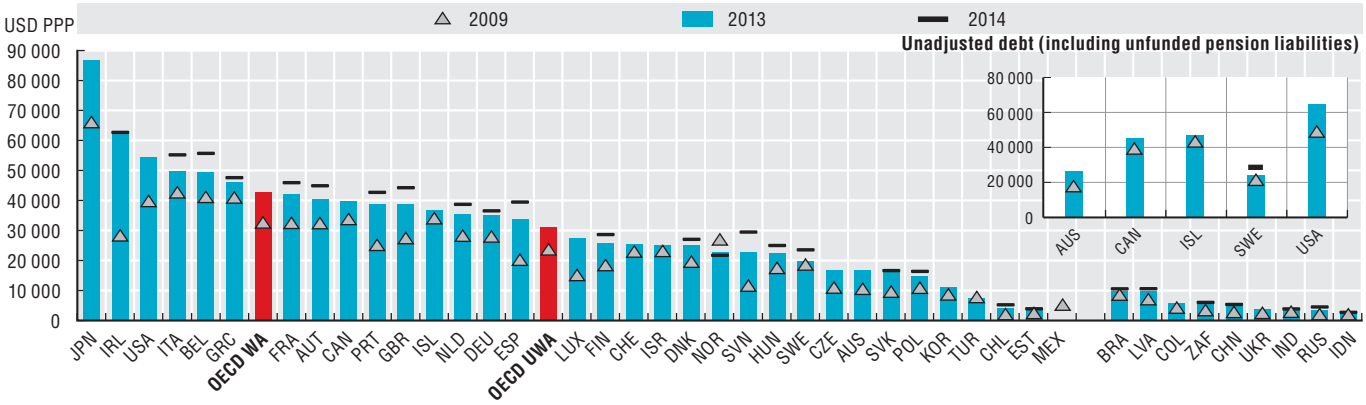
### 2.8. General government debt as a percentage of GDP, 2007, 2009, 2013 and 2014




*Sources:* *OECD National Accounts Statistics* (database); *Eurostat Government Finance Statistics* (database). Data for the other major economies and Russia are from the *IMF Economic Outlook* (April 2015).

StatLink http://dx.doi.org/10.1787/888933248129

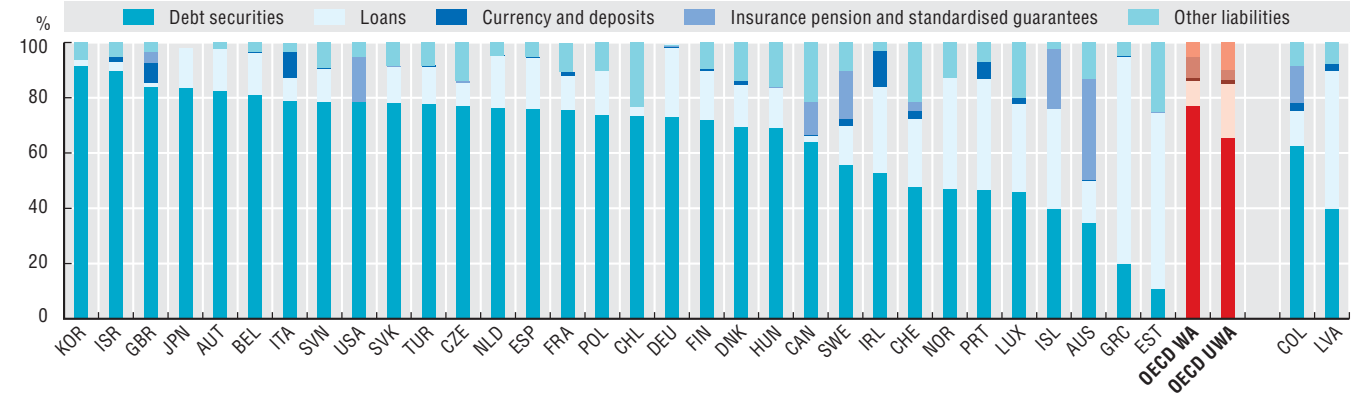
### 2.9. General government debt per capita, 2009, 2013 and 2014




*Sources:* *OECD National Accounts Statistics* (database); *Eurostat Government Finance Statistics* (database). Data for the other major economies and Russia are from the *IMF Economic Outlook* (April 2015).

StatLink http://dx.doi.org/10.1787/888933248134

### 2.10. Structure of government debt by financial instruments, 2013




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

StatLink http://dx.doi.org/10.1787/888933248145

# Financial net worth of general government

The analysis of the difference between the financial assets and liabilities held by governments (also known as financial net worth or as a broad description of net government debt), gives an extensive measure of the government's capacity to meet its financial obligations. While the assets reflect a source of additional funding and income available to government, liabilities reflect the debts accumulated by government. Thus, a consistent increase in the government's financial net worth over time indicates good financial health. Conversely, net worth may be depleted by debts accumulated by government, indicating a worsening of fiscal position and ultimately forcing governments to either cut spending or raise taxes.

In 2013, OECD countries recorded on average a negative financial net worth of 65.3% of the GDP. This figure almost doubles the pre-crisis negative level (38.1% in 2007) reflecting the effects of the global financial crisis on government deficit and debt. Japan, Italy and Greece were the countries with the largest negative financial net worth (showing values above their GDP), while only eight OECD countries showed a positive financial net worth. Among the latter, Norway was the country with the largest positive financial net worth (above two times their GDP). In 2014, countries like Portugal and Belgium also showed negative financial net worth above their GDP.

Between 2007 and 2013, the largest declines in financial net worth occurred in Ireland (84.4 p.p.), Spain (51.5 p.p.) and Iceland (47.8 p.p.), showing the financial impact of government interventions into the banking sector over this period. To a lesser extent, other OECD countries such as Portugal and the United States showed their financial net worth drop during this period due to sharp decreases in the value of assets and increased liabilities from fiscal stimulus packages. Only four OECD countries saw their net worth increase between the years 2007 and 2013, namely, Estonia (3.8 p.p.), Norway (66.9 p.p.), Sweden (8.7 p.p.) and Switzerland (1.4 p.p.). Trend that was also maintained between the year 2007 and 2014.

On average, the financial net worth represented USD -25 504 PPP per capita in 2013 (around USD 7 000 lower than in 2009). The levels observed across countries vary significantly, from USD -44 610 in Japan and USD -41 734 in the United States to USD 134 075 in Norway. Additionally, among all OECD countries, less than a quarter of them (Estonia, Greece, Korea, Sweden, Turkey and Norway) displayed an improvement of the government financial net worth per capita between the years 2009 and 2013.

### *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 SNA framework has been revised and most of the OECD countries have partly or entirely implemented the updated 2008 SNA methodology (see Annex A for details). 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, Japan and Korea.

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 "methodology and definitions" section of government revenues indicator.

## Further reading

OECD (2014), *National Accounts at a Glance 2014*, OECD, Paris, *http://dx.doi.org/10.1787/na_glance-2014-en*.

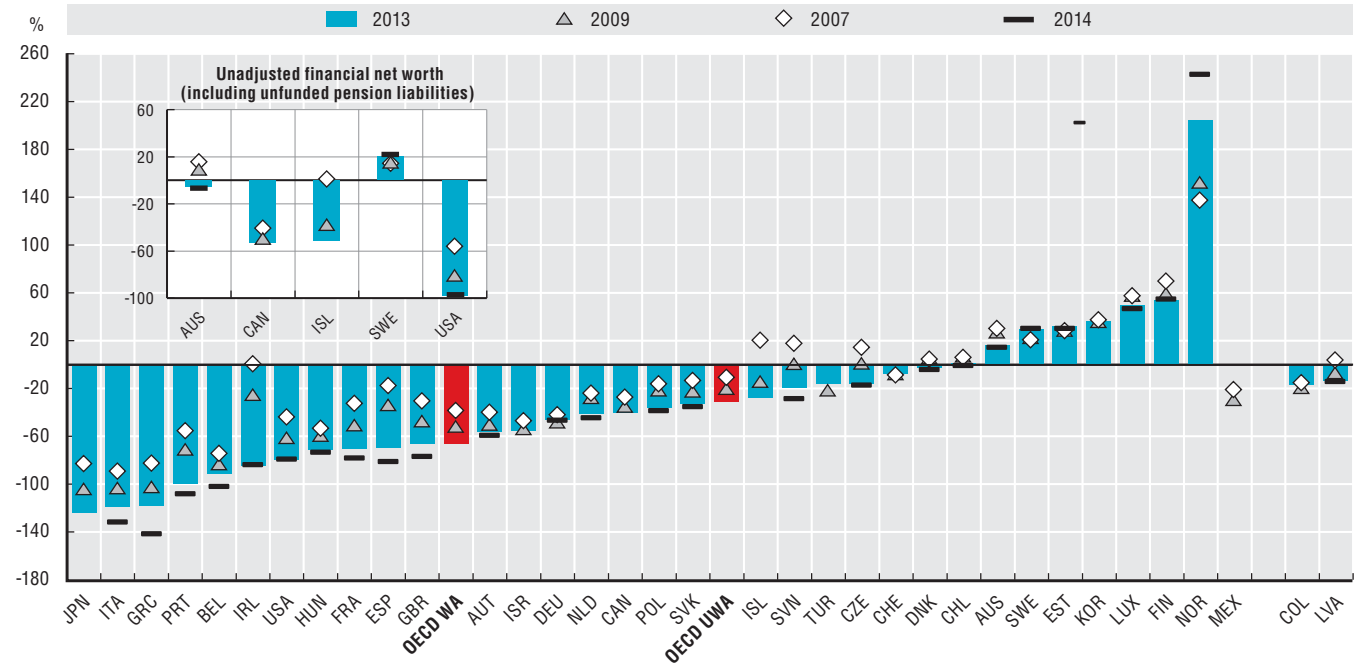
## Figure notes

Data for New Zealand are not available. Data for Mexico are not included in the OECD average due to missing time-series. Data for Korea and Switzerland are for 2012 rather than 2013. Data for Chile, Japan and Korea are reported on a non-consolidated basis.

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

Information on data for Israel: *http://dx.doi.org/10.1787/88932315602*.

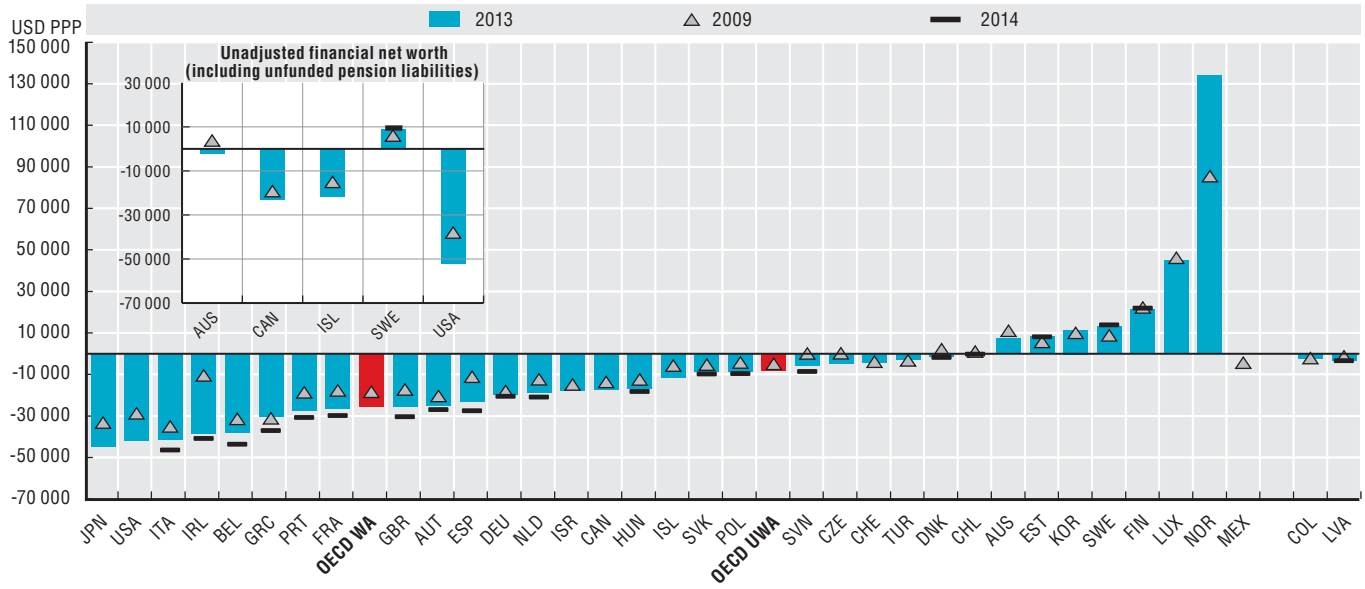
### 2.12. General government financial net worth as a percentage of GDP, 2007, 2009, 2013 and 2014




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

StatLink http://dx.doi.org/10.1787/888933248163

### 2.13. General government financial net worth per capita, 2009, 2013 and 2014




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

StatLink http://dx.doi.org/10.1787/888933248172

# Fiscal balance and debt by level of government

Fiscal balance for a given level of government (from national to local) is achieved when expenditures and revenues are balanced. The situation where revenues exceed expenses (positive balance) is called a surplus. On the contrary, a negative balance is called a deficit. While balances are consolidated across all levels of government, depending on the political and administrative structure, central and sub-central governments share different degrees of fiscal sovereignty. For example in federal countries, states have higher autonomy to contract debt and levy taxes. The general government debt (across all levels of government) might be affected by modest changes in debt by a large number of sub-central governments. Liabilities from sub-central governments resulting from the need to finance deficits through borrowing are considered as debt of the sub-central governments. However, the capacity of sub-central governments to incur debt is often limited since they are usually subject to tight fiscal rules.

In 2013, central governments had a fiscal deficit reaching on average 3.5% of GDP, 0.7 percentage points lower than the average deficit of the general government (4.2%). Greece and Slovenia were the two OECD countries with larger deficits at the central government level (close to 15% of the GDP). In contrast, Norway, Chile and New Zealand showed a surplus (12%, 2% and 0.02% of the GDP respectively). In 2014, countries such as Norway, Denmark, Germany, Estonia, and Canada also experienced a surplus. In federal (or quasi-federal) states such as Spain, the United States, Canada and Australia over a quarter of 2013 general government balances were driven by the state level.

On average, sub-central debt accounted for 20.7% of GDP in 2013. Six OECD member countries have figures above the OECD average, namely Canada (55.9%), Japan (37.3%), Germany (29.8%), Spain (29.3%), Switzerland (22.3%) and the United States (22.2%). Additionally, in 2013 and 2014 debt levels at sub-central level were on average higher in federal states, and sometimes state government debt was even higher than central government debt (e.g. Canada).

The structure of debt across levels of government between 2007 and 2013 indicates that debt for sub-central governments as a share of total debt decreased on average by 6.2 percentage points. A considerable decline in the share of sub-central debt occurred in the United States (13.7 p.p.), Estonia (11.8 p.p.), Iceland (10.9 p.p.), Denmark (8.9 p.p.), the United Kingdom (8.3 p.p.) and Ireland (7.1 p.p.). However, as overall debt levels have continued to increase in these countries, the declines can be attributed to a slower growth of the debt at the sub-central levels compared to the growth of debt at the central level.

### *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 SNA framework has been modified and most of the OECD countries have partly or entirely implemented the updated 2008 SNA methodology (see Annex A for details). 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 "methodology and definitions" section of the government gross debt indicator.

## Further reading

OECD (2013), *OECD Regions at a Glance 2013*, OECD, Paris, *http://dx.doi.org/10.1787/reg_glance-2013-en*.

Vammalle, C. and C. Hulbert (2013), "Sub-national Finances and Fiscal Consolidation: Walking on Thin Ice", *OECD Regional Development Working Papers*, 2013/02, OECD, *http://dx.doi.org/10.1787/5k49m8cqkcf3-en*.

## Figure notes

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 and 2.16: Data for Chile and New Zealand are not available. Data for Korea and Switzerland are for 2012 rather than 2013. Data for Japan, Korea, Switzerland and the United States are reported on a non-consolidated basis.

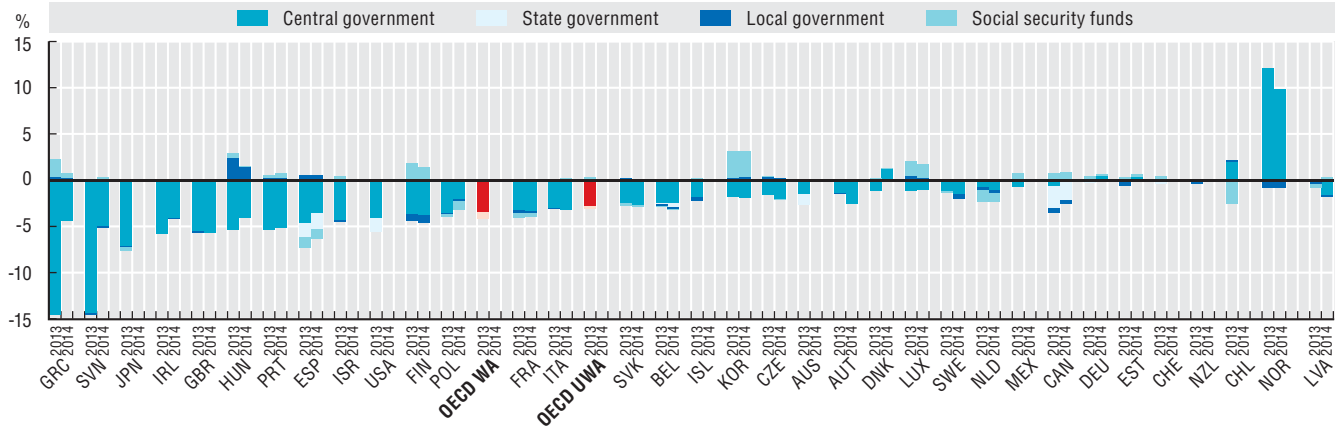
2.14: Data for Turkey are not available. Data for Chile are not included in the OECD average. Data for Colombia are for 2012 rather than 2013. Social security funds are included in central government in Ireland.

2.15: Data for Mexico are not available.

2.16: 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 Mexico and Turkey are not included in the OECD average due to missing time-series.

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

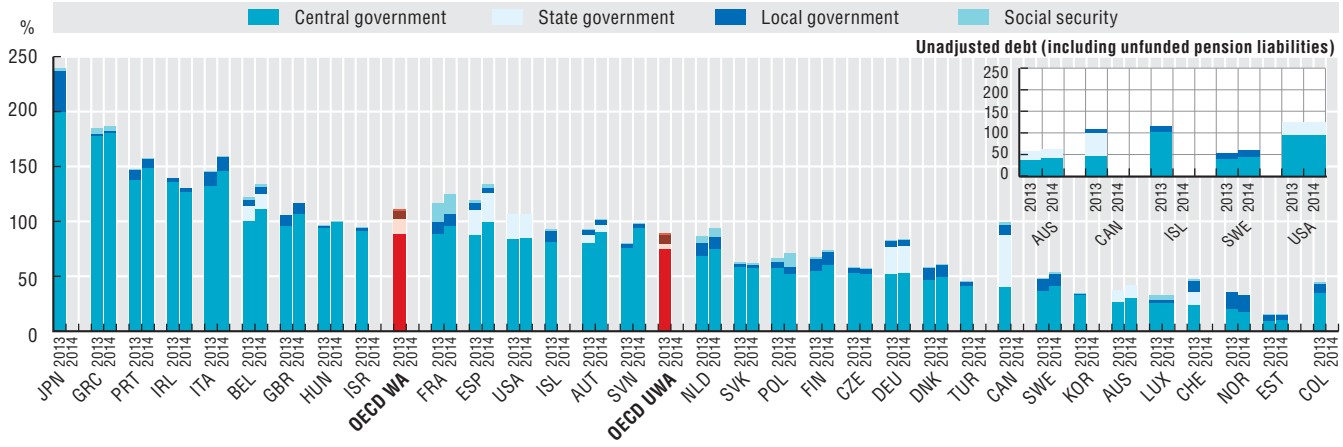
### 2.14. Government fiscal balances across levels of government as percentage of GDP, 2013 and 2014




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

StatLink http://dx.doi.org/10.1787/888933248182

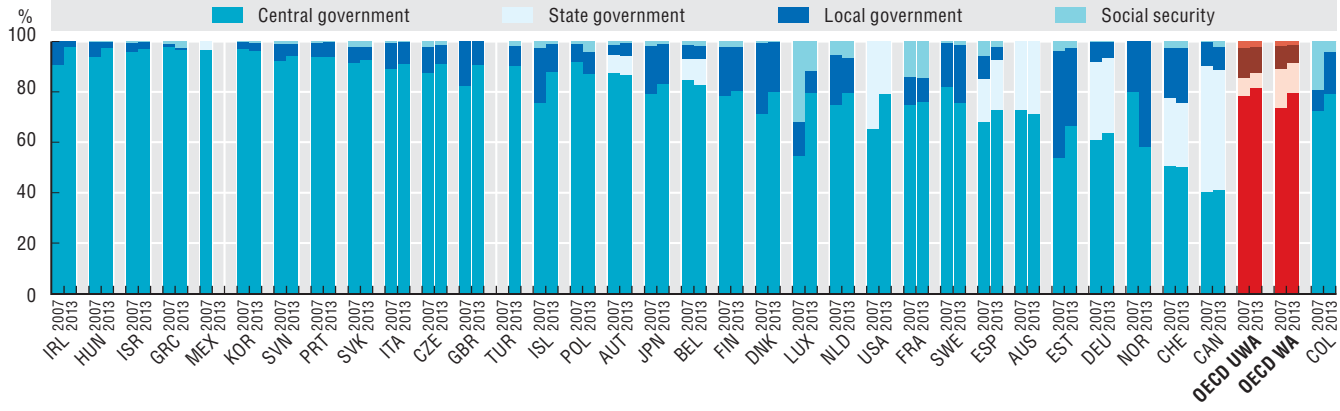
### 2.15. Government gross debt across levels of government as percentage of GDP, 2013 and 2014




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

StatLink http://dx.doi.org/10.1787/888933248190

### 2.16. Distribution of government gross debt across levels of government, 2007 and 2013




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

StatLink http://dx.doi.org/10.1787/888933248201

# General government revenues

Revenues raised by governments are used to finance the provision of goods and services and carry out a redistributive role. The main two sources of government revenues are taxes and social contributions. The amount of revenues raised by governments is related to the economic fluctuations associated to the business cycle as well as historical and current policy choices. For example, governments could choose to provide pensions directly, or allow the provision of retirement benefits by private providers. Their decision will affect how much government revenue they need to raise and by which instrument (e.g. taxes or social contributions). While for a certain period of time additional revenue requirements could be financed by acquiring debt, in the long run, revenues and expenditures should be balanced to guarantee the sustainability of public finances.

In 2013, general government revenues represented on average 37.7% of GDP across OECD countries, a similar figure to pre-crisis levels (37.5% in 2007). However, between 2007 and 2009 average revenues decreased by 1.4 percentages points reaching 36.0% of GDP. This decline could be primarily attributed to sluggish or diminishing economic growth during the global financial and economic crisis. In 2013 the amount of revenues collected across countries varied significantly. On the one hand, the general government revenues in Denmark, Norway, Finland, France, Sweden and Belgium were above 50% of GDP. On the other end of the distribution Australia, Japan, Switzerland, the United States and Korea collected around one third of GDP, while Mexico was below one quarter. According to the latest data, only available for a subset of OECD countries, government revenues remained fairly stable between 2013 and 2014. Denmark (2.5 p.p.) experienced the highest increase in revenues that can be partially attributed to the return of economic growth and enhanced internal demand (OECD 2014a).

An alternative way of comparing the size of government revenues is by looking at the revenues collected per capita. In 2013, OECD countries collected on average USD 16 851 PPP per capita, and the two countries with the highest collections were Luxembourg and Norway (USD 40 295 PPP and USD 36 431 PPP respectively). In the case of Luxembourg this could be explained by the relative importance of cross-border workers who although working in Luxembourg, are not counted as residents. In the case of Norway, collection ratios can be attributed to oil revenues. In contrast, revenues per capita are relatively lower in eastern European countries that have, in general, weaker tax systems.

Between 2007 and 2013, the real government revenues per capita increased on average at an annual pace of 0.13% across OECD member countries. Nonetheless, the pace sped up between 2009 and 2013 of the real government revenues per capita increased by 2.4% each year and for OECD countries with available information continued to be fairly stable when adding an additional year (i.e. for the 2009-14 period). In contrast, accession countries and strategic partners reported a vigorous growth rate in revenues per capita between 2009 and 2013, although with a slowdown when an additional year is added (2009-14) in the cases where data are available. All in all, these figures show that the effects of the global financial and economic crisis deeply challenged the ability of governments to collect revenues in OECD countries compared to countries in other regions of the world. However, for this last group the trend seems to be changing as economic growth is slowing down.

### *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. There have been revisions in the SNA framework and most of the OECD countries have partly or entirely implemented the updated 2008 SNA methodology (see Annex A for details). 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 2011 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 reading

OECD (2014), *National Accounts at a Glance 2014*, OECD, Paris, *http://dx.doi.org/10.1787/na_glance-2014-en*.

## Figure notes

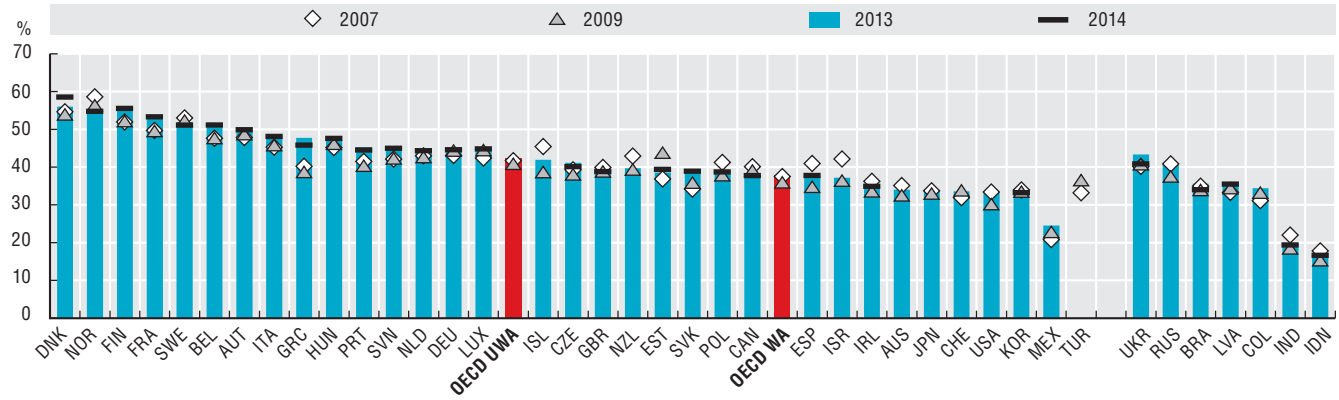
Data for Chile are not available. Data for Colombia and Russia are 2012 rather than 2013.

2.17 and 2.18: Data for Turkey and are not included in the OECD average due to missing time-series.

2.19: Data for Turkey are not available.

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

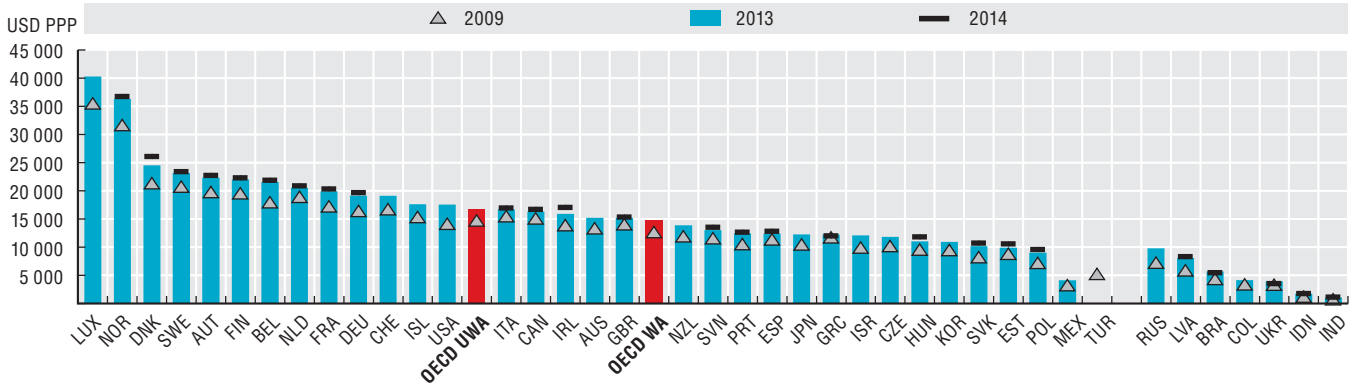
### 2.17. General government revenues as a percentage of GDP, 2007, 2009, 2013 and 2014




*Sources:* OECD *National Accounts Statistics* (database). Data for the other major economies of Brazil, India, Indonesia and Ukraine are from the *IMF Economic Outlook* (April 2015).

StatLink http://dx.doi.org/10.1787/888933248215

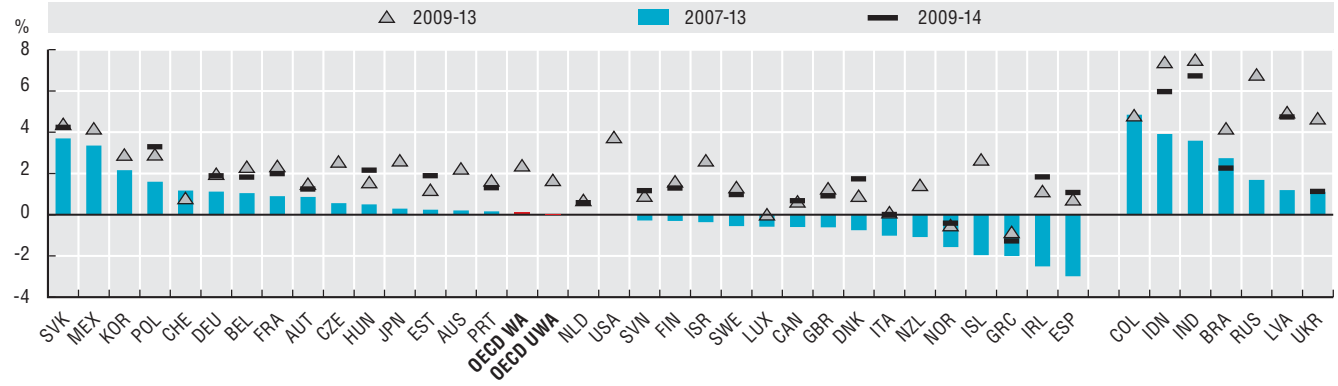
### 2.18. General government revenues per capita, 2009, 2013 and 2014




*Sources:* OECD *National Accounts Statistics* (database). Data for the other major economies of Brazil, India, Indonesia and Ukraine are from the *IMF Economic Outlook* (April 2015).

StatLink http://dx.doi.org/10.1787/888933248221

### 2.19. Annual average growth rate of real government revenues per capita, 2007-13, 2009-13 and 2009-14




*Sources:* OECD *National Accounts Statistics* (database). Data for the other major economies of Brazil, India, Indonesia and Ukraine are from the *IMF Economic Outlook* (April 2015).

StatLink http://dx.doi.org/10.1787/888933248237

# Structure of general government revenues

In 2013, taxes represented the largest share (on average 58.5%) of government revenues across OECD countries, around, one quarter were collected through net social contributions, while the remainder were for grants and other revenues. However, OECD countries finance their public expenditures in different ways. For example, Denmark and Australia are relatively more dependent on taxes (over 80%% of total revenues). In contrast, Japan and Germany relied relatively more on net social contributions (above 37%) while in Mexico and Norway grants and other revenues exceeded 25% of total revenues, in both cases mostly associated with earnings derived from oil resources.

Between 2007 and 2013, the structure of government revenues remained stable on average across OECD countries. While the share of taxes decreased by 2.1 p.p. it was counterbalanced by relative increases in both net social contributions (1.2 p.p.) and grants other than revenues (0.9 p.p.). The highest declines in tax receipts occurred in the Slovak Republic (7.3 p.p.) and Slovenia (6.7 p.p.). Net social contributions increased the most in Japan (5.7 p.p.) and Korea (4.5 p.p.). The highest increases in grants other than revenues occurred in Hungary (6.6 p.p.) and the Slovak Republic (6.2 p.p.). From 2013 to 2014, in OECD countries with available information, the largest change in the structure of revenues occurred in Greece where taxes and net social contributions increased by 3.5 p.p. and 1.4 p.p. respectively while grants decreased by 4.8 p.p.

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"). On average (unweighted) across OECD countries one third of tax revenues (including social security contributions) in 2012 were generated by taxes on income and profits; another third by taxes on goods and services; over a quarter from social security contributions and the remaining from other types of taxes.

Between 2007 and 2012, the structure of tax revenues was relatively stable; the most relevant change across OECD member countries was an average decrease of 2.3 p.p. on income and profit taxes. The majority of tax revenues in Denmark, Australia and New Zealand were collected through income and profits (over 55% of total taxation). On the contrary, 43.7% of taxes in Hungary were levied on goods and services (increasing by 6 p.p. since 2007). Taxes on property are relatively higher (above 10%) in the United Kingdom, the United States, Canada and Korea than in other OECD countries.

### *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. There have been revisions in the SNA framework and most of the OECD countries have partly or entirely implemented the updated 2008 SNA methodology (see Annex A for details). 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), and grants (e.g. from foreign governments or international organisations) and other revenues (e.g. sales, fees, property income and subsidies). These aggregates were constructed using sub-account line items (see Annex B). The data presented in Figure 2.21 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. Figure 2.22, Change in the structure of government revenue, 2009 to 2013 (and 2014) is available online at: *http://dx.doi.org/10.1787/888933248264*.

## Further reading

OECD (2014), *Revenue Statistics 2014*, OECD, Paris, *http://dx.doi.org/10.1787/rev_stats-2014-en-fr*.

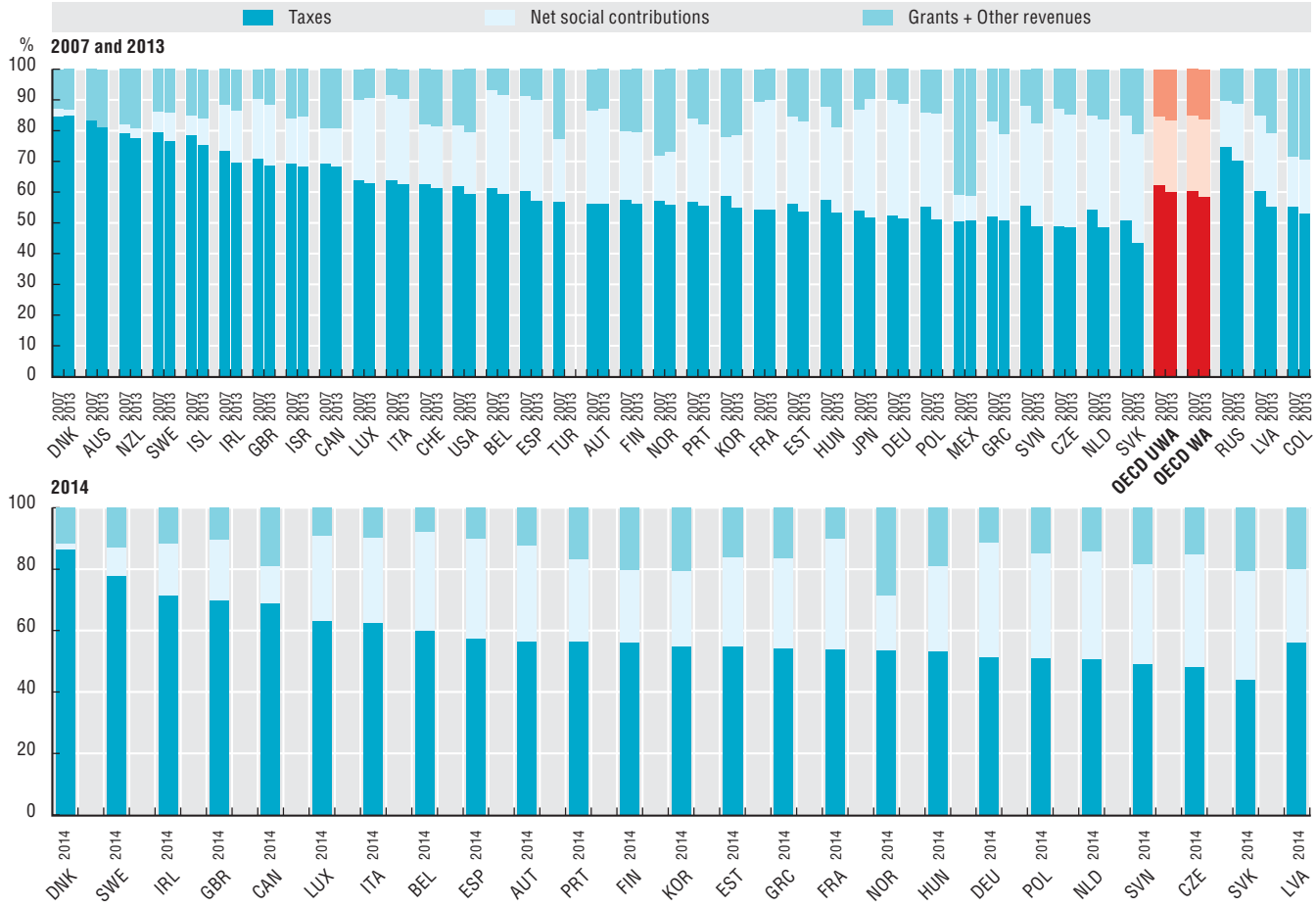
## Figure notes

2.20: Data for Chile are not available. In 2014, data for the OECD non-European countries (apart from Canada and Korea) and for Iceland, Turkey and Switzerland are not available. Data for Turkey are not included in the OECD average due to missing time-series. Data for Colombia and Russia are 2012 rather than 2013. Australia does not collect revenues via social contributions because it does not operate government social insurance schemes.

2.21: For the OECD countries part of the European Union total taxation includes custom duties collected on behalf of the European Union. 2012 is the latest year for which data are available for all OECD countries.

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

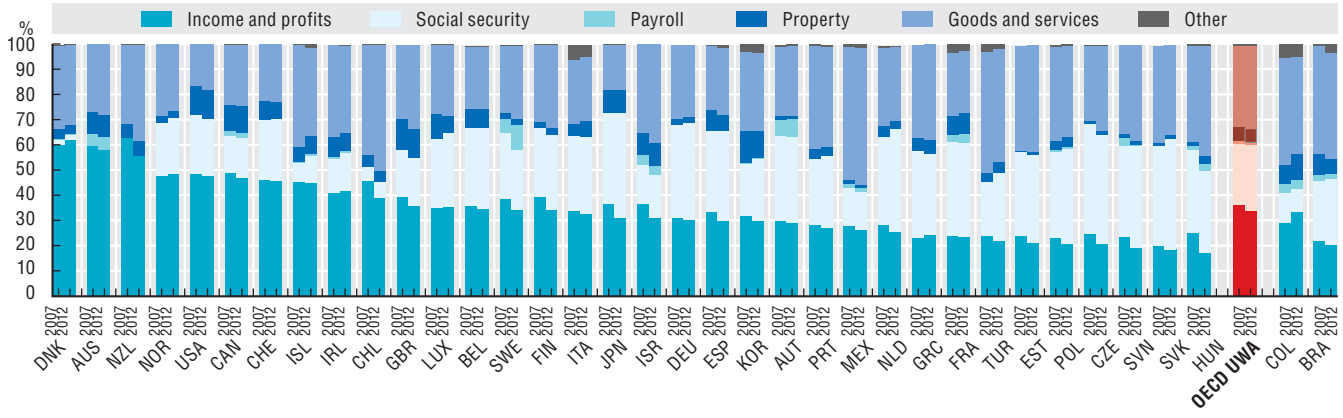
## 2.20. Structure of general government revenues, 2007, 2013 and 2014




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

StatLink http://dx.doi.org/10.1787/888933248244

## 2.21. Breakdown of tax revenues as a percentage of total taxation, 2007 and 2012




*Source:* OECD *Revenue Statistics* (2014).

StatLink http://dx.doi.org/10.1787/888933248253

# Revenue structure by level of government

Revenues are collected differently across central, state and local governments as they differ in terms of their ability to levy taxes and collect social contributions. The amount of taxes collected by sub-central governments provides a proxy of their autonomous fiscal capacity, while the volume of the revenue transfers between levels of government can be considered a proxy of the fiscal interdependence. However, revenues include both own-source taxes and shared taxes and for these latter, there is no autonomous fiscal capacity. Limits on sub-central governments' ability to set their own local tax bases, rates and reliefs reduce their power to generate their own revenue sources and potentially their ability to provide more tailored public goods and services.

On average, central governments collected the majority of general government revenues in 2013 (50.6%), followed by state governments (18.6%) and local governments (12.2%), while the remainder was collected through social security funds (18.6%). However, the revenue structure by levels of government can be quite different across OECD member countries. Central governments in Ireland, the United Kingdom, New Zealand and Norway collected over 85% of general government revenues. In contrast, central governments in Poland, Korea, Finland, Spain, France, Canada, Switzerland, Germany and Japan collected less than 50.6% (the average of OECD member countries). Central governments in Denmark and Slovenia were the countries with the largest increase in terms of share of general government revenues from 2013 and 2014, while Korea was the one with the largest reduction.

The OECD member countries with the highest collection of revenues at sub-central level in 2013 were, on the one hand, three federal countries in which state governments collected the highest share of revenues: Canada (43.6%), the United States (42.5%) and Australia (38.0%). On the other hand local governments in Sweden, Korea and Japan collected a larger share of total revenues (34.6%, 33.9% and 33.8% respectively).

In 2013, central government budgets across OECD member countries were mainly financed by taxes, ranging from 91.3% in Switzerland to 53.9% in Norway. By contrast, sub-central fiscal resources were mainly collected through intergovernmental grants and other revenues. Only in federal countries such as Germany, Canada, Switzerland and the United States did state governments raise the majority of revenues via tax receipts.

### *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. There have been revisions in the SNA framework and most of the OECD countries have partly or entirely implemented the updated 2008 SNA methodology (see Annex A for details). 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 2.23 and 2.25 (available on line) 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. Table 2.25, Change in the distribution of government revenues across levels of government, 2009 to 2013 (and 2014), as well as Figures 2.26 and 2.27 (structure of state and local government revenues), are available online at *http://dx.doi.org/*10.1787/888933248298, *http://dx.doi.org/10.1787/888933248307*, *http://dx.doi.org/*10.1787/888933248315 respectively.

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), and grants and other revenues. Grants can be from foreign governments, international organisations or other general government units. Other revenues include sales, fees, property income and subsidies. These aggregates are not directly available in the OECD National Accounts, and were constructed using sub-account line items (see Annex B).

## Further reading

OECD (2013), *OECD Regions at a Glance 2013*, OECD, Paris, *http://dx.doi.org/10.1787/reg_glance-2013-en*.

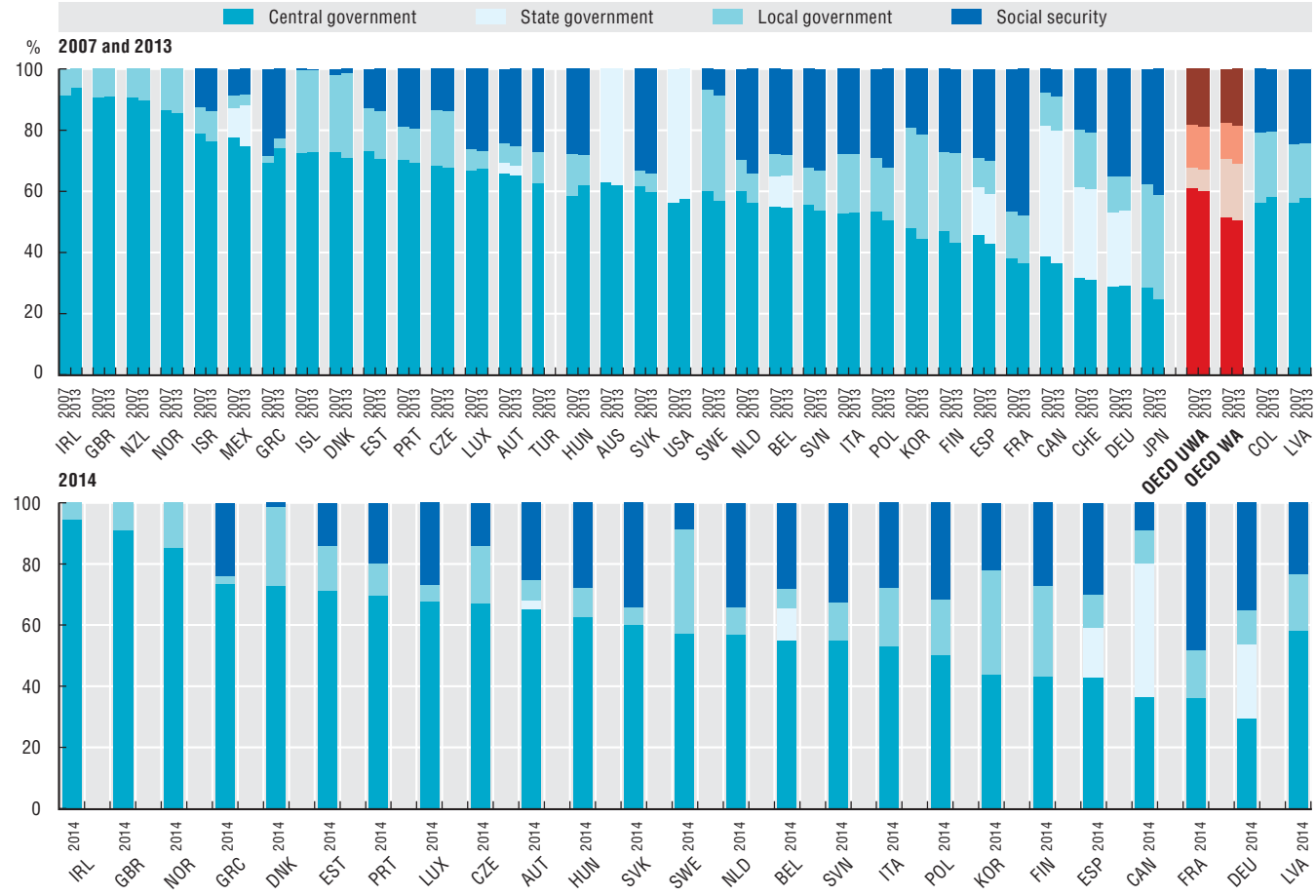
## Figure notes

Data for Chile are not available. Australia does not operate government social insurance schemes. Data for Australia and Colombia refer to the year 2012 rather than 2013.

2.23: In 2014, data for the OECD non-European countries (apart from Canada and Korea) and for Iceland, Turkey and Switzerland are not available. Data for Turkey are not included in the OECD average due to missing time series. Transfers between levels of government are excluded (apart from Australia, Korea, Japan and Turkey). 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.

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

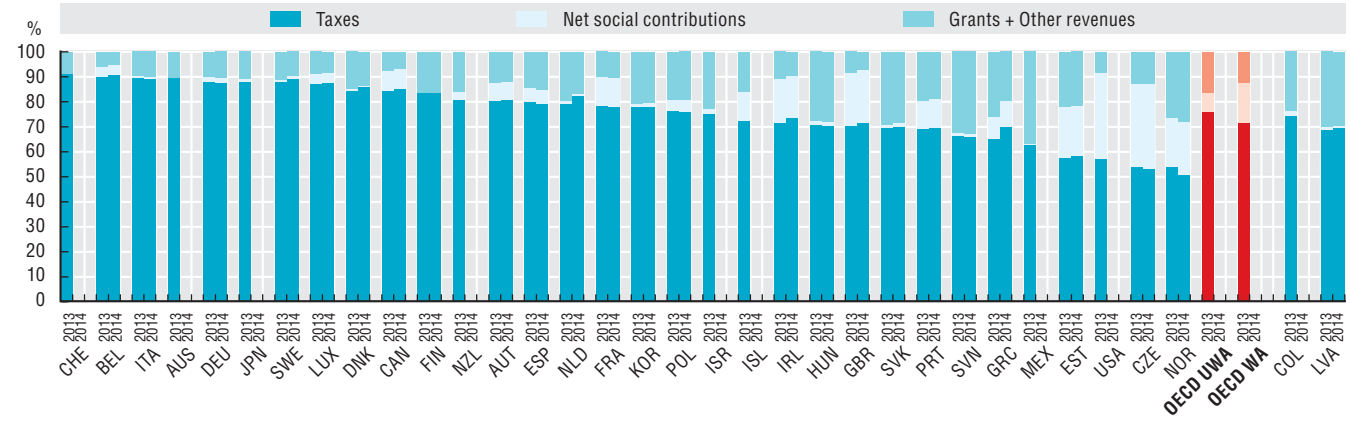
### 2.23. Distribution of general government revenues across levels of government, 2007, 2013 and 2014




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

StatLink http://dx.doi.org/10.1787/888933248279

### 2.24. Structure of central government revenues, 2013 and 2014




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

StatLink http://dx.doi.org/10.1787/888933248282

# General government expenditures

Public expenditures have two main objectives: produce and/or pay for the goods and services delivered to citizens and businesses, and redistribute income. In addition, the amount of financial resources spent by governments provides an indication on the size of the public sector. Although government expenditures are usually less flexible than government revenues they are also sensitive to economic developments associated with the business cycle and reflect historical and current political decisions. For example, governments could choose to transfer resources via subsidies and grants or provide support by lowering tax rates to a given economic sector or a group within the society.

Government expenditures represented on average 41.9% of GDP across OECD countries in 2013. Greece (60.1%), Slovenia (59.7%), and Finland (57.8%) spent the most, whereas Korea (31.8%) and Mexico (24.4%) spent the least. Between 2007 and 2009 expenditures increased on average by 5.4 p.p. due mainly to measures adopted to counteract the global financial and economic crisis. The largest increases took place in Estonia (11.7 p.p.) and Ireland (11.6 p.p.), while a slight decrease occurred in Israel (0.6 p.p.).

The overall trend changed for the period between 2009 and 2013, when government expenditures as a share of GDP decreased on average by 2.5 p.p., mostly due to the slowdown (or reduction in some cases) of expenditures compared to the growth of GDP. As a response to the financial and economic crisis, countries implemented stimulus packages mainly in 2008; however since 2009 most countries have rather sought to cut back on expenditures. The strongest reductions occurred in Estonia (7.3 p.p.) and Ireland (6.9 p.p.). In ten OECD countries expenditures indeed grew during this period. The highest increase occurred in Slovenia (11.2 p.p.), Greece (6.0 p.p.) and Finland (3 p.p.). In the case of Slovenia the raise combines social preferences for a well-developed welfare state and poor expenditure controls. For Greece the change does not correspond to mounting expenditures; on the contrary it is triggered by the decrease of GDP at a higher pace than expenditures since 2009. Finally for Finland competitiveness has deteriorated and output has fallen, as electronics and forestry collapsed, while expenditures have continued to growth.

In addition, according to the 2014 data, available for a subset of OECD countries, government expenditures from 2013 to 2014 decreased substantially in Greece (10.7 p.p.) and Slovenia (9.9 p.p.) as one off expenditures to capitalize the banking system were registered in 2013. In 2014 Finland (58.7%), France (57.3%) and Denmark (57.2%) reported the highest spending as a share of GDP in 2014.

On average, across OECD countries government expenditures per capita represented USD 16 491 PPP per capita in 2013. However, OECD countries display large differences, ranging from USD 39 518 PPP in Luxembourg to USD 4 128 PPP in Mexico, a difference over nine fold. Notwithstanding, Mexico experienced a stable positive annual growth rate of 3.4% for both periods 2007-13 and 2009-13. On average, across OECD countries, expenditures per capita have increased at an annual rate of 1.2% between 2007 and 2013, while an annual decrease of 0.2% occurred between 2009 and 2013. Countries experienced similar trends when considering the 2009-14 period, where data are available, apart from being reverted to slight increases for Austria (0.1%) and Norway (0.01%). For Italy and Greece, the annual growth rates were negative for the three periods analysed.

### *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. There have been revisions in the SNA framework and most of the OECD countries have partly or entirely implemented the updated 2008 SNA methodology (see Annex A for details). 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 reading

OECD (2014), *National Accounts at a Glance 2014*, OECD, Paris, *http://dx.doi.org/10.1787/na_glance-2014-en*.

## Figure notes

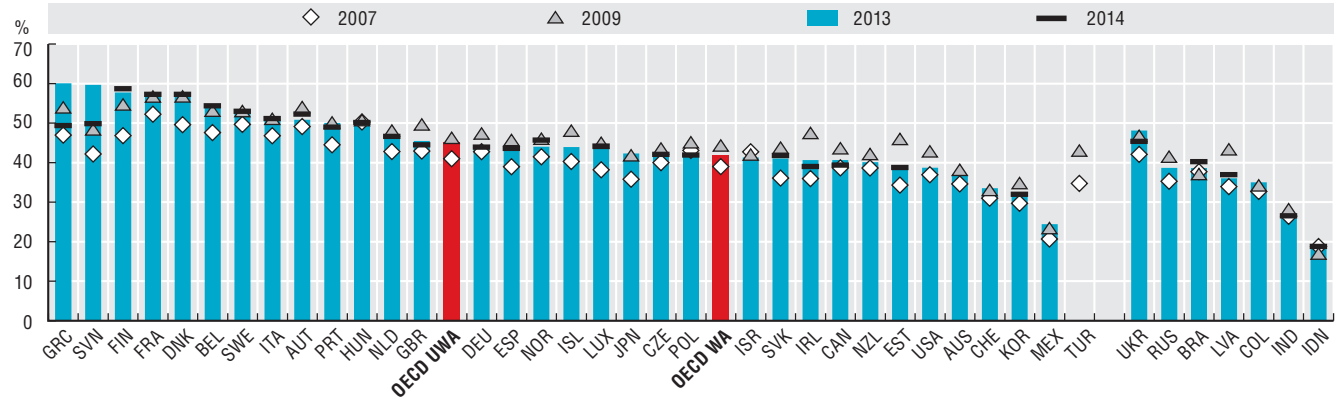
Data for Chile are not available. Data for Russia and Colombia are 2012 rather than 2013.

2.28 and 2.29: Data for Turkey are not including in the OECD average due to missing time-series.

2.30: Data for Turkey are not available.

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

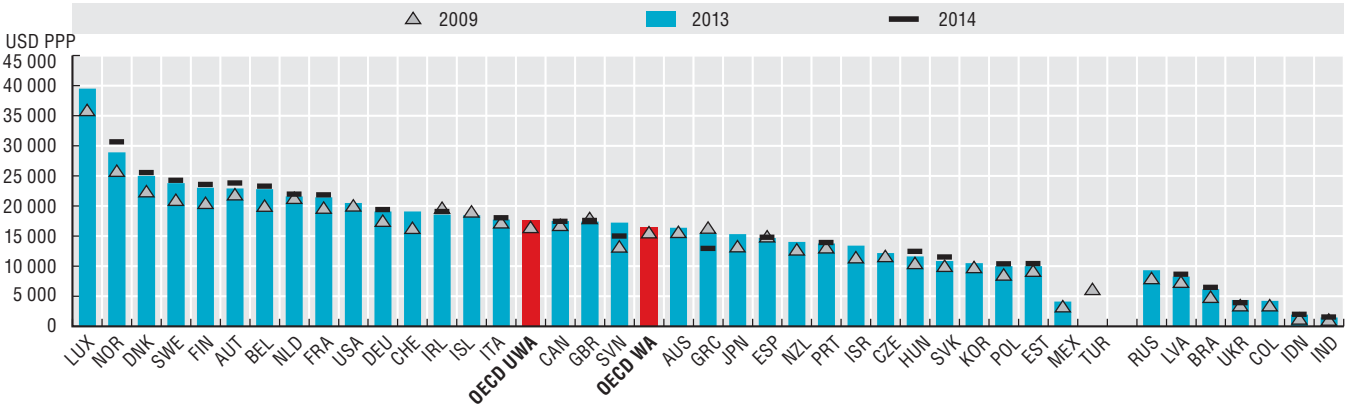
### 2.28. General government expenditures as a percentage of GDP, 2007, 2009, 2013 and 2014




*Source: OECD National Accounts Statistics* (database). Data for the other major economies of Brazil, India, Indonesia and Ukraine are from the *IMF Economic Outlook* (April 2015).

StatLink http://dx.doi.org/10.1787/888933248323

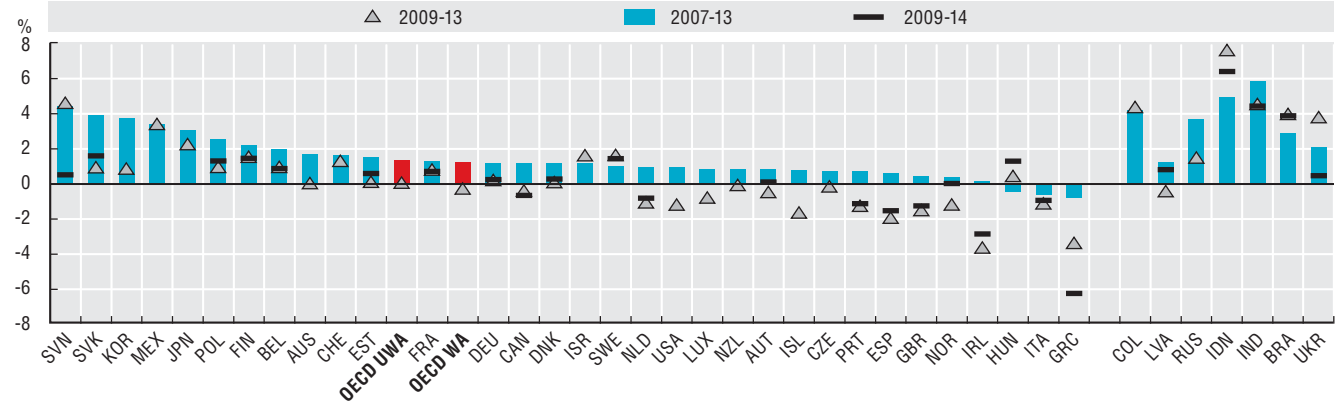
### 2.29. General government expenditures per capita, 2009, 2013 and 2014




*Source: OECD National Accounts Statistics* (database). Data for the other major economies of Brazil, India, Indonesia and Ukraine are from the *IMF Economic Outlook* (April 2015).

StatLink http://dx.doi.org/10.1787/888933248335

### 2.30. Annual average growth rate of real government expenditures per capita, 2007-13, 2009-13 and 2009-14




*Sources: OECD National Accounts Statistics* (database). Data for the other major economies of Brazil, India, Indonesia and Ukraine are from the *IMF Economic Outlook* (April 2015).

StatLink http://dx.doi.org/10.1787/888933248341

# Structure of general government expenditures by function (COFOG)

The breakdown of governments' expenditures by function and its evolution over time reflect the main priorities and challenges of governments. Higher debt burden, high and rising unemployment, the impact of ageing population, but also common goals set by regional agreements (such as in OECD-EU countries) on energy, infrastructure and research and development programmes are all reflected in the structure of governments' expenditures.

Governments in OECD countries spent the largest share of total expenditures on social protection in 2013. On average close to one third of government spending is dedicated to social protection (32.4%). These are particularly high in Nordic countries, Luxembourg, France, Germany, Japan, Austria and Italy where they represent more than 40% of total government expenditures. In France more than half (55%) of social protection spending is on pensions 12% of it is dedicated to sickness/disability benefits 10% to family/children allowances and 8% to unemployment benefits Although percentages vary (in particular for the share on unemployment benefits), many OECD countries have generally a similar structure of social protection expenditures.

Governments' spending on health care, general public services (which includes the debt servicing) and in education also represents important shares of government spending, each above 10% on average in 2013. Spending on economic affairs is also significant (9.5%) and varies from more than 25% in Greece to less than 7% in Denmark, Israel, Portugal and the United Kingdom.

In 2013, OECD governments spent relatively less on defence (5.5%), public order and safety (4.4%), housing and community amenities (1.5%), recreation culture and religion (1.5%) and environmental protection (1.2%) although depending on countries this may vary quite significantly. Spending on defence for instance is close to or above 10% in Israel (14.4%) and the United States (9.8%) whereas it is close to or below 1% in Hungary, Ireland, Iceland and Luxembourg.

Between 2007 and 2013, there has been an increase in total government spending on social protection and health care. Compared to before the financial crisis, governments spend a relatively larger share on social protection especially in countries where unemployment had risen sharply (Spain, Ireland, Portugal and Italy). Over the same period spending on health care has increased on average in OECD countries (+ 0.8 p.p.) driven to some extent by the growing share of health care spending in the Netherlands (+1.9 p.p.) and the United-States (+ 1.5 p.p.). In the few countries where social protection and health care spending decreased significantly over the period (Greece, Slovenia) this is mainly due to the high increase in spending on economic affairs (> 14 p.p. for both countries) to support economic growth and programmes to reduce the rate of unemployment of certain population groups.

Overall in OECD countries, the greater share of spending dedicated to social protection and health care over the period has been compensated by a decrease of spending in all other categories and especially in education (-0.8 p.p.), general public services (-0.6 p.p.) and defence (-0.5 p.p.). In 2013, out of 29 OECD countries for which data are available, 17 countries have reduced the share dedicated to education compared to 2007. The highest decrease took place in Slovenia (-3.2 p.p.) and in Iceland (-2.3 p.p.). Regarding general public services the biggest decrease over the period took place in Greece (-7.8 p.p.). This is mainly due to decreasing annual spending on debt servicing as a result of the negotiation and restructuration of the Greek government's debt.

### *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 SNA framework was revised and most of the OECD countries have partly or entirely implemented the updated 2008 SNA methodology (see Annex A for details). 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 in each category is available in Annex C.

Structure of governments by selected COFOG II level priority functions are shown in Figure 2.33 (general public services), Figure 2.34 (public order and safety), Figure 2.35 (economic affairs), Figure 2.36 (health care), Figure 2.37 (education) and Figure 2.38 (social protection). These are available on line (*http://dx.doi.org/10.1787/888933248370*; *http://dx.doi.org/10.1787/888933248384*; *http://dx.doi.org/10.1787/888933248399*; *http://dx.doi.org/10.1787/888933248407*; *http://dx.doi.org/10.1787/888933248412*; *http://dx.doi.org/10.1787/888933248422*).

## Table notes

Data are not available for Canada, Chile, Mexico, New Zealand and Turkey. Iceland: 2012 rather than 2013. Data for Spain in Economic Affairs in 2013 include EUR 4 897 million of financial aids to the banks.

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

## 2.31. Structure of general government expenditures by function, 2013

| | 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 | 12.9 | 3.9 | 4.7 | 11.1 | 2.9 | 1.7 | 18.8 | 2.0 | 14.4 | 27.7 |
| Austria | 14.2 | 1.2 | 2.6 | 11.1 | 1.0 | 0.7 | 15.6 | 1.9 | 9.8 | 41.9 |
| Belgium | 15.5 | 1.7 | 3.4 | 12.2 | 1.8 | 0.6 | 14.6 | 2.4 | 11.8 | 36.1 |
| Czech Republic | 11.1 | 1.8 | 4.2 | 14.3 | 2.5 | 2.0 | 17.4 | 2.7 | 12.3 | 31.7 |
| Denmark | 13.6 | 2.3 | 1.8 | 6.3 | 0.7 | 0.5 | 15.3 | 3.2 | 12.3 | 43.9 |
| Estonia | 10.3 | 4.7 | 4.9 | 12.5 | 1.7 | 1.4 | 13.0 | 5.4 | 15.4 | 30.7 |
| Finland | 14.4 | 2.6 | 2.4 | 8.2 | 0.4 | 0.7 | 14.5 | 2.5 | 11.2 | 43.1 |
| France | 11.9 | 3.1 | 2.9 | 8.7 | 1.8 | 2.4 | 14.2 | 2.6 | 9.6 | 42.9 |
| Germany | 14.3 | 2.4 | 3.5 | 7.5 | 1.3 | 0.9 | 15.8 | 1.9 | 9.7 | 42.6 |
| Greece | 16.3 | 3.6 | 3.1 | 25.5 | 1.4 | 0.5 | 8.6 | 1.1 | 7.6 | 32.4 |
| Hungary | 20.9 | 1.0 | 4.2 | 13.7 | 1.8 | 1.6 | 10.4 | 3.7 | 9.5 | 33.3 |
| Iceland | 19.2 | 0.0 | 3.1 | 10.4 | 1.3 | 2.4 | 16.3 | 6.9 | 16.9 | 23.6 |
| Ireland | 16.5 | 1.0 | 3.9 | 7.5 | 1.6 | 1.6 | 17.4 | 1.8 | 10.2 | 38.6 |
| Israel | 13.5 | 14.4 | 3.9 | 6.8 | 1.5 | 1.1 | 12.2 | 3.7 | 16.3 | 26.6 |
| Italy | 17.5 | 2.3 | 3.8 | 8.2 | 1.8 | 1.4 | 14.1 | 1.4 | 8.0 | 41.3 |
| Japan | 10.6 | 2.1 | 3.1 | 10.3 | 2.8 | 1.8 | 17.5 | 0.9 | 8.5 | 42.4 |
| Korea | 17.1 | 7.8 | 4.0 | 16.8 | 2.4 | 3.0 | 12.1 | 2.2 | 16.3 | 18.4 |
| Luxembourg | 11.5 | 0.8 | 2.3 | 9.5 | 2.6 | 1.6 | 11.9 | 2.6 | 12.7 | 44.4 |
| Netherlands | 11.0 | 2.5 | 4.2 | 8.2 | 3.2 | 1.1 | 17.7 | 3.4 | 11.8 | 36.7 |
| Norway | 9.7 | 3.1 | 2.3 | 10.6 | 1.9 | 1.6 | 17.0 | 3.1 | 11.1 | 39.7 |
| Poland | 13.5 | 3.9 | 5.3 | 9.6 | 1.8 | 1.7 | 10.9 | 2.5 | 12.5 | 38.3 |
| Portugal | 17.9 | 2.1 | 4.4 | 6.7 | 0.8 | 1.4 | 13.3 | 2.0 | 13.5 | 37.8 |
| Slovak Republic | 13.4 | 3.1 | 8.0 | 7.9 | 2.2 | 1.7 | 18.3 | 3.1 | 12.2 | 30.1 |
| Slovenia | 11.3 | 1.6 | 3.6 | 24.2 | 1.2 | 1.2 | 11.6 | 3.0 | 10.9 | 31.4 |
| Spain | 15.5 | 2.1 | 4.5 | 10.0 | 1.9 | 1.0 | 13.6 | 2.6 | 9.1 | 39.7 |
| Sweden | 14.6 | 2.8 | 2.6 | 8.1 | 0.6 | 1.4 | 13.1 | 2.0 | 12.4 | 42.3 |
| Switzerland | 11.7 | 3.0 | 4.9 | 12.3 | 2.2 | 0.6 | 6.5 | 2.5 | 17.8 | 38.6 |
| United Kingdom | 12.5 | 5.0 | 4.8 | 6.8 | 1.8 | 1.5 | 16.7 | 1.7 | 12.0 | 37.2 |
| United States | 14.3 | 9.8 | 5.6 | 9.2 | 0.0 | 1.5 | 22.3 | 0.7 | 16.0 | 20.7 |
| **OECD WA** | **13.8** | **5.5** | **4.4** | **9.5** | **1.2** | **1.5** | **17.7** | **1.5** | **12.5** | **32.4** |
| **OECD UWA** | **14.0** | **3.3** | **3.9** | **10.8** | **1.7** | **1.4** | **14.5** | **2.6** | **12.1** | **35.7** |
| Latvia | 13.2 | 2.4 | 5.2 | 13.0 | 1.8 | 3.3 | 10.0 | 4.2 | 15.7 | 31.2 |

*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/10.1787/888933248350

## 2.32. Change in the structure of general government expenditures by function, 2007 to 2013

| | 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 | 2.3 | -0.4 | -0.4 | -0.9 | 0.7 | -0.6 | -0.1 | -0.4 | 0.1 | -0.2 |
| Austria | -1.2 | -0.3 | -0.1 | -0.9 | 0.1 | -0.1 | 0.3 | -0.3 | 0.2 | 2.2 |
| Belgium | -2.6 | -0.4 | 0.0 | 0.9 | 0.6 | -0.2 | 0.6 | -0.1 | 0.2 | 1.2 |
| Czech Republic | 0.4 | -0.9 | -0.6 | -1.7 | 0.1 | -0.4 | 1.0 | -0.2 | 0.6 | 1.9 |
| Denmark | 0.1 | -0.5 | 0.0 | 0.4 | -0.3 | -0.2 | -0.2 | -0.2 | 0.3 | 0.7 |
| Estonia | 0.5 | 1.0 | -1.3 | -0.7 | -0.8 | -0.4 | 0.3 | -0.6 | -1.8 | 3.8 |
| Finland | 0.2 | -0.3 | -0.2 | -1.1 | -0.2 | 0.0 | 0.3 | 0.3 | -1.2 | 2.2 |
| France | -1.8 | -0.2 | 0.1 | 0.5 | 0.1 | 0.2 | -0.1 | 0.1 | -0.5 | 1.5 |
| Germany | 0.1 | 0.2 | 0.0 | 0.2 | 0.1 | -1.0 | 1.0 | 0.0 | 0.6 | -1.3 |
| Greece | -7.8 | -2.3 | -0.1 | 15.9 | -0.3 | 0.0 | -4.2 | -0.2 | 0.3 | -1.3 |
| Hungary | 1.8 | -1.6 | 0.2 | 0.7 | 0.6 | -0.4 | 0.4 | 0.8 | -1.5 | -1.1 |
| Iceland | 6.0 | -0.1 | -0.4 | -3.4 | -0.2 | 1.3 | -2.4 | -2.0 | -2.3 | 3.4 |
| Ireland | 6.8 | -0.2 | -0.5 | -3.8 | -1.2 | -4.0 | -1.3 | -0.3 | -2.1 | 6.4 |
| Israel | -3.7 | -2.2 | 0.3 | 0.7 | 0.2 | -0.3 | 0.7 | 0.5 | 2.2 | 1.6 |
| Italy | -0.8 | -0.1 | -0.1 | -0.7 | 0.1 | 0.0 | -0.2 | -0.4 | -1.6 | 3.9 |
| Japan | -1.7 | -0.2 | -0.4 | 0.6 | -0.5 | -0.4 | 1.0 | -0.1 | -0.9 | 2.5 |
| Korea | -0.5 | -0.1 | -0.1 | -3.4 | -0.6 | -0.7 | 1.6 | -0.1 | 0.7 | 3.3 |
| Luxembourg | -0.5 | 0.2 | 0.0 | -1.5 | 0.1 | 0.1 | -0.2 | -0.7 | 0.6 | 1.9 |
| Netherlands | -1.9 | -0.5 | -0.1 | -1.7 | -0.4 | 0.2 | 1.9 | -0.1 | -0.2 | 3.0 |
| Norway | -4.5 | -0.7 | 0.2 | 1.5 | 0.5 | 0.2 | 0.2 | 0.2 | -0.6 | 3.0 |
| Poland | 0.8 | -0.6 | 0.1 | -1.2 | 0.3 | -0.9 | 0.5 | -0.1 | -0.8 | 1.7 |
| Portugal | 2.6 | -0.6 | 0.5 | -2.9 | -0.5 | -0.4 | -2.5 | -0.3 | -0.9 | 5.0 |
| Slovak Republic | 2.2 | -1.9 | 1.2 | -4.1 | 0.5 | -0.4 | 0.5 | 1.0 | 0.4 | 0.6 |
| Slovenia | -1.8 | -1.6 | -0.4 | 14.8 | -0.5 | -0.2 | -2.3 | 0.1 | -3.2 | -4.9 |
| Spain | 2.9 | -0.4 | -0.3 | -3.3 | -0.7 | -1.3 | -1.0 | -1.5 | -1.2 | 6.7 |
| Sweden | -0.8 | -0.3 | 0.0 | 0.3 | -0.1 | 0.0 | 0.3 | 0.0 | -0.3 | 1.0 |
| Switzerland | -1.1 | 0.0 | 0.1 | -0.6 | 0.6 | -0.1 | 0.4 | 0.1 | 0.4 | 0.2 |
| United Kingdom | 1.8 | -0.2 | -0.9 | -0.3 | -0.3 | -1.0 | 0.9 | -0.5 | -1.8 | 2.4 |
| United States | -0.9 | -0.9 | -0.3 | -0.6 | 0.0 | -0.3 | 1.5 | -0.1 | -1.1 | 2.6 |
| **OECD WA** | **-0.6** | **-0.5** | **-0.2** | **-0.3** | **-0.1** | **-0.4** | **0.8** | **-0.2** | **-0.8** | **2.3** |
| **OECD UWA** | **-0.1** | **-0.6** | **-0.1** | **0.1** | **-0.1** | **-0.4** | **0.0** | **-0.2** | **-0.5** | **1.9** |
| Latvia | 1.7 | -1.7 | -2.1 | -1.0 | -0.8 | -0.3 | -2.0 | -0.8 | -0.8 | 7.8 |

*Sources: 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/10.1787/888933248369

# Structure of general government expenditures by economic transaction

Government expenditures go beyond production related expenditures. In a government budget perspective, economic transactions such as gross capital formation, social benefit payments, interest payments generated by the public debt and subsidies are also included determining the total government expenditures. All these transactions together have the advantage of better capturing on what government spends taxpayers' money and also its ability to stimulate the demand.

Generally, the largest expenditure component of general government is social benefits followed by the compensation of employees. In 2013, on average, these two items accounted for 62.8% of the total government expenditures across OECD countries. In general, OECD countries devoted 39.8% of the total expenditures to social benefits. However, there are several differences across countries. On the one side, social benefits in countries like Iceland, Israel, Mexico, Canada and Korea were between 14 and 30 p.p. lower than the OECD average. On the other side, Germany devoted 13.7 p.p. more than the OECD average to this item. In general, OECD countries devoted 22.9% of the total expenditures to compensation of employees. Despite being on average the second largest share, several differences were found across OECD countries. The share of this item was 14.9 p.p. larger in Mexico, where it almost reached 40% of total expenditures, and 9.3 p.p. larger in Iceland (exceeding 32% of the total expenditures). Intermediate consumption was the third largest economic transaction, accounting for 14.8% of the total government expenditures. Finally, the capital expenditures accounted for 9.6% of total expenditures, 6.9% was devoted to property income (mostly interest payments) while the remaining 6% was devoted to other current expenditures and subsidies.

Between 2007 and 2013, the share of general government expenditures across OECD countries devoted to social benefits was the economic transaction with the highest increase (3.1 p.p.). This increment reflects the impact on OECD countries in supporting social phenomena related to the economic crisis such as increases in unemployment. Specifically, the highest increases took place in countries such as Ireland and Spain (7.4 p.p. and 7.1 p.p. respectively). Nevertheless, over the same period some of the OECD countries experienced a decrease: Slovenia, Greece and Hungary were the most affected (-5.8 p.p. and -1.7 p.p. and -1.5 p.p. respectively). Despite that, Greece reveals a different picture when analysing the evolution of this item over the latest period 2013-14, showing an increase of the share of social benefits by 7.8 p.p.

Over the period 2007-13, the share of compensation of employees to the total expenditures decreased significantly across OECD countries (-1.4 p.p.). Traditionally, adjustments in the wages or the number or employees in government have been the main measures taken by OECD governments to decrease the compensation of employees. Despite this general trend, seven OECD countries displayed positive figures namely, Norway (1.8 p.p.), Israel (0.8 p.p.), Slovak Republic (0.7 p.p.), Germany and Canada (both 0.3 p.p.) and Estonia and Switzerland (below 0.3 p.p.). Similarly, the share of capital expenditures over the total expenditures decreased across OECD countries (-1.3 p.p.). Ireland and the Czech Republic experienced the largest decreases over this period (-10.6 p.p. and -4.9 p.p., respectively), a similar trend that was also observed between the years 2007 and 2014 (-9.0 p.p. and -4.2 p.p.).

### *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. There have been revisions in the SNA framework and most of the OECD countries have partly or entirely implemented the updated 2008 SNA methodology (see Annex A for details). 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 2.40, Change in the structure of general government expenditures by economic transaction, 2007 to 2014 is available online at *http://dx.doi.org/10.1787/888933248447*.

## Further reading

OECD (2014a), *National Accounts at a Glance 2014*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/na_glance-2014-en*.

OECD (2014b), *OECD Factbook 2014: Economic, Environmental and Social Statistics*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/factbook-2014-en*.

## Figure notes

Data for Australia, Chile and Turkey are not available. Data for Colombia and Russia refer to the year 2012 rather than 2013.

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

## 2.39. Structure of general government expenditures by economic transaction, 2013 and 2014 and change 2007 to 2013

| | Intermediate consumption | | | Compensation of employees | | | Subsidies | | | Property income (incl. interest) | | | Social benefits | | | Other current expenditures | | | Capital expenditures | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | 2014 | Change 2007-13 | 2013 | 2014 | Change 2007-13 | 2013 | 2014 | Change 2007-13 | 2013 | 2014 | Change 2007-13 | 2013 | 2014 | Change 2007-13 | 2013 | 2014 | Change 2007-13 | 2013 | 2014 | Change 2007-13 |
| Austria | 12.8 | 12.4 | 0.7 | 20.9 | 20.2 | -0.3 | 2.8 | 2.8 | -0.3 | 4.9 | 4.5 | -1.5 | 45.2 | 44.6 | 2.5 | 6.5 | 6.2 | 0.7 | 7.0 | 9.3 | -1.9 |
| Belgium | 7.3 | 7.3 | -0.3 | 22.9 | 23.0 | -1.0 | 5.4 | 5.3 | 0.7 | 5.7 | 5.7 | -2.3 | 46.2 | 46.5 | 1.4 | 5.0 | 4.8 | 0.5 | 7.6 | 7.4 | 0.9 |
| Canada | 23.3 | 23.6 | 1.2 | 29.8 | 30.1 | 0.3 | 2.9 | 2.8 | 0.1 | 8.0 | 7.9 | -2.5 | 22.9 | 23.2 | 0.8 | 2.9 | 2.9 | 0.1 | 10.2 | 9.5 | 0.1 |
| Czech Republic | 12.1 | 11.7 | -1.8 | 17.2 | 17.0 | -0.4 | 6.4 | 6.5 | 2.3 | 3.2 | 3.2 | 0.5 | 45.5 | 44.8 | 3.4 | 5.2 | 5.0 | 0.8 | 10.5 | 11.8 | -4.9 |
| Denmark | 16.5 | 16.5 | 0.4 | 29.4 | 29.5 | -1.5 | 3.8 | 3.9 | 0.0 | 3.0 | 2.7 | -0.2 | 33.9 | 33.8 | 0.9 | 6.3 | 6.2 | -0.3 | 6.9 | 7.4 | 0.8 |
| Estonia | 17.0 | 17.3 | 0.2 | 27.6 | 28.5 | 0.2 | 1.9 | 1.1 | -0.6 | 0.4 | 0.3 | -0.1 | 32.2 | 32.6 | 3.8 | 5.2 | 4.7 | 0.5 | 15.7 | 15.4 | -3.8 |
| Finland | 20.1 | 20.1 | 1.1 | 25.0 | 24.4 | -1.9 | 2.3 | 2.3 | -0.3 | 2.2 | 2.2 | -0.8 | 37.6 | 38.4 | 2.2 | 5.2 | 5.1 | 0.1 | 7.6 | 7.6 | -0.3 |
| France | 9.1 | 8.9 | 0.2 | 22.6 | 22.7 | -1.1 | 3.0 | 3.9 | 0.4 | 4.0 | 3.8 | -1.0 | 45.1 | 45.5 | 1.5 | 7.0 | 6.8 | 0.5 | 9.1 | 8.5 | -0.4 |
| Germany | 10.6 | 10.6 | 1.6 | 17.5 | 17.6 | 0.3 | 2.0 | 2.1 | -0.3 | 4.5 | 4.0 | -1.7 | 53.5 | 54.3 | -0.7 | 5.0 | 4.9 | 1.0 | 6.9 | 6.6 | -0.2 |
| Greece | 7.6 | 9.0 | -6.5 | 20.0 | 24.3 | -3.2 | 2.0 | 2.1 | 1.8 | 6.6 | 7.9 | -3.1 | 35.0 | 42.8 | -1.7 | 2.9 | 3.9 | -0.8 | 25.9 | 10.1 | 13.5 |
| Hungary | 15.0 | 15.7 | 2.4 | 20.4 | 21.1 | -2.5 | 2.7 | 2.6 | -0.1 | 9.2 | 8.2 | 1.1 | 34.5 | 32.0 | -1.5 | 6.7 | 7.1 | 1.2 | 11.6 | 13.3 | -0.7 |
| Iceland | 25.5 | .. | 0.0 | 32.3 | .. | -2.7 | 3.9 | .. | -0.3 | 11.4 | .. | 5.3 | 16.0 | .. | 2.4 | 4.3 | .. | 0.1 | 6.5 | .. | -4.8 |
| Ireland | 11.5 | 12.0 | -2.2 | 26.2 | 25.7 | -1.9 | 2.3 | 2.4 | -0.2 | 10.8 | 10.4 | 8.0 | 40.2 | 39.4 | 7.4 | 4.0 | 3.5 | -0.4 | 4.9 | 6.5 | -10.6 |
| Israel | 24.9 | .. | -0.4 | 25.3 | .. | 0.8 | 2.0 | .. | 0.2 | 9.7 | .. | -3.0 | 17.3 | .. | 0.8 | 12.1 | .. | 0.4 | 8.6 | .. | 1.2 |
| Italy | 11.0 | 10.9 | 0.6 | 20.1 | 19.8 | -1.7 | 3.3 | 3.5 | 0.9 | 9.5 | 9.1 | -0.7 | 44.3 | 45.0 | 3.5 | 4.7 | 4.5 | 0.0 | 7.1 | 7.1 | -2.6 |
| Japan | 10.1 | .. | -0.3 | 14.1 | .. | -3.1 | 1.5 | .. | 0.0 | 5.1 | .. | -0.4 | 53.9 | .. | 3.4 | 3.5 | .. | 0.2 | 11.8 | .. | 0.2 |
| Korea | 14.2 | 13.7 | -0.4 | 21.0 | 21.1 | -2.1 | 0.9 | 0.9 | -0.3 | 5.6 | 5.5 | -1.0 | 25.6 | 26.8 | 4.6 | 12.3 | 12.7 | 2.3 | 20.5 | 19.3 | -3.1 |
| Luxembourg | 8.6 | 8.4 | 0.6 | 18.9 | 19.1 | -0.4 | 3.9 | 4.3 | -0.5 | 1.0 | 0.8 | 0.3 | 48.4 | 48.3 | 1.1 | 8.2 | 8.3 | 0.9 | 11.0 | 10.8 | -2.1 |
| Mexico | 12.2 | .. | 0.0 | 37.6 | .. | -1.4 | 4.5 | .. | 0.7 | 7.3 | .. | -0.4 | 9.3 | .. | 1.7 | 11.1 | .. | 2.6 | 18.1 | .. | -3.3 |
| Netherlands | 13.9 | 13.5 | -0.7 | 19.8 | 19.7 | -0.4 | 2.6 | 2.5 | -0.4 | 3.3 | 3.1 | -1.4 | 48.2 | 47.9 | 4.6 | 4.3 | 4.9 | -0.5 | 8.0 | 8.4 | -1.2 |
| New Zealand | 16.0 | .. | -0.2 | 23.5 | .. | -0.2 | 0.9 | .. | 0.1 | 4.4 | .. | 0.2 | 36.9 | .. | 0.7 | 6.8 | .. | 0.3 | 11.4 | .. | -0.9 |
| Norway | 13.6 | 13.5 | 0.2 | 30.9 | 30.5 | 1.8 | 4.3 | 4.2 | 0.1 | 1.5 | 1.4 | -4.7 | 34.6 | 34.5 | 1.4 | 5.3 | 5.7 | 0.4 | 9.9 | 10.3 | 0.7 |
| Poland | 13.9 | 14.4 | 0.0 | 24.4 | 24.4 | 0.2 | 1.6 | 1.4 | -0.6 | 5.9 | 4.7 | 0.8 | 38.5 | 38.9 | 1.5 | 5.5 | 5.2 | -0.1 | 10.1 | 11.0 | -1.9 |
| Portugal | 11.5 | 12.0 | -0.7 | 24.8 | 24.2 | -4.6 | 1.2 | 1.4 | -0.5 | 9.8 | 10.1 | 3.2 | 40.7 | 40.2 | 4.4 | 5.9 | 5.5 | 0.4 | 6.1 | 6.6 | -2.1 |
| Slovak Republic | 12.7 | 13.0 | -0.8 | 20.6 | 20.9 | 0.7 | 2.6 | 2.3 | -0.6 | 4.6 | 4.6 | 0.8 | 46.1 | 45.7 | 1.4 | 4.5 | 4.0 | -0.1 | 8.8 | 9.4 | -1.5 |
| Slovenia | 11.4 | 13.4 | -1.8 | 21.0 | 23.2 | -3.6 | 1.8 | 1.7 | -1.9 | 4.2 | 6.5 | 1.3 | 32.2 | 37.0 | -5.8 | 4.7 | 4.3 | -0.2 | 24.7 | 13.8 | 11.9 |
| Spain | 12.0 | 12.0 | -0.9 | 24.6 | 24.8 | -0.9 | 2.2 | 2.4 | -0.6 | 7.4 | 7.5 | 3.3 | 42.7 | 43.1 | 7.1 | 4.0 | 3.8 | -0.1 | 7.0 | 6.5 | -8.1 |
| Sweden | 15.9 | 16.0 | 0.3 | 23.7 | 23.9 | -1.1 | 3.1 | 3.3 | 0.3 | 1.8 | 1.7 | -1.7 | 33.4 | 33.0 | 0.7 | 13.1 | 13.1 | 1.1 | 8.9 | 9.0 | 0.4 |
| Switzerland | 12.9 | .. | 0.3 | 22.3 | | 0.0 | 10.3 | .. | -0.6 | 1.9 | .. | -1.7 | 33.5 | .. | -0.4 | 6.6 | .. | 1.7 | 12.5 | .. | 0.6 |
| United Kingdom | 25.3 | 25.5 | 0.1 | 21.4 | 21.4 | -3.4 | 1.2 | 1.3 | -0.3 | 6.3 | 6.2 | 1.2 | 32.2 | 32.3 | 3.3 | 6.2 | 5.7 | -0.3 | 7.4 | 7.7 | -0.6 |
| United States | 17.5 | .. | -0.8 | 25.8 | .. | -1.4 | 0.9 | .. | -0.1 | 9.3 | .. | -0.4 | 36.8 | .. | 4.9 | 0.7 | .. | -0.1 | 8.9 | .. | -2.1 |
| **OECD WA** | **14.8** | .. | **-0.3** | **22.9** | .. | **-1.4** | **2.0** | .. | **0.0** | **6.9** | .. | **-0.5** | **39.8** | .. | **3.1** | **4.0** | .. | **0.3** | **9.6** | .. | **-1.3** |
| **OECD UWA** | **14.4** | .. | **-0.2** | **23.6** | .. | **-1.2** | **2.9** | .. | **0.0** | **5.6** | .. | **-0.1** | **36.9** | .. | **2.0** | **6.0** | .. | **0.4** | **10.7** | .. | **-0.9** |
| Colombia | 15.0 | .. | -0.9 | 22.3 | .. | -0.4 | 0.4 | .. | 0.1 | 7.3 | .. | -3.5 | 33.2 | .. | 2.0 | 10.9 | .. | 1.0 | 10.9 | .. | 1.7 |
| Latvia | 17.0 | 16.8 | 1.0 | 25.5 | 25.4 | -3.9 | 1.6 | 1.8 | -0.6 | 4.0 | 3.7 | 3.0 | 31.2 | 30.0 | 8.3 | 7.5 | 9.4 | -1.9 | 13.2 | 12.8 | -5.9 |
| Russia | 20.6 | .. | -0.7 | 28.1 | .. | 3.4 | 1.5 | .. | -0.5 | 1.6 | .. | 0.3 | 29.6 | .. | 5.5 | 5.9 | .. | -0.5 | 12.7 | .. | -7.4 |

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

StatLink http://dx.doi.org/10.1787/888933248435

# Expenditures structure by level of government

Governments are traditionally responsible for the provision of public goods and services (e.g. education and health care) as well as for the redistribution of income (e.g. social benefits and subsidies). Furthermore, the responsibility for financing these tasks is shared between different levels of government. The need to improve the quality and efficiency of government spending has confirmed sub-central governments as important players in the implementation of public policies. Indeed, sub-central governments could be considered better equipped than central governments to obtain information on local needs and better placed to tailor the provision of public services.

In 2013, 42.8% of general government expenditures were undertaken by central governments across OECD countries. An additional 37.8% was covered by state and local governments while the social security funds accounted for the remaining 19.4%. However, the level of decentralisation varies considerably across OECD countries, and this also has an effect on the spending responsibilities. For example, in Ireland (unitary state), 90.4% of total spending was carried out by central government in 2013 and 91.2% in 2014, representing an increase of 9.4 percentage points between 2007 and 2014. In contrast, state and local governments in Belgium, Canada, Germany, Spain, Switzerland and Mexico (federal or quasi federal states) account for a larger share of public expenditures than the central government.

In general, central governments spend a relatively large proportion of their budgets on social protection (e.g. pensions and unemployment benefits), general public services (e.g. executive and legislative organs, public debt transactions) and defence than state and local governments. In half of OECD countries, expenditures on social protection represent the largest share of central government budgets. In Belgium and Spain, central governments allocate over 60% of their budgets to general public services.

Between 2007 and 2013, the share of expenditures corresponding to sub-central governments increased in several countries. Highest increases were recorded by Norway (2.4 p.p.), Canada (2.0 p.p.), Switzerland (1.5 p.p.) and Finland (1.1 p.p.). On the contrary, European countries with high fiscal pressure during the crisis such as Slovenia (9.0 p.p.), Ireland (8.5 p.p.), Hungary (7.2 p.p.) and Greece (4.3 p.p.) experienced increases in the share of central government expenditures to total government spending during the same period.

### *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. There have been revisions in the SNA framework and most of the OECD countries have partly or entirely implemented the updated 2008 SNA methodology (see Annex A for details). 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 2.41 and Table 2.42 (Change in the distribution of government expenditures across levels of government, 2009 to 2013 and 2014) 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 the structure of expenditures at the central, state, and local levels (Figure 2.43 and Tables 2.44 and 2.45) include transfers between levels of government and therefore illustrate how much is spent on each function at each level of government. Figure 2.43 and Tables 2.42, 2.44 and 2.45 are available online (*http://dx.doi.org/10.1787/888933248478*; *http://dx.doi.org/10.1787/888933248464*; *http://dx.doi.org/10.1787/888933248482*; *http://dx.doi.org/10.1787/888933248492*).

## Further reading

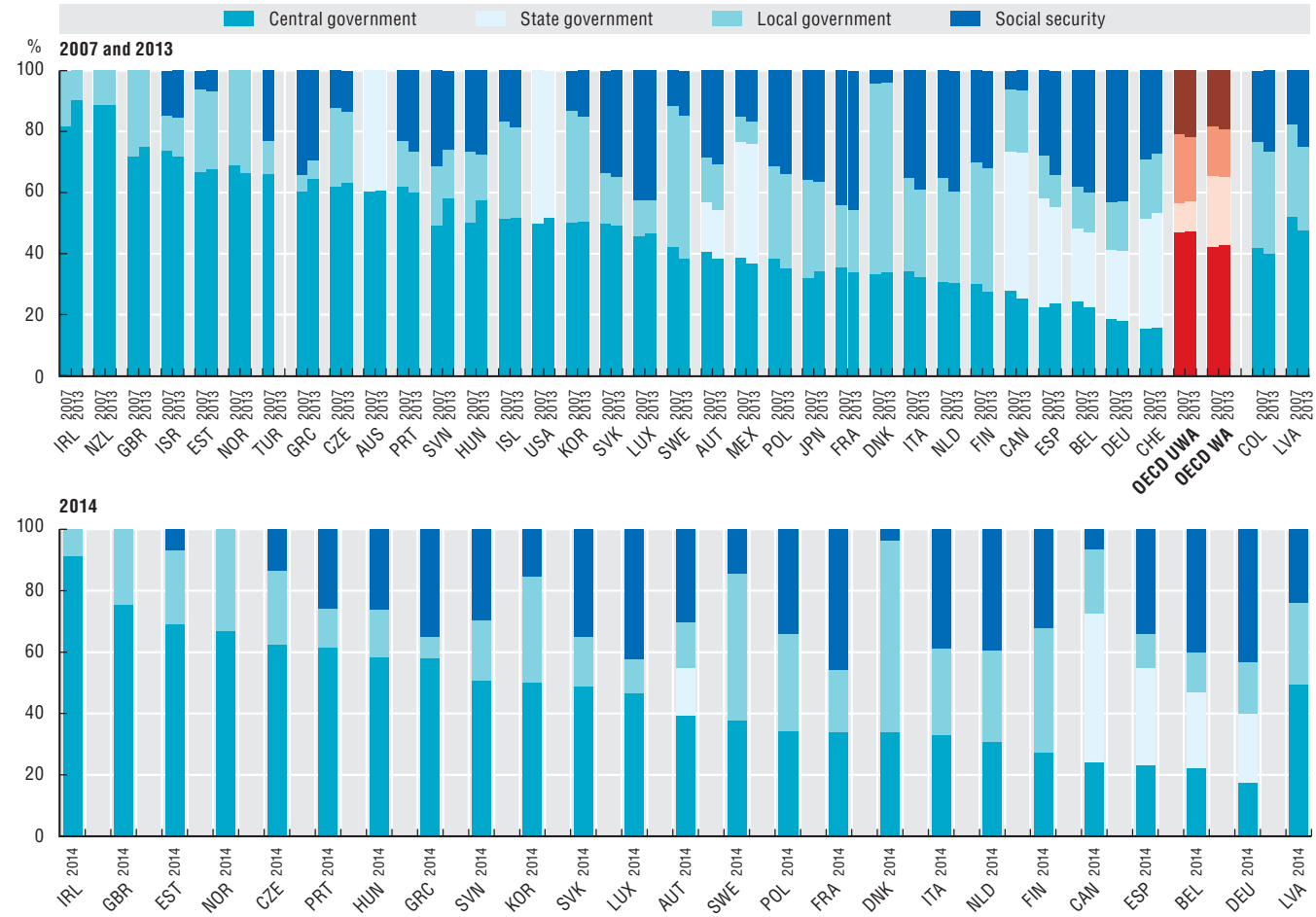
OECD (2013), *OECD Regions at a Glance 2013*, OECD, Paris, *http://dx.doi.org/10.1787/reg_glance-2013-en*.

## Figure notes

Data for Chile are not available. In 2014, data for the OECD non-European countries (apart from Canada and Korea) and for Iceland, Turkey and Switzerland are not available. Data for Turkey are not included in the OECD average due to missing time-series. Transfers between levels of government are excluded (apart from Australia, Korea, Japan and Turkey). 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. Australia and Colombia: 2012 rather than 2013.

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

**2.41. Distribution of general government expenditures across levels of government, 2007, 2013 and 2014**




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

StatLink http://dx.doi.org/10.1787/888933248456

# Government investment spending

Governments have various tools to promote economic growth and societal well-being. Government undertakes long-term investments in public infrastructures as well as research and development that can contribute to balancing the economic cycles, create new jobs and enhance productivity by applying counter-cyclical policies).

In 2013, on average, OECD governments invested 7.8% of total government spending varying from 17.2% in Korea to less than 4% in Ireland. Between 2007 and 2013, OECD countries experienced an average reduction of government investment by 1.3 p.p. While at the beginning of the crisis investment played a role as a tool for countercyclical fiscal policies; starting shortly afterwards, consolidation policies have crowded out public investment hence increasing volatility and affecting the overall efficiency of public spending. From 2013 to 2014, government investment as a share of total government expenditure increased substantially in Greece and Slovenia (3.3 p.p. and 2.7 p.p. respectively) almost recovering to 2009 levels (-1 p.p. in both cases).

In 2013, government investment as a share of total investment in the economy reached on average 15.9%. Greece is the country with the largest share (23.2%) followed by Slovenia and Luxembourg (22.6% and 22.1% respectively). Between 2009 and 2013 the majority of OECD countries reduced their government investment due to the implementation of austerity programmes.

The investment patterns in OECD countries are shaped, to a great extent, by the political and administrative structure. In this respect, sub-central governments have an important role reaching in 2013 on average about 60% of the total government investment. However, countries such as the Chile, Greece and the Slovak Republic experienced large proportions of government investment carried out by the central government (above 70%). Between 2007 and 2014, no common trend exists toward investment decentralisation while Ireland has experienced a significant increase of central government investment (38.2 p.p.).

### *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. There have been revisions in the SNA framework and most of the OECD countries have partly or entirely implemented the updated SNA 2008 methodology (see Annex A for details). General government investment includes gross capital formation and acquisitions, less disposals of non-produced non-financial 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.

Total investment refers to the investment spending of the entire economy, including expenditures by general government, non-financial corporations, financial corporations, households and non-profit institutions.

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 2.49, Government investment as percentage of GDP, 2007, 2009, 2013 and 2014 and 2.50, Change in the distribution of investment spending across levels of government, 2007 to 2013 and 2014 are available on line (*http://dx.doi.org/10.1787/888933248538*; *http://dx.doi.org/10.1787/888933248548*).

## Further reading

OECD (2014), *Recommendation on Effective Public Investment Across Levels of Government*, OECD, Paris, *www.oecd.org/regional/regional-policy/Principles-Public-Investment.pdf*.

OECD (2013), *OECD Regions at a Glance 2013*, OECD, Paris, *http://dx.doi.org/10.1787/reg_glance-2013-en*.

## Figure notes

Data for Chile and Turkey are not included in the OECD average because of missing time series. Data for, Colombia and the Russia are for 2012 rather than 2013. Differences in the data availability between 2.46 and 2.47 are due to the use of different data tables within the *OECD National Accounts Statistics* (database).

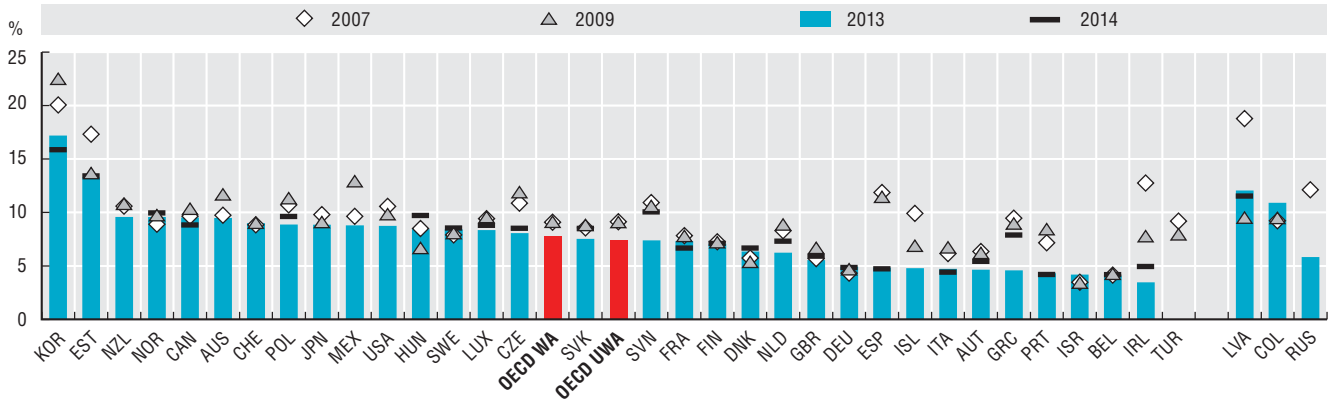
2.46: Data for Chile are not available.

2.47: Data for Iceland are not available. Data for Korea are not included in the OECD average because of missing time series. Data for Korea and Switzerland and China are for 2012 rather than 2013. Total investment for Luxembourg and Turkey refers to gross capital formation (i.e. acquisition less disposals of non-financial, non-produced assets are not included).

2.48: Data for Turkey are not available. 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/10.1787/88932315602*.

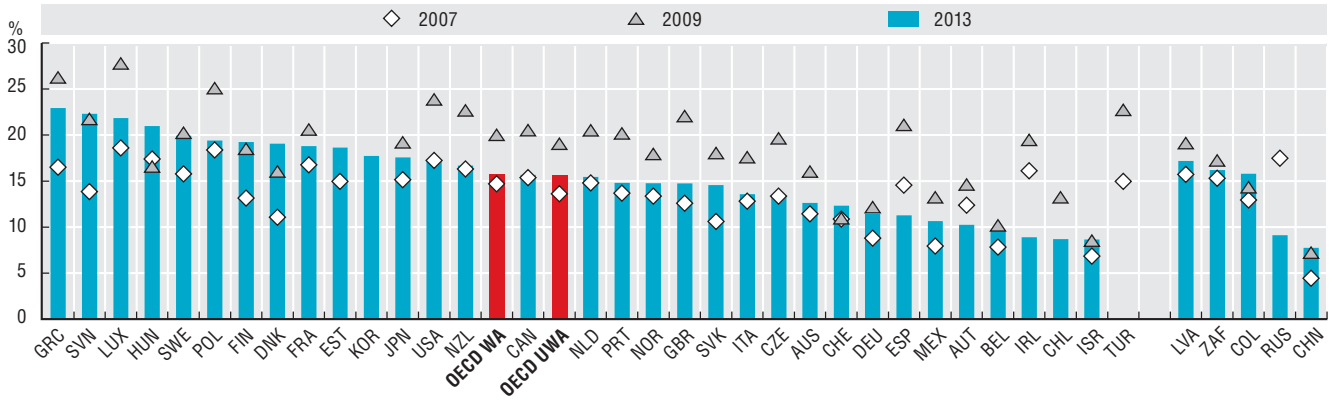
### 2.46. Government investment as a share of total government expenditures, 2007, 2009, 2013 and 2014




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

StatLink http://dx.doi.org/10.1787/888933248500

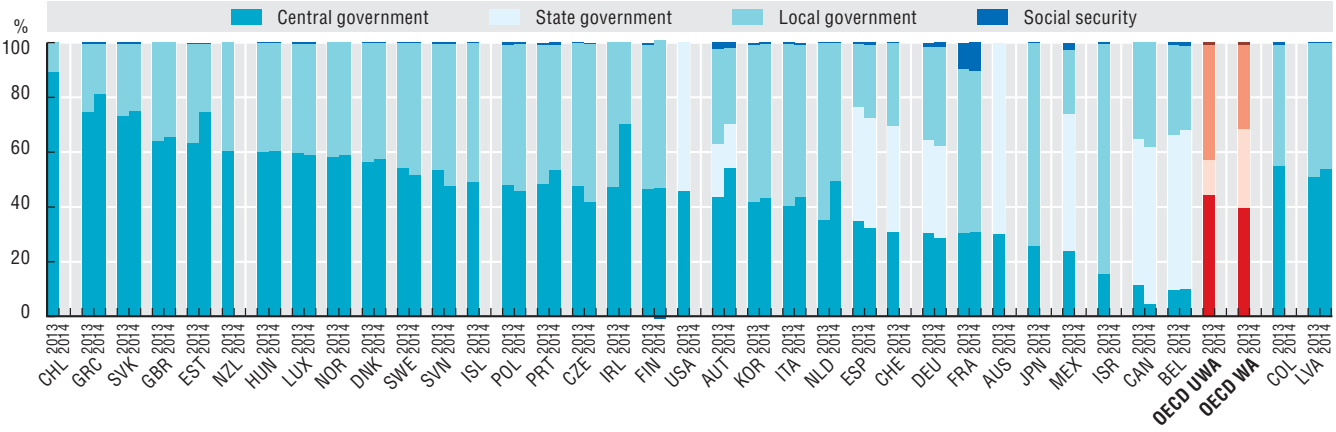
### 2.47. Government investment as a share of total investment, 2007, 2009 and 2013




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

StatLink http://dx.doi.org/10.1787/888933248513

### 2.48. Distribution of investment spending across levels of government, 2013 and 2014




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

StatLink http://dx.doi.org/10.1787/888933248521

# Production costs and outsourcing of general government

Governments use a mix of their own employees, capital and outside contractors to produce goods and services. Production costs are computed as the share of government expenditures dedicated to the production of goods and services. While some governments choose to outsource the production of most goods and services, others produce the goods and services themselves. Outsourcing can take place in two ways. Governments can either purchase goods and services to be used as inputs, or they can pay a non-profit or private entity to provide the goods and services directly to the end user.

In 2013, the production costs of goods and services represented on average a 21.3% of GDP. However a large variation is observed across OECD countries, ranging from 32.2% in Finland to 12.3% in Mexico. Between 2007 and 2013, production costs as a share of GDP increased on average by 1.1 p.p. across OECD countries. This increase was primarily driven by increases in the cost of goods and services produced by private and non-profit agencies (0.7 p.p.). Few countries experienced a reduction of production costs over the same period. In Israel (0.7 p.p.) and Greece (0.1 p.p.) the decline took place mainly through a lower share of costs of goods and services used and financed by government, while for Hungary (0.6 p.p.), Poland (0.3 p.p.) and Portugal (0.1 p.p.) it took place through a lower share of compensation for government employees. Countries such as Greece, Portugal and the United Kingdom also experienced a reduction of production costs over the period 2007-14.

Compensation of general government employees represented on average 45.2% of the production costs across OECD countries in 2013. A lower share (41.9%) corresponded to outsourcing, while the remaining 12.9% was represented by other production costs. Differences among countries in terms of share of production costs dedicated to compensation of government employees ranged from 74.8% in Mexico to 27.5% in Japan. Between 2013 and 2014, compensation of employees reduced in countries such as Portugal, Slovenia and Ireland (more than 1 p.p.), while increased the most in countries like Greece and Hungary (almost 1 p.p.).

In 2013, government outsourcing represented, on average, 8.9% of GDP. This share varied greatly across OECD countries, ranging from 17.1% in the Netherlands to 3.0% in Mexico. Among OECD countries, Belgium, Japan, Germany and the Netherlands dedicated the largest shares (over 60%) of their resources to outsourcing goods and services through direct third party provision. In contrast, Denmark, Israel and Switzerland spent the majority of outsourcing in intermediate consumption.

### *Methodology and definitions*

The concept and methodology of production costs builds on the classification of government expenditures in the *System of National Accounts* (SNA). There have been revisions in the SNA framework and most of the OECD countries have partly or entirely implemented the updated SNA 2008 methodology (see Annex A for details).

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. Tables 2.54, Change in production costs as a percentage of GDP, 2009 to 2013 (and 2014) and 2.55, Structure of government outsourcing expenditures, 2013 and 2014, are available on line (*http://dx.doi.org/10.1787/888933248582*; *http://dx.doi.org/10.1787/888933248593*).

## Further reading

Blöchliger, H. (2008), *Market Mechanisms in Sub-Central Public Service Provision*, OECD Working Papers on Fiscal Federalism, No. 6, OECD, Paris, *www.oecd.org/ctp/federalism/40693328.pdf*.

## Figure notes

Data for China, Colombia and Russia are for 2012 rather than 2013.

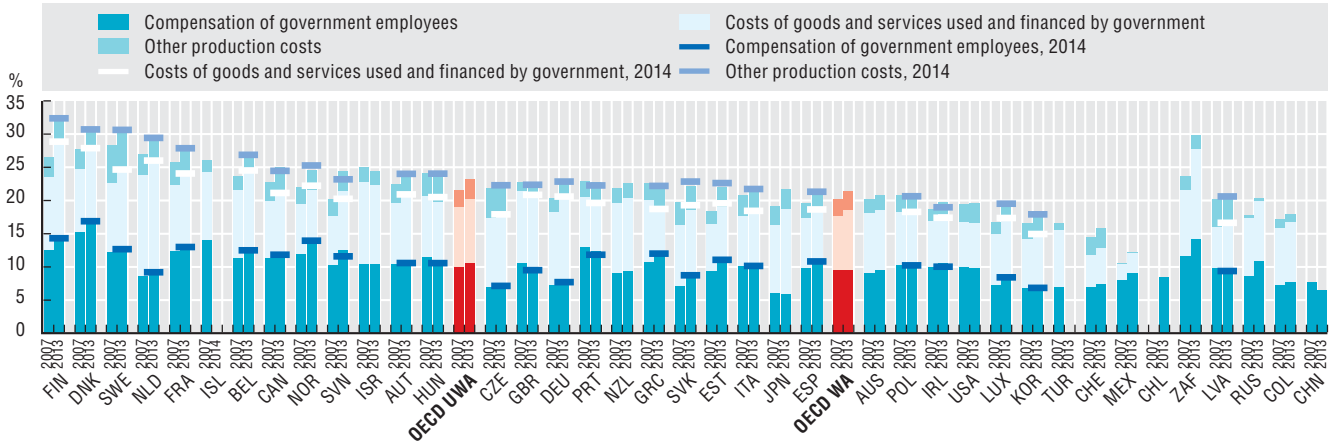
2.52 and 2.53: Data for Chile and Turkey are not available.

2.51: Data for Turkey are not included in the OECD average due to missing time-series. Data for Chile and China are available for compensation of employees only (Chile not included in the OECD average). Data for Chile are for 2012 rather than 2013.

2.53: Canada, Iceland, Mexico, the United Kingdom, 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*.

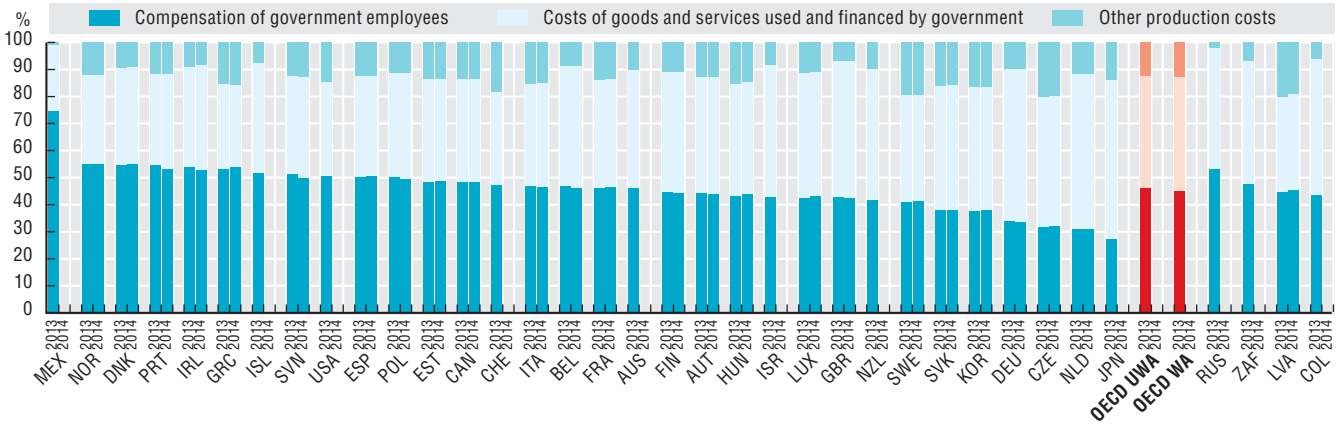
### 2.51. Production costs as a percentage of GDP, 2007, 2013 and 2014




*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/10.1787/888933248552

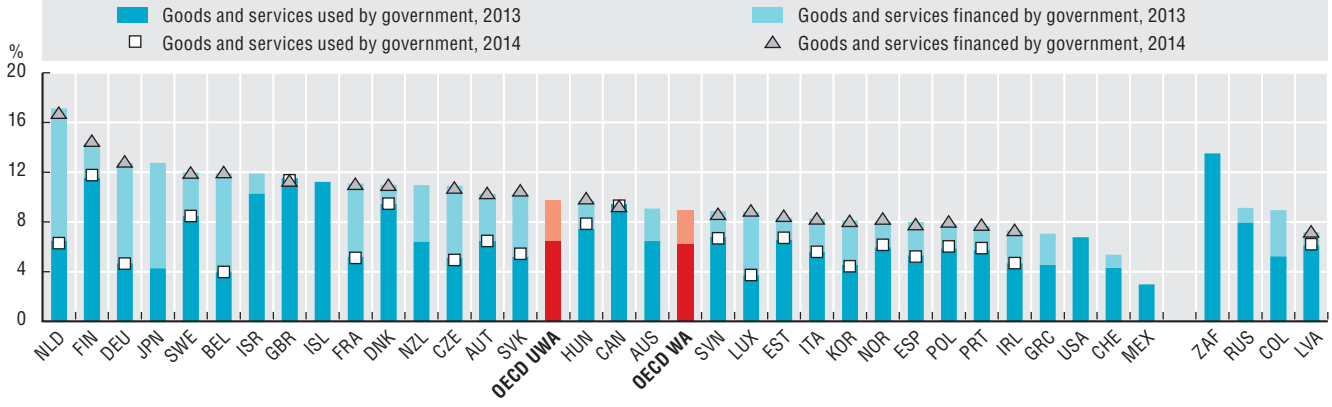
### 2.52. Structure of production costs, 2013 and 2014




*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.

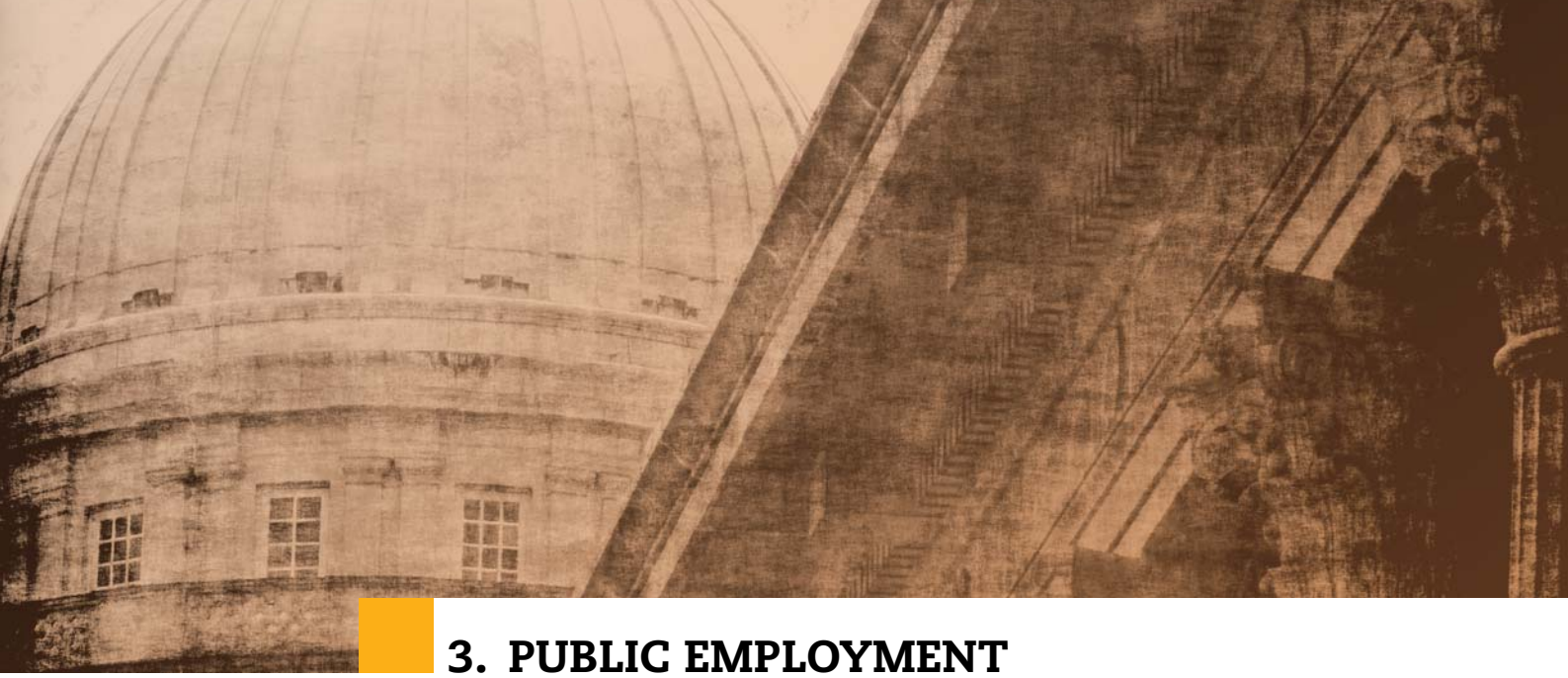
StatLink http://dx.doi.org/10.1787/888933248567

### 2.53. Expenditures on general government outsourcing as a percentage of GDP, 2013 and 2014




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

StatLink http://dx.doi.org/10.1787/888933248576



# 3. PUBLIC EMPLOYMENT

Employment in the public sector

Women in public sector employment

Women in politics

# Employment in the public sector

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 as 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 public sector employment varies significantly among OECD countries. Nordic countries as Denmark, Norway and Sweden report high public sector employment levels reaching near or over 30% of total employment. On the other hand, OECD countries from the Asian and Latin American regions rely less on public sector employees. Only around 8% of Japan's total employment is made up of public sector employment, while Chile and Mexico count just over 10%.

Although many OECD countries report sizeable reductions in central government employment (see "Employment reforms in central government since 2008" indicator), public sector employment as a percentage of total employment across OECD countries rose slightly between 2009 and 2013, from 21.1% to 21.3%. This average hides some small variation among OECD countries. In Belgium, Poland and the United Kingdom public employment as a share of total employment decreased the most between 2009 and 2013. In contrast, Denmark, Norway and Slovenia experienced increases of over one percentage point, while Switzerland displays the largest increase of three percentage points over the same period.

When compared to the total labour force (including unemployed), public sector employment trends show similar behaviour except in a few cases, which determined a relatively stable OECD average at just above 19% between 2009 and 2013. Spain's indicator shows slight reductions over this period from 13.2% to 12.7% of total labour force between 2009 and 2013 (compared to 16.2% to 17.4% as share of total employment). Similarly in Greece, public sector employment as a percentage of total labour force decreased between 2009 and 2013 (from 19.9% to 17.5%) while it slightly increased as a percentage of total employment over the same time period (from 22.2% to 22.6%). However, it has to be noticed that in both countries the slight increase of the public sector in terms of total employment was due to a faster decrease in the total employment as compared to the public sector, thus not indicating real increases in public sector employment.

### *Methodology and definitions*

Data were collected by the International Labour Organization (ILO), *ILOSTAT* (database). Public sector employment covers all employment of general government sector as defined in the System of National Accounts (SNA) plus employment of public corporations. The general government sector comprises 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. Public corporations are legal units producing goods or services for the market and that are controlled and/or owned by government units. Public corporations also include quasi-corporations. Data represent the total number of persons employed directly by those institutions, without regard for the particular type of employment contract. The labour force, or active population, comprises all persons who fulfil the requirements for inclusion among the employed or the unemployed. The employed comprise all persons of working age who, during a specified brief period such as one week or one day, were in the following categories: paid employment or self-employment. For purposes of international comparability, the working-age population is commonly defined as persons aged 15 years and older, although this might vary in some countries. Labour force refers to all persons of working age who furnish the supply of labour for the production of goods and services during a specified time-reference period.

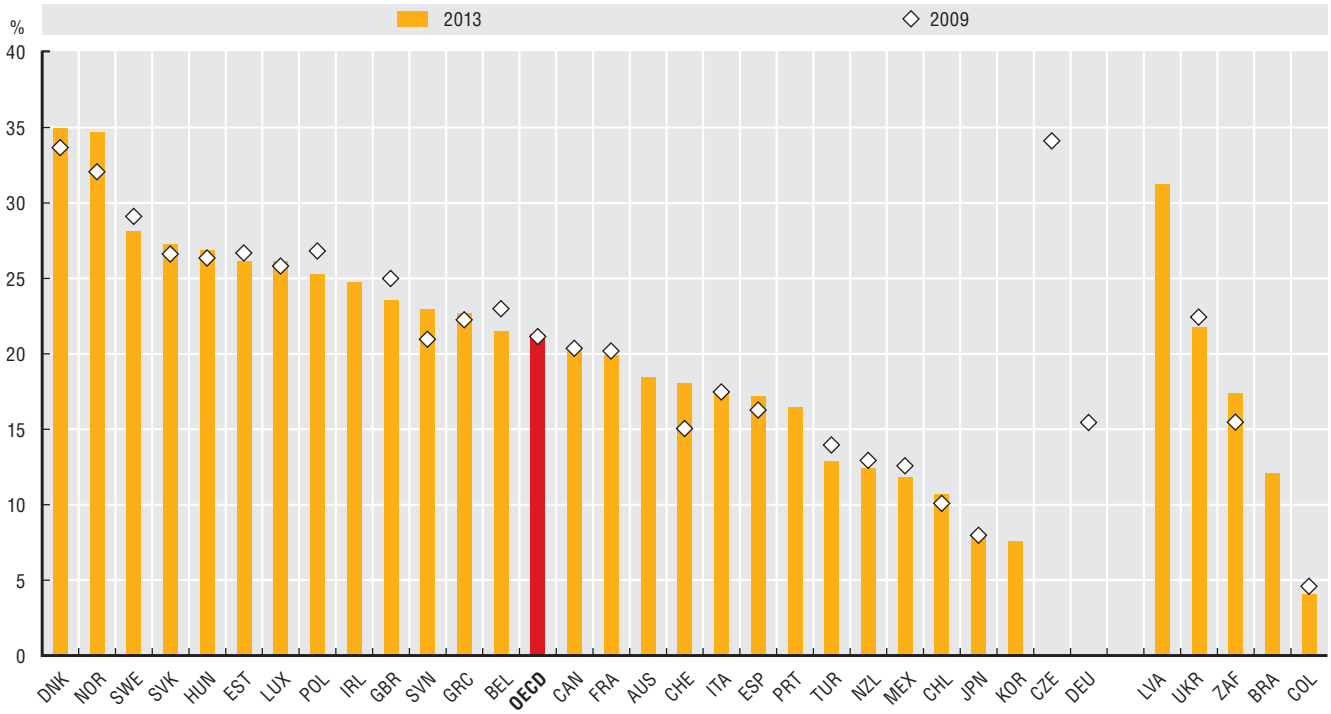
## Further reading

OECD (2011), *Public Servants as Partners for Growth: Toward a Stronger, Leaner and More Equitable Workforce*, OECD, Paris, *http://dx.doi.org/10.1787/9789264166707-en*.

## Figure notes

Data for Austria, Finland, Iceland, Israel, Korea, the Netherlands and the United States are not available. Data for Australia, Czech Republic, Germany, Ireland and Portugal are not included in the OECD average due to missing time series. Data for Czech Republic and New Zealand are expressed in full-time equivalents (FTEs). Data for Australia, Greece, Hungary, Slovenia and Spain and Ukraine are for 2012 rather than 2013. Data for Denmark, Luxembourg, New Zealand and Turkey are for 2011 rather than 2013. Data for Switzerland are for 2008 rather than 2009.

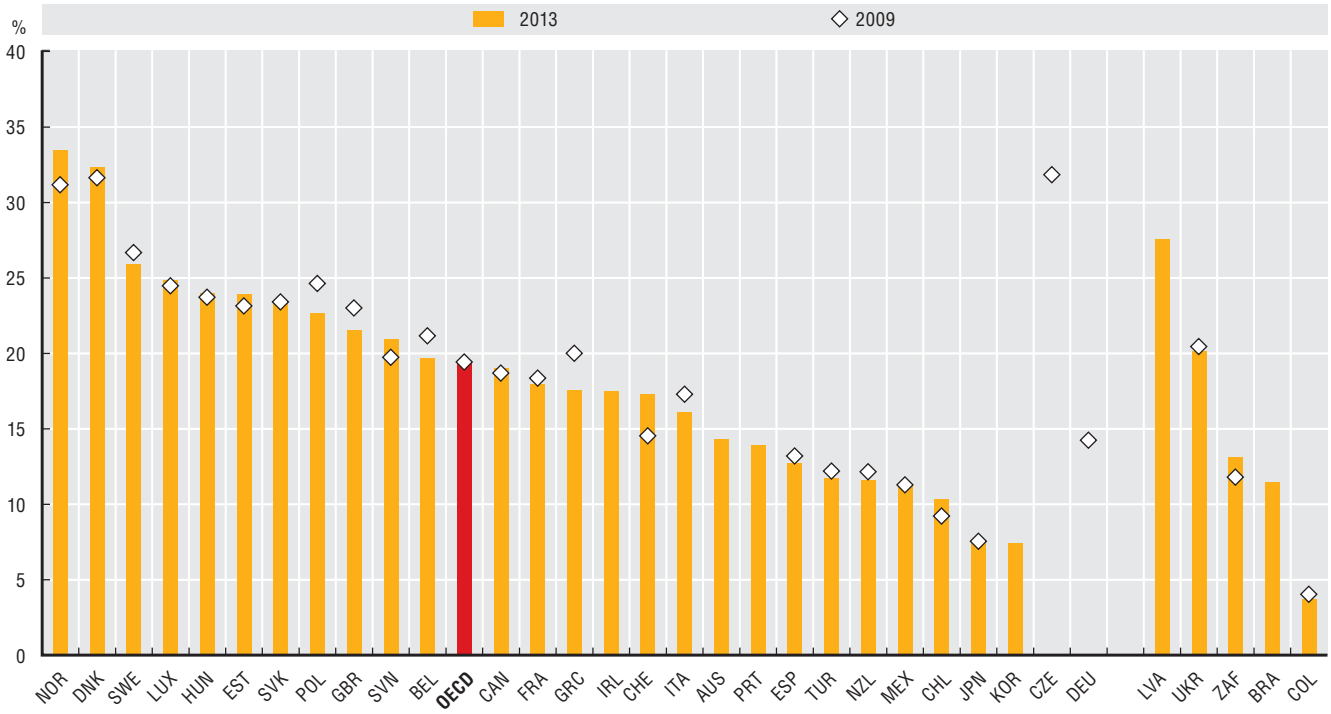
### 3.1. Public sector employment as a percentage of total employment, 2009 and 2013




*Source:* International Labour Organization (ILO), *ILOSTAT* (database). Data for Italy are from the National Statistical Institute and the Ministry of Finance. Data for Portugal are from the Ministry of Finance. Data for Korea were provided by national authorities.

StatLink http://dx.doi.org/10.1787/888933248603

### 3.2. Public sector employment as a percentage of the labour force, 2009 and 2013




*Source:* International Labour Organization (ILO), *ILOSTAT* (database). Data for Italy are from the National Statistical Institute and the Ministry of Finance. Data for Portugal are from the Ministry of Finance. Data for Korea were provided by national authorities.

StatLink http://dx.doi.org/10.1787/888933248615

# Women in public sector employment

Equal representation of women in public sector employment helps achieve fairness, openness and representativeness. It also improves the quality of service delivery through a better understanding of the citizenry. In the OECD countries for which data are available, women represented, on average, 58% of the total public sector workforce in 2013 going from more than 70% in Sweden to 42% in Japan. Japan reported establishing targets for women at the sectoral level in areas where women are under-represented. On average in OECD countries, women are more represented in the public sector (58.2%) as compared to the whole economy where women employment as a share of the total employment reached only 45.3%. It is important to note that the data don't demonstrate the extent to which women hold managerial leadership positions within the public sector.

Public sector employment is often more attractive for women because of its employment conditions. Women usually find the flexible working hours, diverse career paths and options, relative job stability, good pay and benefit packages attractive. Public service modernisation and strengthening fundamental public service values and principles, such as merit and diversity, may have also contributed to the increase of women in public sector employment (OECD, 2014a).

On average in OECD countries between 2009 and 2013, women employment in the public sector grew faster (+0.6 p.p.) than in the whole economy (+0.3 p.p.) with an increase in countries such as Luxembourg, Switzerland, Spain and Mexico. Women's employment in the public sector also grew significantly in Colombia. Counter to the general trend, the share of employed women in the economy in Estonia decreased by 1.6 p.p. over the same period. This decrease is also seen in the share of women in the public sector (-3.6 p.p.) over the period. It is important to note, however, that reaching gender equity between men and women in the public sector goes beyond numerical balance. Evidence still suggests that women continue to face major difficulties in accessing management and leadership positions, are still more frequently employed in part-time and contractual jobs and that there is still an important gap in earnings between men and women (OECD, 2014a). Governments can play an important role in removing these barriers. Policies that support women's equal representation in the public sector include positive action policies such as diversity targets and employment equity laws, coaching, sponsorship and leadership development and awareness raising programmes, initiatives to ensure pay equity, equal pay and work-life balance.

### *Methodology and definitions*

Data were collected by the International Labour Organization (ILO), *ILOSTAT* (database). Public sector employment covers all employment of general government sector as defined in the System of National Accounts (SNA) plus employment of public corporations. The general government sector comprises 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. Public corporations are legal units producing goods or services for the market and which are controlled and/or owned by government units. Public corporations also include quasi-corporations. Data represent the total number of persons employed directly by those institutions, without regard for the particular type of employment contract. Total employment comprises all persons of working age who, during a specified brief period, such as one week or one day, were in the following categories: paid employment or self-employment. For purposes of international comparability, the working age population is commonly defined as persons aged 15 years and older, although this might vary in some countries.

## Further reading

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

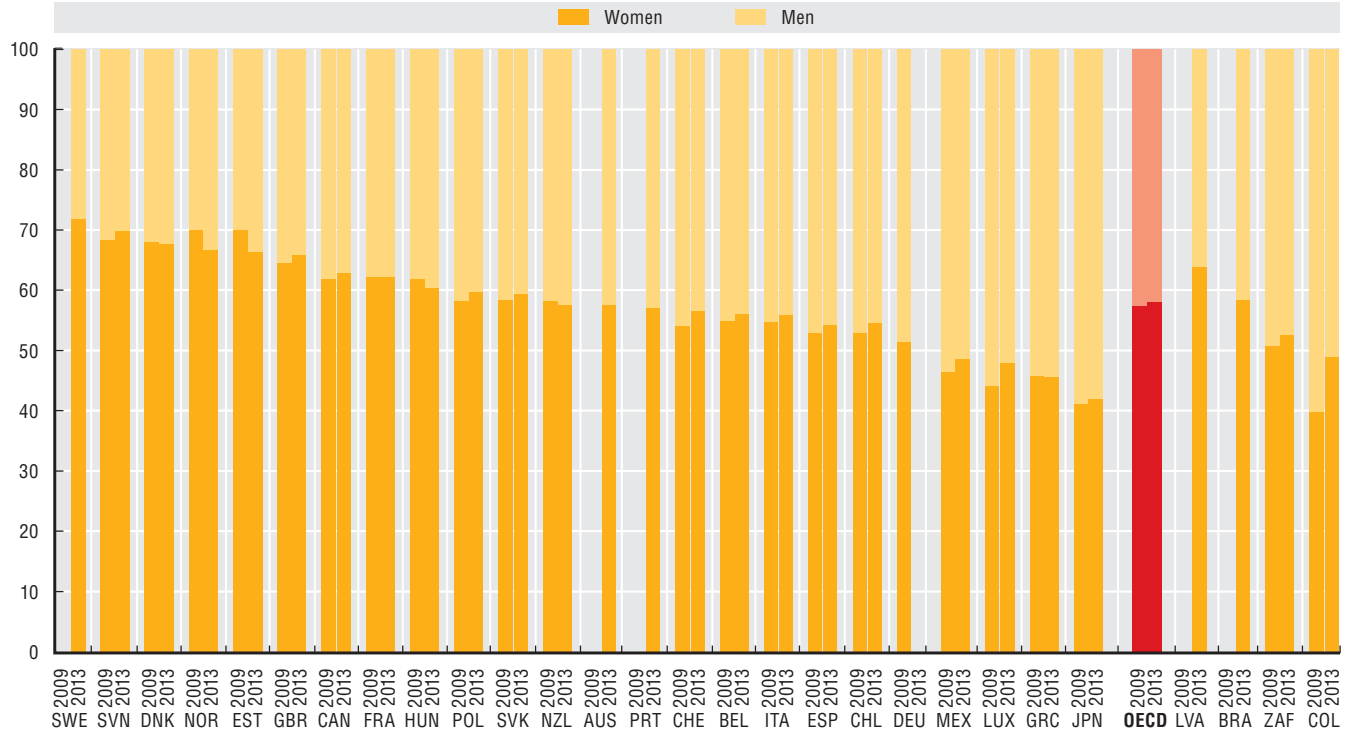
OECD/CAWTAR (2014b), *Women in Public Life: Gender, Law and Policy in the Middle East and North Africa*, OECD, Paris, *http://dx.doi.org/10.1787/9789264224636-en*.

OECD (2012), *Closing the Gender Gap: Act Now*, OECD, Paris, *http://dx.doi.org/10.1787/9789264179370-en*.

## Figure notes

3.3: Data for Austria, Czech Republic, Finland, Iceland, Ireland, Israel, Korea, the Netherlands, Portugal, Turkey and the United States are not available. Data for Australia, Germany and Sweden are not included in the OECD average due to missing time series. Data for New Zealand are expressed in full-time equivalents (FTEs). Data for Australia, Greece, Hungary and Slovenia are for 2012 rather than 2013. Data for Denmark, Luxembourg and New Zealand are for 2011 rather than 2013. Data for Switzerland are for 2008 rather than 2009.

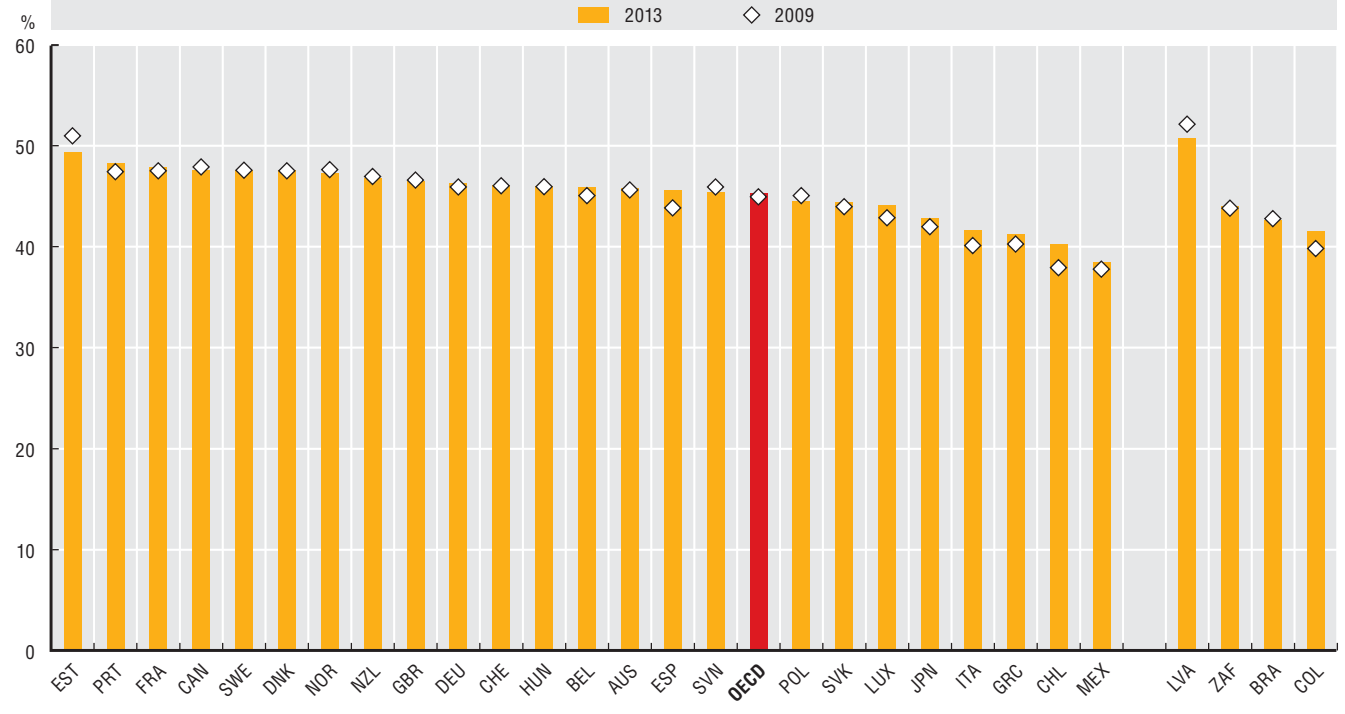
### 3.3. Share of public sector employment filled by women and men, 2009 and 2013




*Source:* International Labour Organization (ILO), *ILOSTAT* (database). Data for Italy are from the National Statistical Institute and the Ministry of finance. Data for Portugal are from the Ministry of Finance.

StatLink http://dx.doi.org/10.1787/888933248622

### 3.4. Share of employed women in total employment, 2009 and 2013




*Source:* International Labour Organization (ILO), *ILOSTAT* (database).

StatLink http://dx.doi.org/10.1787/888933248632

# Women in politics

In many OECD countries, increasing the number of women in parliament and the number of women appointed to ministerial positions is an important objective. Greater gender balance amongst politicians can improve the quality and responsiveness of public policy by focusing attention on issues such as equal pay, work-life balance and gender violence. Gender-sensitive parliaments can also improve governments' efforts in effectively implementing gender equality and mainstreaming strategies, as parliamentary committees may also serve as important independent oversight and accountability mechanisms. Yet women still face a "glass ceiling" blocking their full participation in political life in the legislature and political executive, and remain generally under-represented in politics (OECD, 2014).

On average in 2015, 27.9% of the seats in lower/single house parliaments were occupied by women, ranging from more than 40% in Sweden, Finland, Iceland and Spain to less than 10% in Japan (Figure 3.5). Between 2002 and 2012, women's representation in parliament has only moderately increased (+ 7 p.p.) and still only 16 OECD countries reach or exceed the 30% critical threshold in 2015.

Some of the barriers to greater participation of women in parliaments include, for instance, few female candidates and uneven access to financing, lack of work-life balance, limited political encouragement, lack of commitment to gender balance within parties and gender stereotypes. Many OECD countries have introduced gender quotas as a mean (often temporary) for increasing women's political representation to close historical imbalances, as well as correct for or prevent rollbacks in gender equality. Across OECD countries, quotas are applied mainly during the nomination process (e.g. rules for placing women on party lists or to be nominated in an electoral district). These quotas can be legislated gender quotas (established by the constitution or electoral laws, they reserve a number of places on electoral lists for female candidates) or voluntary party quotas (targets set by political parties to include a certain percentage of women as election candidates).

Representation of women in ministerial positions at the central/federal level of government is also somewhat limited with about 29.3% of women appointed ministers on average in OECD countries in 2015. There is significant variation of women's representation in ministerial positions among OECD countries. For instance, in 2015 while gender parity was achieved in Finland, France and Sweden women still accounted for fewer than one in ten ministers in Hungary, Korea, the Slovak Republic and Turkey. Between 2005 and 2015, there has generally been an increase in the representation of women in ministerial positions in OECD countries (+ 8.2p.p) although it should be noted that data can vary significantly from one year to another depending on political cycles and cabinet re-organisations. Following the elections in 2012, France for instance saw a very large increase in the number of women ministers between 2012 and 2015 (+ 29.2 p.p.) and this is also the case of Estonia, Italy and Slovenia, whereas in countries like Austria, Belgium and the Slovak Republic there has been a significant decrease in the percentage of women ministers during the same period.

Although the process of ministerial appointments differs depending on a country's political system (parliamentary voting or appointments versus presidential appointments with or without parliamentary approval), women are still not represented equally in many OECD countries.

### *Methodology and definitions*

Data for women parliamentarians refer to lower or single houses of parliament and were obtained from the Inter-Parliamentary Union's PARLINE database. Data refer to share of women parliamentarians recorded as of 1 December 2015, 31 October 2012 and 25 October 2002. Countries in light blue represent lower or single house parliaments with legislated candidate quotas as of January 2013. Legislative quotas are enshrined in the election law, political party law or other comparable law of a country. By definition, both forms are based on legal provisions, obliging all political entities participating in elections to apply them equally. Non-compliance with legislative quotas can result in penalties for those political entities that do not apply to them. Data on gender quotas were obtained from the Institute for Democracy and Electoral Assistance (IDEA) Global Database of Quotas for Women.

Data on women ministers were obtained from the Inter Parliamentary Union's "Women in Politics" database. Data represent the percentage of appointed women ministers as of 1 February 2015, 1 January 2012 and 1 January 2005. 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*.

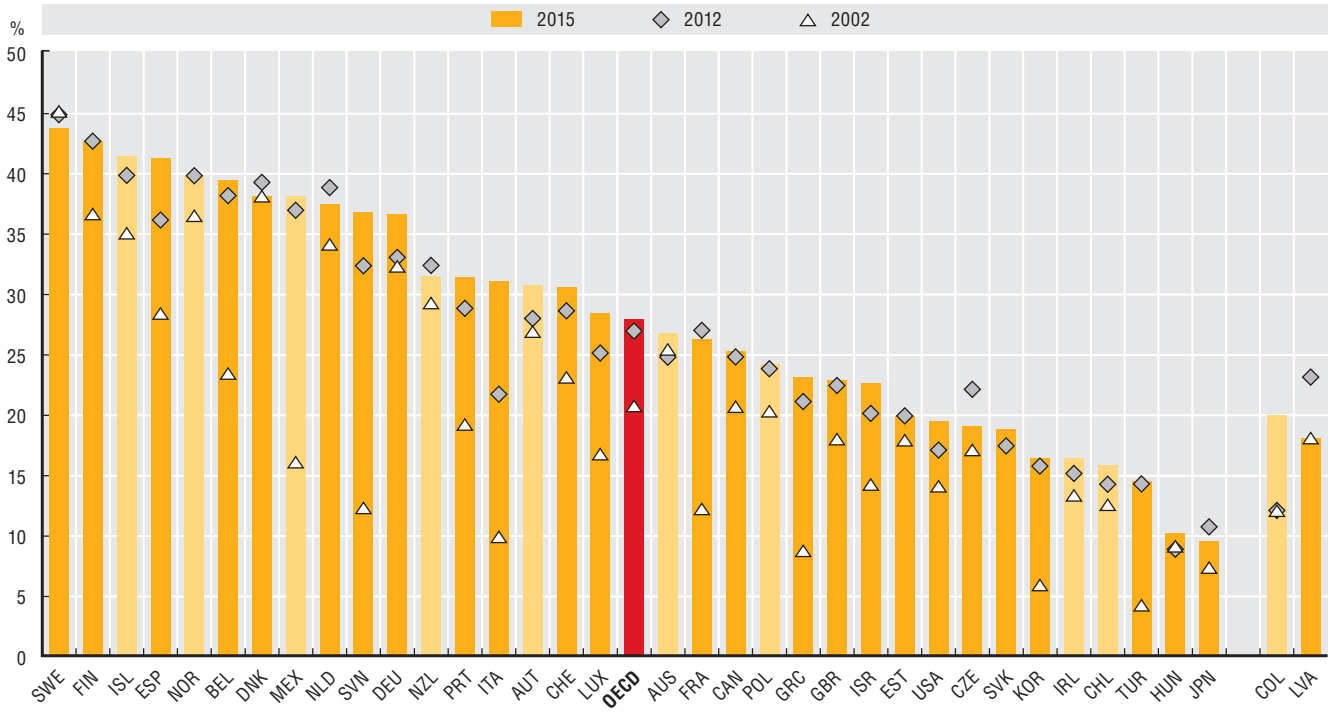
OECD/CAWTAR (2014), *Women in Public Life: Gender, Law and Policy in the Middle East and North Africa*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/9789264224636-en*.

## Figure notes

3.5: Data for the Slovak Republic for 2002 are unavailable.

### 3.5. Share of women parliamentarians and legislated gender quotas

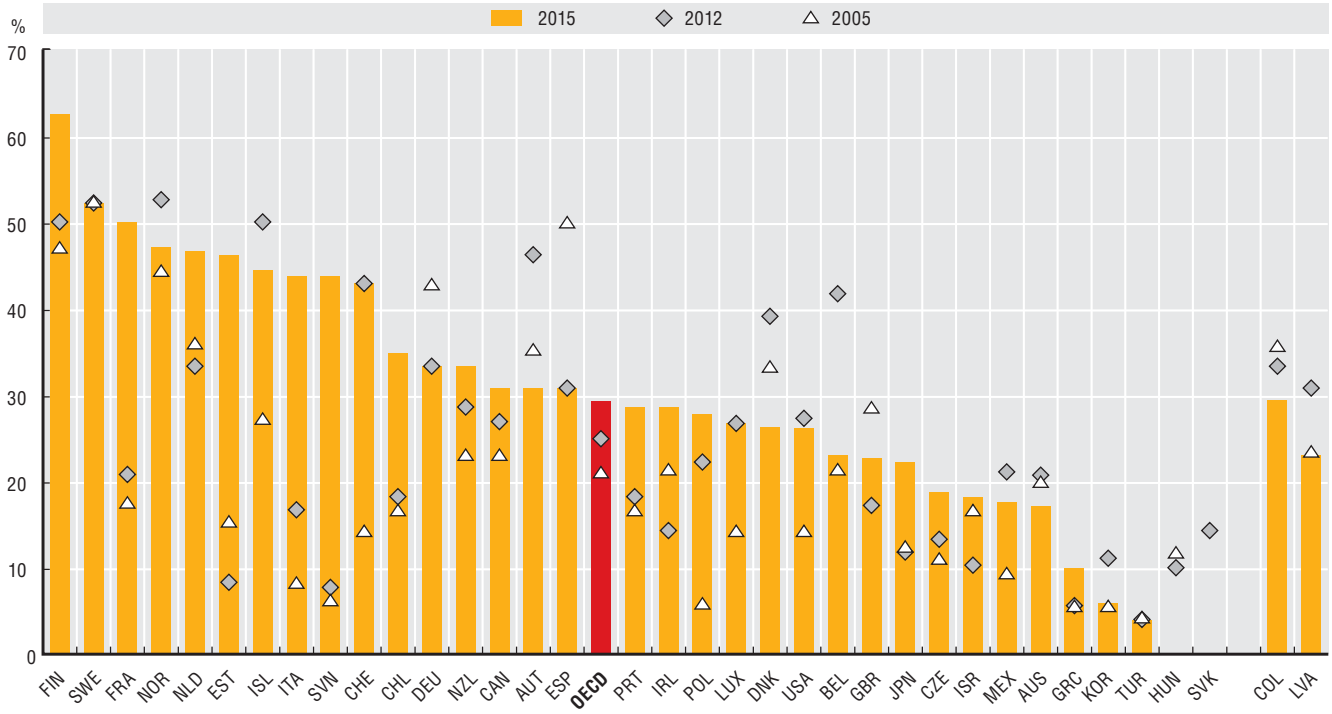
*Lower or single house of parliament*




*Note:* Bars in light orange represent countries with lower or single house parliaments with legislated candidate quotas as of 21 January, 2013.
*Source:* Inter-Parliamentary Union (IPU), *PARLINE* (database), and *IDEA Global Database of Quotas for Women*.

StatLink http://dx.doi.org/10.1787/888933248642

### 3.6. Share of women ministers




*Source:* Inter-Parliamentary Union (IPU) "Women in Politics", 2005, 2012 and 2015.

StatLink http://dx.doi.org/10.1787/888933248658

# 4. INSTITUTIONS

Main institutional features of the centres of government in OECD countries

Roles of the centres of government

Degree of influence of the centres of government

# Main institutional features of the centres of government in OECD countries

The centre of government (CoG), also known as Chancellery, Cabinet Office, Office of the President, Presidencia, White House Executive Office, Privy Council, Casa Civil, among others, is a support structure of a government. Its main objective is to ensure evidence-based, strategic and consistent policy implementation by a government. The structure of the CoG reflects, on the one hand, constitutional and legal requirements, which provide some architectural anchoring, and, on the other, an ability to be highly adaptable to the needs, preferences and personality of the head of government of the moment. To be effective, the CoG needs to be small enough to react rapidly to changing events; as it grows, it risks losing flexibility and becoming unwieldy. At the same time, recent experience suggests that too small could mean too little capacity, which, in turn, endangers the ability to the CoG to provide impartial, authoritative advice and support.

In 2011, total staff at the CoGs rarely exceeded 1 000, except in the United States and Mexico and larger unitary states such as France (2 100), Turkey (2 085), the United Kingdom (1 896), Chile (1 665) and Italy (1 246). In nine OECD countries, there were fewer than 200 people working for the centre of government, namely, Switzerland (192), Belgium (160), Slovenia (153), Sweden (148), Estonia (103), the Netherlands (80), Norway (70), Israel (45) and Iceland (34).

CoGs represent a small fraction of total central government employment. In 2011, CoGs accounted on average one employee per 1 150 employees in the total central government. This rate, even if it is low, varies largely across OECD countries. While countries such as Chile, Switzerland and the Great Britain had relatively large CoGs (10.70‰, 5.94‰ and 3.87‰ respectively) others such as Norway and Israel had CoGs that represented even less than 0.30‰ of central government employment.

Between 2008 and 2012, CoG institutions adapted to support new policy directions, and these adaptations were observed in both increases and decreases in resources and size. Sometimes, a more effective CoG can involve decreasing its financial resources and size. For example, for the last few years the government offices of Estonia and Italy have been transferring or eliminating functions. Additionally, new circumstances can also drive change at the centre of government. The establishment in 2010 of the UK Cabinet Office's Efficiency and Reform team is an example of an important change at the CoG driven by a changing economic context. Similarly, some specific events, such as the earthquake in New Zealand, have led to substantial strengthening of capacity at the centre, also visible in increased budgets and staff numbers.

### *Methodology and definitions*

Data were collected through the 2013 OECD Survey on the Organisation and Functions of the Centre of Government (33 countries, of which 28 OECD countries and 5 non-members, and the European Commission, responded). Respondents were senior officials who provide direct support and advice to heads of government and the council of ministers, or cabinet and provided information for the period 2008-12.

Centre of government (CoG) 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. A unit that is shared by virtually all CoGs is the unit that serves specifically the head of the government, but not the CoG collectively. This too has a variety of names, such as the Cabinet of the Prime Minister or the Private Office.

## Further reading

OECD (2015), "Centre Stage: Driving Better Policies from the Centre of Government", *GOV/PGC/MPM(2014)3*, OECD, Paris, *http://www2.oecd.org/oecdinfo/info.aspx?app=OLIScoteEN&Ref=GOV/PGC/MPm(2014)3*.

## Figure notes

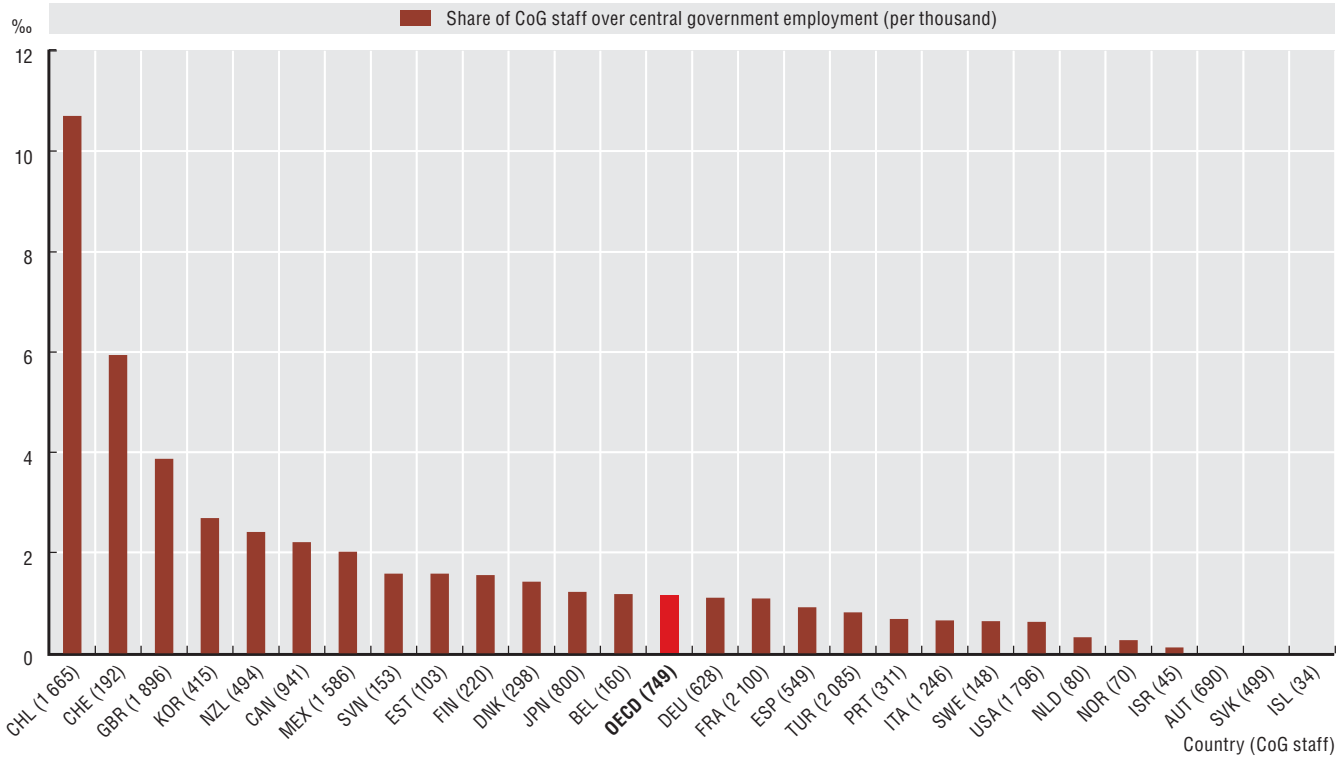
Mexican figures are from INEGI (2014) Ingreso y gasto público en México 2014, Edición Sede, Aguascalientes.

4.1: Centre of government employment data for Australia, Czech Republic, Greece, Hungary, Ireland, Luxembourg and Poland are not available. Australia, Austria, Czech Republic, Greece, Hungary, Iceland, Ireland, Luxembourg, Poland and the Slovak Republic are not included in the OECD average. Employment data for Germany, Israel, Ireland, Norway and Sweden are for 2010 rather than 2011. French employment figures are approximations.

4.2 and 4.3: Data for Czech Republic, Greece, Ireland, Luxembourg, and Poland are not available. "Other" category refers to the situation where employment and budget both increased and decreased between 2008 and 2012.

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

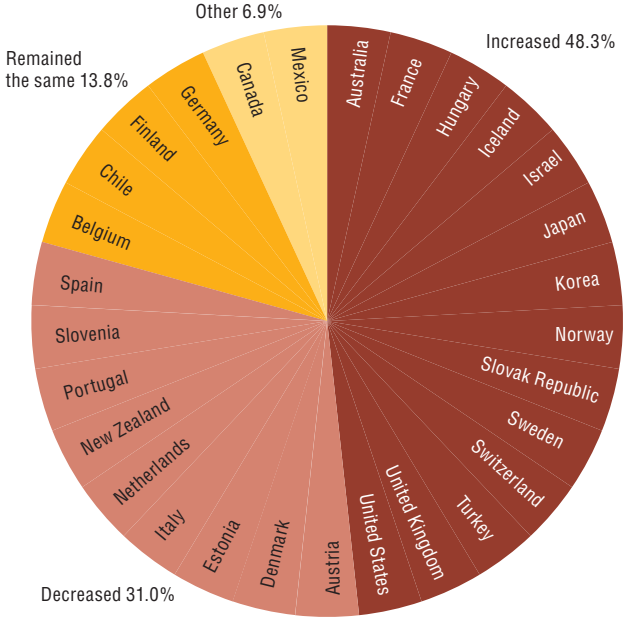
### 4.1. Centre of government employment in OECD countries, 2011




*Source:* 2013 OECD Survey on the Organisation and Functions of the Centre of Government.

StatLink http://dx.doi.org/10.1787/888933248662

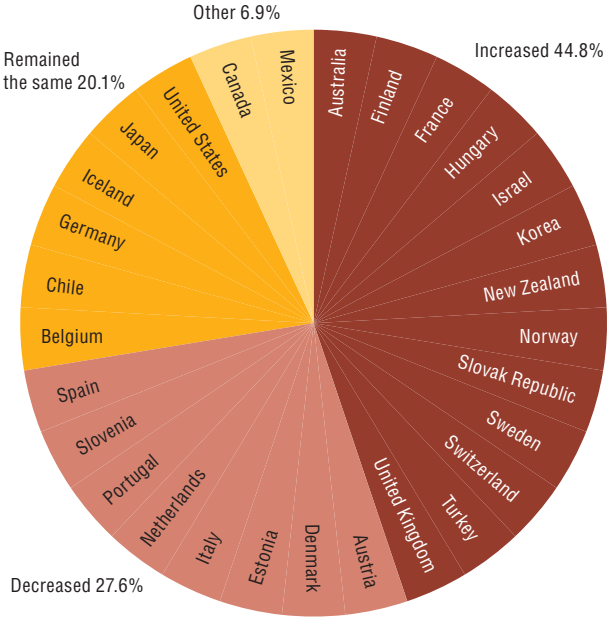
### 4.2. Changes in employment in centres of government, 2008-12




*Source:* 2013 OECD Survey on the Organisation and Functions of the Centre of Government.

StatLink http://dx.doi.org/10.1787/888933248673

### 4.3. Changes in budget in centres of government, 2008-12




*Source:* 2013 OECD Survey on the Organisation and Functions of the Centre of Government.

StatLink http://dx.doi.org/10.1787/888933248688

# Roles of the centres of government

Each country's centre of government (CoG) is a product of diverse historical, cultural and political forces and has developed incrementally over time. Despite this heterogeneity, strong similarities emerge with respect to the functions that the centre of government performs. CoGs have been traditionally responsible for serving the head of government and cabinet; however they are increasingly expected to combine their traditional role with a more active role in other functions such as policy development, co-ordination, implementation and monitoring mechanisms, which require a higher level of integration and co-ordination with other government departments and agencies.

The financial and fiscal crises have put the spotlight on the ability of governments to take decisive action and mobilise key partners in support of those actions. Across the OECD countries, a variety of constitutional models shape how decisions are taken. In presidential systems, a combination of bilateral meetings with key ministers or with groups of advisors tends to be more common, with full meetings of cabinet occurring less frequently. For the majority of OECD countries, regular cabinet meetings remain the principal channel for policy discussion. In spite of the differences, the role of the CoG is to control the quality of evidence, verify the objectivity and inclusiveness of options presented, and ensure that procedures are respected. Effective preparation of these policy meetings includes a range of tasks such as careful review of supporting materials and pre-meeting dispute resolution. Based on the available data from the OECD survey, on average, almost 60% of the CoGs were responsible for co-ordinating discussions of agenda items with ministerial committees prior to cabinet meetings, while around 40% of the surveyed CoGs were also responsible for the production of briefings or other tasks. On the other hand, CoGs in Spain, Norway and Hungary are not responsible for the co-ordination of discussions prior to cabinet meetings.

According to the OECD survey carried out in 2013, CoGs provide an additional range of services. Among all the functions undertaken by CoGs, the following four are the most relevant across OECD countries. Firstly, 89% of the CoGs analysed in OECD countries are the main players responsible for the preparation of cabinet meetings. Secondly, 68% of the CoGs are responsible for policy co-ordination across government units. Thirdly, the preparation of the government programme was one of the main priorities for 57% of the OECD countries analysed. Finally, a large number (54%) of CoGs mentioned their responsibility for monitoring the implementation of government policies.

OECD countries vary considerably in the number of functions for which the CoG is responsible. On the one hand, centres of government in countries such as Italy and New Zealand are exclusively responsible for 10 out of the 15 functions analysed. On the other hand, CoG in the United States and the Slovak Republic mainly share responsibilities with other government ministries and agencies (more than 10 out of 15 of the functions are shared).

### *Methodology and definitions*

Data were collected through the 2013 OECD Survey on the Organisation and Functions of the Centre of Government (33 countries, of which 28 OECD countries and 5 non-members, and the European Commission, responded). Respondents were senior officials who provide direct support and advice to heads of government and the council of ministers, or cabinet and provided information for the period 2008-12.

Centre of government (CoG) 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. A unit that is shared by virtually all CoGs is the unit that serves specifically the head of the government, but not the CoG collectively. This too has a variety of names, such as the Cabinet of the Prime Minister or the Private Office.

## Further reading

OECD (2015), "Centre Stage: Driving Better Policies from the Centre of Government", *GOV/PGC/MPM(2014)3*, OECD, Paris, *http://www2.oecd.org/oecdinfo/info.aspx?app=OLIScoteEN&Ref=GOV/PGC/MPm(2014)3*.

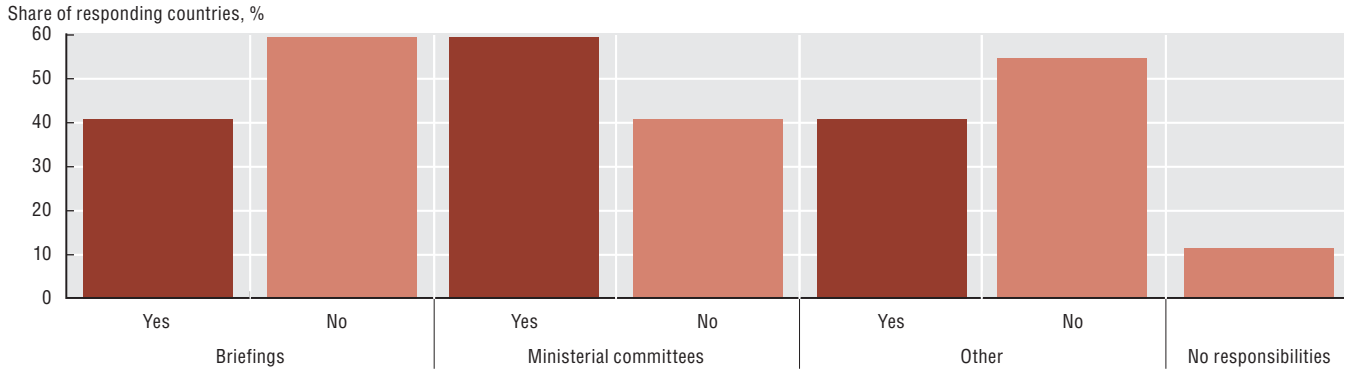
## Figure notes

Data for Czech Republic, Greece, Ireland, Luxembourg, Mexico and Poland are not available. Only OECD countries are included in the figure.

4.4: Data for Sweden are not available.

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

### 4.4. Responsibilities of centres of government for co-ordination discussions of agenda items prior to cabinet meetings




*Source:* 2013 OECD Survey on the Organisation and Functions of the Centre of Government.

StatLink http://dx.doi.org/10.1787/888933248698

### 4.5. Key roles of the CoGs classified according to their level of responsibilities

| | Preparing Cabinet meetings | Communicating government messages | HR strategy for the public administration | Public administration reform | Strategic planning | Risk management/ strategic foresight | Preparing the Government Programme | Policy analysis | Policy co-ordination | Regulatory quality and coherence | Monitoring policy implementation | Relations with sub-national government | Relations with the Legislature | International Development and aid | Supranational co-ordination/policy |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Australia | ● | ❍ | ❑ | ❍ | ● | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ● | ❍ | ❍ | ❍ |
| Austria | ● | ● | ❍ | ❍ | ❍ | ❑ | ❑ | ❍ | ● | ❍ | ❍ | ● | ❍ | ❑ | ❍ |
| Belgium | ● | ● | ❑ | ❑ | ● | ● | ● | ● | ● | ❑ | ● | ● | ❍ | ❑ | ❍ |
| Canada | ● | ❍ | ❍ | ❍ | ● | ● | ● | ❍ | ● | ❑ | ● | ❍ | ● | ❑ | ❑ |
| Chile | ● | ❍ | ❍ | ● | ● | ● | ● | ❍ | ● | ❍ | ● | ❍ | ● | ❑ | ❍ |
| Denmark | ● | ❍ | ❑ | ❍ | ● | ❍ | ● | ❍ | ● | ❍ | ❍ | ❍ | ❍ | ❑ | ● |
| Estonia | ● | ● | ❑ | ❍ | ❍ | ❍ | ● | ❍ | ● | ❍ | ● | ❑ | ● | ❑ | ❍ |
| Finland | ● | ● | ❑ | ❍ | ● | ❍ | ❍ | ❍ | ● | ❍ | ● | ❑ | ❍ | ❑ | ❍ |
| France | ● | ● | ❍ | ● | ● | ● | ● | ❍ | ● | ❍ | ● | ❍ | ● | ❑ | ❍ |
| Germany | ● | ❍ | ❑ | ❑ | ● | ❑ | ● | ❍ | ● | ❑ | ❍ | ❍ | ❍ | ❑ | ❍ |
| Hungary | ❑ | ❍ | ❑ | ❑ | ❍ | ❍ | ● | ❍ | ❍ | ❑ | ● | ❑ | ❍ | ❑ | ❍ |
| Iceland | ● | ❍ | ❑ | ❍ | ❍ | ❍ | ● | ❍ | ● | ● | ● | ❑ | ● | ❑ | ❑ |
| Israel | ● | ❍ | ❍ | ❍ | ● | ❍ | ● | ❍ | ● | ● | ❑ | ❑ | ● | ❑ | ❑ |
| Italy | ● | ● | ● | ● | ❍ | ❍ | ● | ❍ | ● | ● | ● | ● | ● | ❍ | ❍ |
| Japan | ● | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❑ | ❍ | ❍ | ❑ | ❑ | ❍ | ❑ | ❑ |
| Korea | ❍ | ❍ | ❑ | ● | ❍ | ❍ | ❍ | ● | ● | ● | ● | ❍ | ❍ | ❍ | ❍ |
| Netherlands | ● | ❍ | ❑ | ❑ | ❍ | ❑ | ❍ | ❑ | ● | ❑ | ❍ | ❑ | ❍ | ❑ | ❍ |
| New Zealand | ● | ❍ | ● | ● | ● | ● | ● | ❍ | ● | ● | ● | ❑ | ● | ❑ | ❑ |
| Norway | ● | ❍ | ❑ | ❑ | ❍ | ❍ | ❍ | ● | ● | ❑ | ❑ | ❑ | ● | ❑ | ❑ |
| Portugal | ● | ● | ❑ | ❑ | ● | ❑ | ● | ● | ● | ❍ | ● | ● | ● | ❍ | ❍ |
| Slovak Republic | ● | ● | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ● | ❍ | ● | ❍ | ❍ |
| Slovenia | ● | ● | ❑ | ❑ | ❍ | ❍ | ❍ | ❍ | ❍ | ● | ● | ❑ | ● | ❑ | ❑ |
| Spain | ❑ | ❍ | ❑ | ❑ | ❍ | ● | ● | ❍ | ❍ | ❑ | ❍ | ❍ | ❍ | ❑ | ❍ |
| Sweden | ● | ❍ | ❑ | ❑ | ● | ● | ● | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❑ | ❍ |
| Switzerland | ● | ❍ | ❑ | ❍ | ● | ❑ | ● | ❑ | ❍ | ❍ | ● | ❍ | ❍ | ❑ | ❑ |
| Turkey | ● | ● | ❍ | ❍ | ❑ | ❑ | ❑ | ❑ | ❍ | ● | ❍ | ❑ | ● | ❑ | ❑ |
| United Kingdom | ● | ❍ | ● | ● | ❍ | ❍ | ❍ | ❍ | ● | ❍ | ❍ | ❍ | ● | ❑ | ❍ |
| United States | ● | ❍ | ❍ | ❍ | ● | ❍ | ❍ | ❍ | ● | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| **OECD Total** | | | | | | | | | | | | | | | |
| ● | 25 | 10 | 3 | 6 | 14 | 7 | 16 | 4 | 19 | 7 | 15 | 5 | 14 | 0 | 1 |
| ❍ | 1 | 18 | 9 | 13 | 13 | 15 | 10 | 20 | 9 | 14 | 10 | 12 | 14 | 6 | 18 |
| ❑ | 2 | 0 | 16 | 9 | 1 | 6 | 2 | 4 | 0 | 7 | 3 | 11 | 0 | 22 | 9 |

● Responsibility of the CoG.
❍ Shared responsibility between the CoG and another body.
❑ Responsibility of another part of government.
*Source:* 2013 OECD Survey on the Organisation and Functions of the Centre of Government.

StatLink http://dx.doi.org/10.1787/888933248705

# Degree of influence of the centres of government

Centres of government (CoGs) are currently taking a more active role to align multi-department workplans to government actions. This more active role for the centre of government across the policy cycle suggests the need for new co-ordination and monitoring tools. Rather than organising policy discussions, the CoG has to be able to set agendas and work with other government institutions, including with respect to human and financial resources. However, this horizontal co-ordination process managed by the CoG could be even broader in terms of scope and participation. While policy co-ordination within the administration is a key focus for the CoG, the evolution of modern government means that the CoG is becoming more involved with actors outside the executive branch. Effective working at the international level is an increasingly important aspect of good governance at the domestic level and comes increasingly into the sphere of the CoG.

The degree of influence of CoGs over line ministries is heterogeneous across OECD countries. The OECD survey on the Organisation and Functions of the CoG conducted in 2013 reports that only 29.6% of the OECD countries show a high degree of influence over ministries to promote co-ordination, namely, Canada, Denmark, France, Japan, New Zealand, the Slovak Republic, Spain and Turkey. However, the survey indicates that most CoG officials consider that they exert a moderate degree of influence (59.3%). This is partly a result of the general institutional problem of co-ordination in any large organisation. And in cases where influence is low, such as in Austria and Portugal, it is clearly linked to political traditions that give significant autonomy to ministers and their departments.

Additionally, in order to understand how the CoG can best fulfil its key tasks it is important to analyse the figure of the head of the CoG. Indeed, its role is demanding and complex since the head of the CoG must be close to and trusted by the head of government and his political staff, while also close to and trusted by senior civil servants and, more generally, respected by the civil service. Electoral changes generally bring new directions, priorities and perspectives that can require an organisational response at the CoG.

Across OECD countries there is a clear split with respect to how the position of head of the CoG is filled. Based on the OECD survey, in 53.57% of the countries surveyed, the head of the CoG was a political appointee and was replaced when the government changed (except insofar as the post-holder was allowed to complete a fixed-term appointment before being replaced, as in Austria, for example). In the remaining countries (46.43%), the head of the centre of government was a civil servant, normally holding the most senior civil servant rank.

### *Methodology and definitions*

Data were collected through the 2013 OECD Survey on the Organisation and Functions of the Centre of Government (33 countries, of which 28 OECD countries and 5 non-members, and the European Commission, responded). Respondents were senior officials who provide direct support and advice to heads of government and the council of ministers, or cabinet and provided information for the period 2008-12.

Centre of government (CoG) 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. A unit that is shared by virtually all CoGs is the unit that serves specifically the head of the government, but not the CoG collectively. This too has a variety of names, such as the Cabinet of the Prime Minister or the Private Office.

## Further reading

OECD (2015), "Centre Stage: Driving Better Policies from the Centre of Government", *GOV/PGC/MPM(2014)3*, OECD, Paris, *http://www2.oecd.org/oecdinfo/info.aspx?app=OLIScoteEN&Ref=GOV/PGC/MPm(2014)3*.

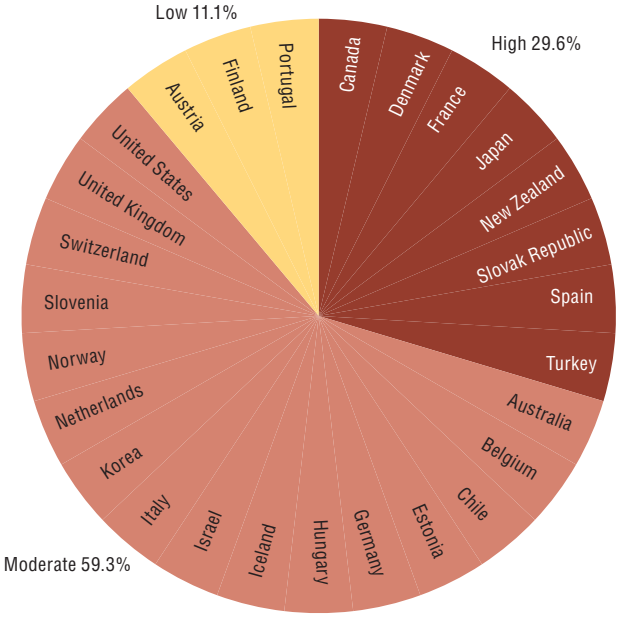
## Figure notes

Data for Czech Republic, Greece, Ireland, Luxembourg, Mexico and Poland are not available. Only data from OECD countries were included in the figures.

4.6: Data for Sweden are not available.

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

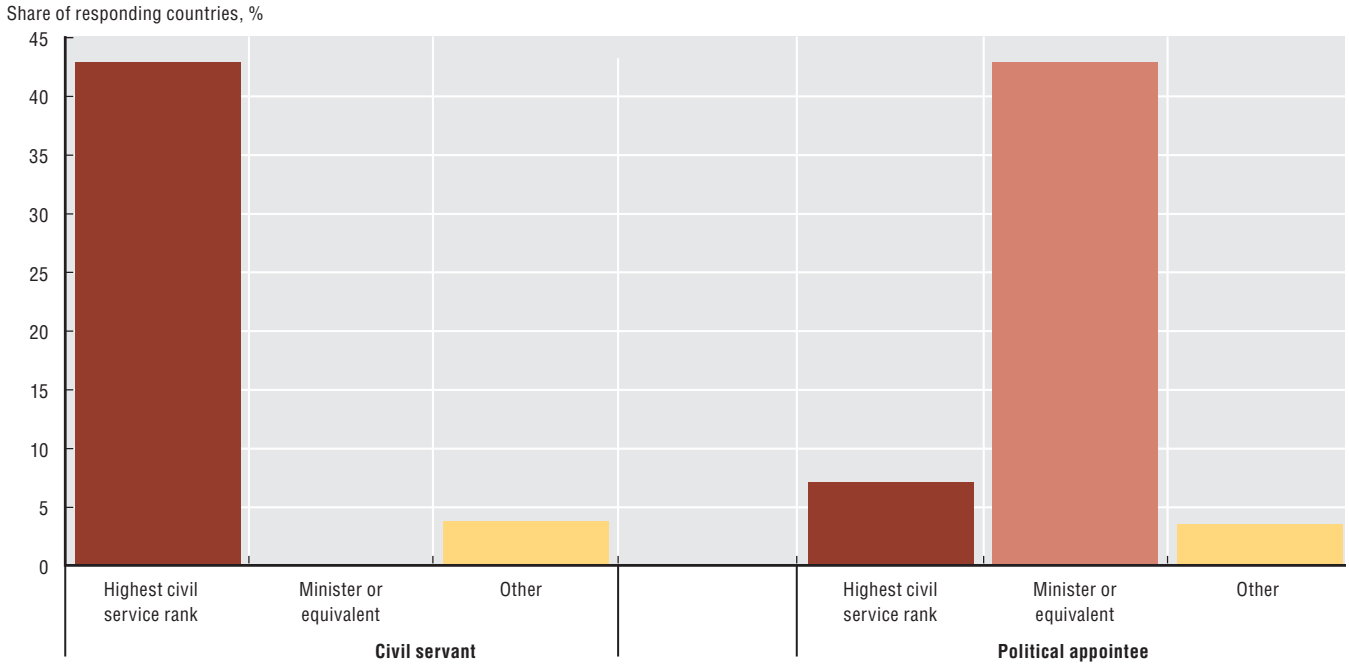
### 4.6. Level of influence of CoG over line ministries to encourage them to co-ordinate with each other, 2013




*Source:* 2013 OECD Survey on the Organisation and Functions of the Centre of Government.

StatLink http://dx.doi.org/10.1787/888933248713

### 4.7. Status of the head of the centre of government, 2013




*Source:* 2013 OECD Survey on the Organisation and Functions of the Centre of Government.

StatLink http://dx.doi.org/10.1787/888933248726

# 5. BUDGETING PRACTICES AND PROCEDURES

Special feature: The fiscal sustainability challenge of health systems

Performance-related budgeting and supreme audit institutions

Cost benefit analysis of investment projects

## Special feature: The fiscal sustainability challenge of health systems

Health is the second largest government spending area; moreover according to recent research (OECD, 2010), in the first decade of the 21st century the growth of health spending has consistently outpaced economic growth in most OECD countries. Most governments in OECD countries are currently faced with consolidation pressures and the need to create room for additional spending without jeopardizing the sustainability of their fiscal position or the stability of the economy (fiscal space). In this context, many countries face the challenging task of financing more health expenditure while trying to meet their fiscal objectives.

There are two main reasons why health expenditures are particularly complex. First, access to health is perceived by citizens as a very high priority, and government policies in this area are highly scrutinised. Second, many stakeholders intervene between the beneficiary of health care (the citizen/patient) and public resources that finance it. These include purchasers (such as ministries of health, social security institutions, social insurance funds or sub-national governments), a wide range of providers of services (clinicians, operating within hospitals and other health facilities), and providers of medicines, tests and equipment (pharmaceutical companies and laboratories).

The budgetary arrangements for health expenditures vary greatly across OECD countries, mainly depending on the historical legacy of how these systems were created and their degree of decentralisation. In countries that followed the national health system as in the United Kingdom, health is one regular area in the budget. In countries that developed their public health system on the German social insurance model, health is mainly financed through social contributions, managed by an independent institution and not part of the central government budget. In most (18 out of 26) OECD countries surveyed, health expenditure is partly included in the central government budget, however, it often represents a very small share of total health expenditure. For example, the amount reported in the budget is less than 5% of total public expenditure on health in countries such as Germany, Austria or France.

Most OECD countries have in place some kind of budget ceiling over several years for government expenditure on health. However, over-spending in health remains common; Iceland and Mexico consistently over-spent for at least six out of the seven-year period between 2006 and 2011. Consequently, a number of OECD member countries have designed "early warning mechanisms" to take early corrective measures. However, timely information is a pre-requisite for such a mechanism to work. In 7 out of the 20 countries with available information, health expenditures are reported with an average delay of three to six months. Furthermore, it takes up to 12 and 24 months to report certain health expenditures in Switzerland and the Netherlands respectively. For the latter this could be due to the country's mandatory health insurance system, whereby the government subsidises individuals' purchase of coverage from private providers.

The sustainability of health systems poses several challenges ahead. Support for government spending on health in the future will be shaped by views on redistribution as much as economic conditions affecting revenues. Indeed, publicly financed health systems, entail a high degree of redistribution, not only from the healthy to the sick, but also from the wealthier to the less affluent.

### *Methodology and Definitions*

Most data presented comes from an OECD Survey of Budget Officials on Budgeting Practices for Health, carried out between July and December 2013. The survey was answered by 27 countries (including one non OECD country, South Africa). The results were discussed at a workshop held in January 2014 and at the OECD Senior Budget Officials-Health Officials Joint Network on Fiscal Sustainability of Health Systems in April 2014.

Over (under)-spending means that actual expenditure higher (lower) than budgeted expenditure. Open-ended entitlement is a government programme guaranteeing access to some benefit by members of a specific group, based on established rights or by legislation. Open-ended entitlements are demand driven expenditure, and require the legislature to modify a law in order to change the level of spending.

### Further reading

OECD (2015), *Fiscal Sustainability of Health Systems, Bridging Health and Finance Perspectives*, OECD Publishing, Paris, *www.oecd.org/gov/budgeting/sbonetworkonhealthexpenditures.htm*.

OECD (2010), *Value for Money in Health Spending, OECD Health Policy Studies*, OECD, Paris, *http//dx.doi.org/10.1787/9789264088818-en*.

### Figure notes

5.1: In Austria, France, Germany, Sweden and Switzerland there is some health expenditure in the central government, but it represents a very small share of total health expenditure, which is mainly financed by sub national governments or social security institutions. The Czech Republic, Estonia, France, Japan, Norway, Poland and the Slovak Republic have a separate health/social security budget, which requires a legislative approval.

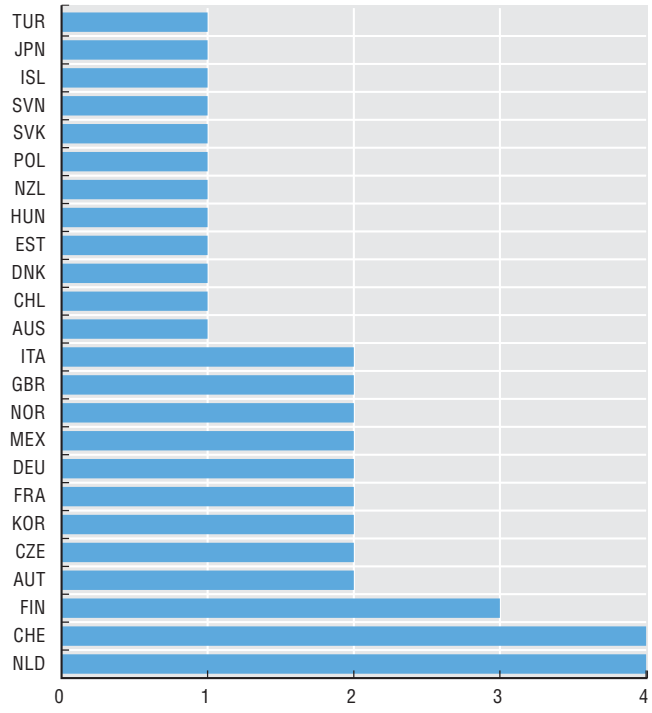
### 5.1. Extent to which health expenditures are included in the budget, 2012

| | Countries |
|---|---|
| Partly | AUT, CAN, CHE, CHL, CZE, DEU, DNK, EST, FRA, ITA, JPN, KOR, NOR, NLD, POL, PRT, SVK, SWE, TUR |
| Fully | GBR, HUN, ISL, NZL |
| No | FIN, SLO |

*Source:* OECD (2013), Survey of Budget Officials on Budgeting Practices for Health.

StatLink http://dx.doi.org/10.1787/888933248732

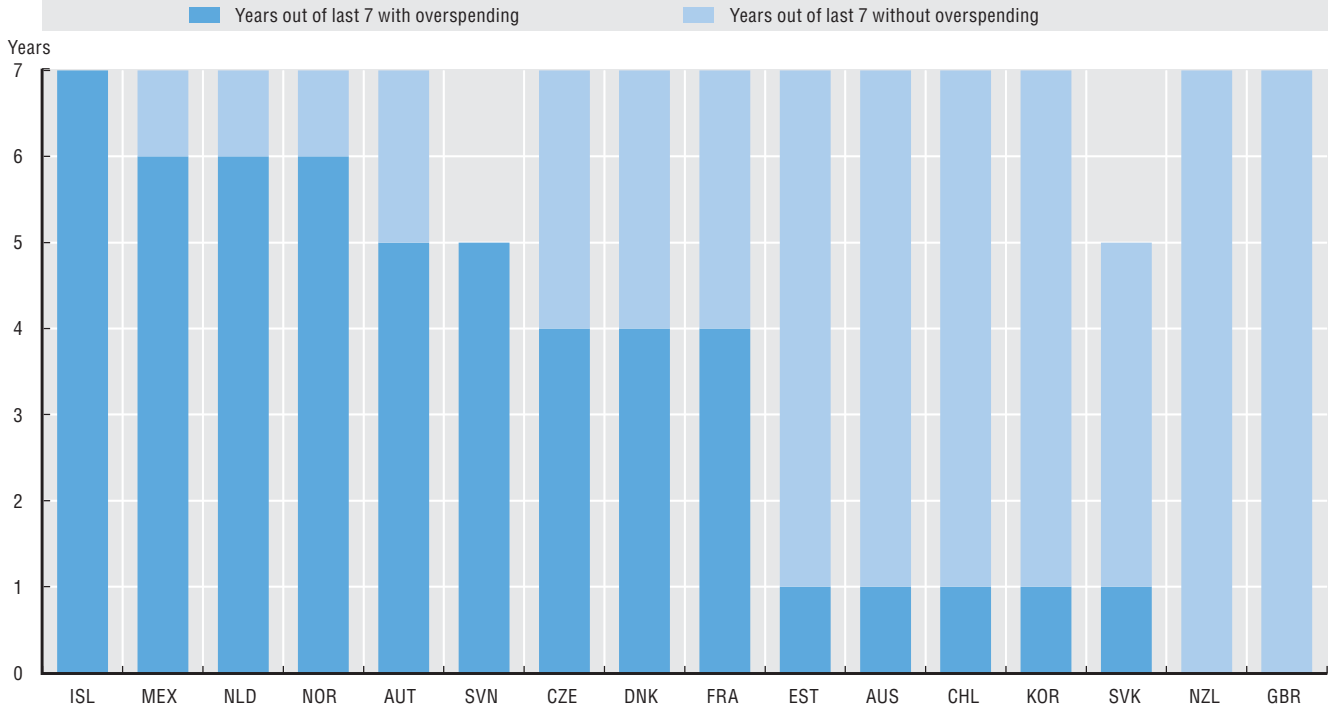
### 5.2. Reporting delay in months for health expenditures in the central government, 2012




*Source:* OECD (2013), Survey of Budget Officials on Budgeting Practices for Health.

StatLink http://dx.doi.org/10.1787/888933248743

### 5.3. Number of years with or without overruns in health between 2006 and 2011




*Source:* OECD (2013) Survey of Budget Officials on Budgeting Practices for Health.

StatLink http://dx.doi.org/10.1787/888933248756

## Performance-related budgeting and supreme audit institutions

Against the background of an increasingly complex governance environment, limited fiscal space, and growing demands for transparency and accountability, governments are continually challenged to demonstrate better performance and management of available resources. Supreme audit institutions (SAIs) have also moved from a more traditional focus on financial audits to looking at aspects of performance or value for money. Indeed the International Organization of Supreme Audit Institutions (INTOSAI) posits that "performance auditing greatly enriches public accountability and enables the SAI to make practical contributions to improving the efficiency and effectiveness of the public administration" (INTOSAI, 2010). As such, SAIs have the potential to contribute to better design and use of performance-related budgeting and management systems and to enhance public accountability in OECD countries.

Strengthening links between performance-related budgeting and performance audit, and the shift towards more performance auditing also implies, in most cases, a need for SAIs to move away from their traditional focus on compliance and to develop new skill sets and capacities, as well as strategies to communicate their work in this area to the legislature and wider public.

Along the continuum of practices currently in place, the most common is for SAIs to conduct performance or value-for-money audits of their own design. But there is wide variation among countries in terms of the frequency of performance or value-for-money audits undertaken and published annually. Among the 26 OECD countries that responded to the OECD survey on SAIs and performance-related budgeting, slightly more than half replied that they undertake performance or value-for-money audits "always" (Australia, Austria, Japan, Mexico, Norway and the United Kingdom) or "often" (Estonia, Finland, France, Hungary, Korea, New Zealand, Slovenia, Sweden and the Netherlands). Three countries (Chile, Czech Republic and Spain) reported that they "never" carry out performance audits.

In those countries where the budget-related documentation includes specific, clear and measurable performance objectives and targets, SAIs might be expected to use these objectives and targets in their performance audit exercises but of the 26 respondents, only five (Finland, Korea, Mexico, Norway and the United Kingdom) reported that this happens as a matter of course ("always") and similarly five (Austria, Estonia, Japan New Zealand and Turkey) indicated that this happens "often".

Just over half of the respondents also reported that the SAIs always or often assess or critique the quality of the performance information used in the budget, or audit the achievement of performance objectives or targets in the budget. Ideally this should allow for useful feedback to line ministries and the centre as they develop and refine performance information and seek to evaluate what they have achieved. However, given that performance objectives or targets are also used for internal management and learning, and may evolve or be refined based on that learning, audits that are overly focused on compliance only may miss the mark. Finally, respondents indicated that it was much less common for the SAI to assess the quality of the programme model being used, or to provide an overall assessment of the effectiveness of the performance-budgeting related system as a whole.

### *Methodology and definitions*

The data for Table 5.4 were collected as part of a 2014 survey of members of the OECD Senior Budget Officials Performance and Results Network. Respondents were predominantly senior officials in ministries of finance. Officials were able to consult with their national SAI when preparing the survey and several reported doing so. Data does not cover information on the quality of performance audits or the length of time an SAI has been concluding such audits. Twenty-five OECD countries responded to survey. The data displayed here is based on questions around the role of SAIs in the performance-related budgeting system. The response scale had five categories: always, often, sometimes, seldom and never/not applicable.

"Performance-related budgeting" seeks to establish clear links between financial allocations and non-financial or "performance" information – e.g. outputs, results, outcomes and impacts – with the goal of improving transparency, accountability and quality in the allocation and use of public resources and promoting better outcomes for citizens and for society.

According to the INTOSAI Performance Auditing Committee, performance auditing provides independent and objective examination of economy, efficiency, and effectiveness of government undertakings, services and activities.

### Further reading

INTOSAI (2010), "ISSAI 3100 – Performance Auditing Guidelines: Key Principles", approved at XXth Congress of INTOSAI, Johannesburg.

OECD (2014), "Background Note: Mini-Survey on Supreme Audit Institutions and Performance-Related Budgeting", prepared for the 10th Annual Meeting of the OECD Senior Budget Officials Performance and Results Network, OECD, Paris.

### Figure notes

5.1: The US GAO has a long track record in performance audit and it carries out significant examinations of performance-related information, wich may not be included in the budget.

### 5.4. Role of the SAI in the performance budgeting system

| | Audit financial information of public bodies | Conduct "performance audits" or "VFM audits" | Audit the achievement of performance objectives | Assess the quality of performance information | Assess the quality of the "programme logic models" being used | Assess the performance budgeting system and may recommend reforms |
|---|---|---|---|---|---|---|
| Australia | ● | ● | ▲ | ◗ | ◗ | ▲ |
| Austria | ● | ● | ✦ | ✦ | ✦ | ✦ |
| Belgium | ▲ | ▲ | ▲ | ✦ | ✦ | ■ |
| Czech Republic | ✦ | ■ | ■ | ■ | ■ | ■ |
| Chile | ● | ■ | ■ | ■ | ■ | ■ |
| Estonia | ▲ | ✦ | ✦ | ✦ | ● | ● |
| Finland | ● | ✦ | ● | ✦ | ✦ | ✦ |
| France | ● | ✦ | ■ | ● | ▲ | ▲ |
| Hungary | ● | ✦ | ■ | ✦ | ■ | ▲ |
| Iceland | ✦ | ▲ | ■ | ■ | ■ | ■ |
| Ireland | ● | ▲ | ■ | ■ | ■ | ■ |
| Italy | ● | ◗ | ◗ | ■ | ■ | ■ |
| Japan | ● | ● | ✦ | ✦ | ▲ | ▲ |
| Korea | ● | ✦ | ● | ● | ● | ✦ |
| Mexico | ● | ● | ● | ● | ● | ✦ |
| New Zealand | ● | ✦ | ✦ | ✦ | ■ | ◗ |
| Norway | ● | ● | ● | ✦ | ▲ | ▲ |
| Poland | ● | ▲ | ◗ | ▲ | ▲ | ▲ |
| Slovenia | ● | ✦ | ▲ | ▲ | ▲ | ◗ |
| Spain | ● | ■ | ■ | ■ | ■ | ■ |
| Sweden | ● | ✦ | ▲ | ✦ | ✦ | ◗ |
| Switzerland | ✦ | ▲ | ◗ | ■ | ◗ | ■ |
| The Netherlands | ● | ✦ | ✦ | ✦ | ▲ | ▲ |
| Turkey | ● | ▲ | ✦ | ✦ | ■ | ▲ |
| United States | ✦ | ▲ | ◗ | ◗ | ◗ | ◗ |
| United Kingdom | ● | ● | ● | ● | ▲ | ● |
| **OECD Total** | | | | | | |
| ● Always | 20 | 6 | 5 | 3 | 4 | 2 |
| ✦ Often | 4 | 9 | 5 | 11 | 4 | 4 |
| ▲ Sometimes | 2 | 7 | 5 | 3 | 6 | 8 |
| ◗ Seldom | 0 | 1 | 4 | 2 | 3 | 4 |
| ■ Never | 0 | 3 | 7 | 7 | 9 | 8 |

*Source:* OECD (2014), Mini-Survey on Supreme Audit Institutions and Performance-related Budgeting.

StatLink http://dx.doi.org/10.1787/888933248766

# Cost benefit analysis of investment projects

Governments are faced with budget constraints and therefore should invest in those projects that represent the greatest benefits compared to costs. In addition, the presence of market failures, which are situations in which markets left on their own would produce inefficient results (e.g. monopolies), are commonly addressed by government intervention. Regardless of whether a project is carried out by traditional public provision, public-private partnerships, or others, its economic appraisal remains the responsibility of government. Cost benefit analysis (CBA) is a methodology with a long intellectual and practical history for estimating the *ex ante* desirability of a project. It is designed to demonstrate whether or not the long-term social benefits of a project are greater than its costs. In practice, it estimates the opportunity cost or benefit of goods and services and uses these accounting prices (or shadow prices) as a more appropriate signal than observed market prices, which may be distorted by a variety of reasons. Performance indicators are then computed; typically, a positive net present value of benefits over costs is required in order to conclude that *ex ante* a project is socially desirable.

According to the 2014 OECD survey on CBA, it was found that there is generally no nationwide legal requirement for CBA (55% of surveyed countries). However, legislation does exist at the state/local levels (40% of countries) or it is recommended and promoted by central governments (15% of countries). In some cases, such as Canada, the United Kingdom, Chile and Denmark, it is firmly prescribed as a tool for project selection and decision typically at the pre-feasibility stage or at an early stage of the decision making process in any case. Additionally 10 out of 20 countries including Germany, the Netherlands, Mexico, Norway and France have reported CBA to be increasing in role and importance. For instance, the government of the Netherlands has recently issued new guidelines with regard to the use of CBAs covering all types of projects and policy areas.

When asked about the general objective of CBA according to legislation, regulation or official documents, the collected answers point to the key objective of providing a justification for project selection/decision in the feasibility phase (16 out of 19 countries). To a lesser extent, it is considered a tool for transparency (11 out of 19 countries), a tool for prioritising investment at the central level (10 out of 19 countries), and as a technical assessment tool supporting project design in the feasibility stage (10 out of 19 surveyed countries). According to the latest available information, CBA is used for project monitoring in slightly more than two-fifths of the surveyed countries, while the United Kingdom, Ireland and Estonia also use it as an instrument for policy learning.

CBA is a feature of the decision-making process on public investment at the central level in over two-thirds of surveyed member countries, albeit not in an exclusive way, rather as a complement to other types of assessment. CBA was indicated to be the key decision-making tool in allocating funding to procuring authorities for particular projects in the U.K., Canada, Ireland, Australia, Mexico and Chile. For the other surveyed countries, where the system is more delegated to line procuring authorities and departments, CBA is considered an instrument among several decision-making tools and the implementation of a CBA is delegated to specific departments with regards to the sectors in which they focus on.

Finally, CBA is more commonly used in large infrastructure projects such as roads, railroads, airports and ports and less frequently in projects related to culture and leisure and scientific research. Germany, Ireland and Turkey are the only countries performing CBA for all type of projects.

### *Methodology and definitions*

In 2014, the OECD conducted a Survey on Cost Benefit Analysis following the framework on public investment management by Rajaram et al. (2010). The survey was answered by 20 OECD countries. It covers the scopes and objectives of CBA, roles and responsibilities under it, its content and methodology, as well as related public accountability and learning. It was extended to all OECD member countries to collect evidence on how countries implement CBA, and which are the relevant characteristics and methodologies applied. The survey was submitted to country representatives in ministries of finance or equivalent departments with central budgetary and/or public investment roles (liaising with line departments and other key governmental stakeholders when relevant). In some cases, written questions were complemented by phone interviews to deepen some of the most significant aspects. Policy documents, guidelines and regulatory reference documents complemented the information base and were analysed when available.

## Further reading

Florio, M., S. Gastaldo and I. Loudiyi (forthcoming), *OECD Journal on Budgeting*, OECD, Paris.

## Figure notes

5.5: In the UK CBA is not prescribed under a specific law but in the Green Book, which is required guidance for all projects receiving central government funding; it is therefore a requirement even if it's not a law. In the Netherlands CBAs are required by law for long term projects in infrastructure, transport and spatial planning.

### 5.5. The general objective of CBA in your country according to legislation, regulation or official documents

| | | General Objective of CBA | | | | | | Main Role of CBA | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Legal foundation of CBA | Tool for prioritising investment | Justify project selection/ decision and financing | Accountability/ transparency tool | An assessment supporting project design | Tool for project monitoring | Tool for policy learning | Decision tool in allocating funding to agencies | Differs depending on actors | One among other decision making tools | Does not play a decisive in decision making | Is increasing in role and importance |
| Australia | ● | ✓ | | | | | | ✓ | | | | |
| Austria | ✦ | | ✓ | | | | | | ✓ | ✓ | | |
| Canada | ● | | ✓ | ✓ | ✓ | | | ✓ | ✓ | ✓ | | |
| Chile | ● | | ✓ | | | | | ✓ | | | | |
| Czech Republic | ■ | | | ✓ | ✓ | ✓ | | | ✓ | ✓ | | |
| Denmark | ✧ | ✓ | | | | | | | ✓ | | | ✓ |
| Estonia | ✧ | | ✓ | ✓ | | | ✓ | | ✓ | ✓ | | ✓ |
| France | ● | | ✓ | | ✓ | | | | ✓ | ✓ | | ✓ |
| Germany | ● | | ✓ | ✓ | | ✓ | | | ✓ | | | ✓ |
| Ireland | ✧ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ |
| Italy | ● | ✓ | | | ✓ | ✓ | | | | ✓ | | |
| Mexico | ● | ✓ | ✓ | ✓ | | | | ✓ | | ✓ | | ✓ |
| Netherlands | ✦ | | ✓ | | | | | | ✓ | ✓ | | ✓ |
| New Zealand | ✧ | | ✓ | | | | | | | | ✓ | |
| Norway | ✧ | ✓ | ✓ | | ✓ | | | | ✓ | ✓ | | ✓ |
| Slovena | ✧ | | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ | ✓ | |
| Sweden | ✧ | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ | | |
| Switzerland | ✧ | ✓ | ✓ | ✓ | | | | | ✓ | ✓ | | |
| Turkey | ● | ✓ | ✓ | ✓ | ✓ | ✓ | | | | ✓ | | ✓ |
| United Kingdom | ✦ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | | ✓ |
| **OECD Total** | | **10** | **16** | **11** | **10** | **8** | **3** | **6** | **13** | **14** | **2** | **10** |

● Yes, CBA is mandatory nationwide by legislation for all capital investment projects above a certain financial threshold.
■ Yes, there is a legal requirement nationwide for CBA, but only for specific category of projects.
❒ Yes, there are different legal frameworks depending on procuring /regulatory agencies at national levels.
✧ There is no nationwide legislation, but there is a legislation requiring CBA at state/regional/local government level.
❍ No.
✦ There is no legal requirement, but CBA is recommended by government and used anyway.
X Not applicable.

*Source:* OECD (2014), Survey on Cost Benefit Analysis.

StatLink http://dx.doi.org/10.1787/888933248774

### 5.6. Sectors in which CBA is usually performed (2014)

| Sectors | Countries |
|---|---|
| Road | AUS, AUT, CAN, CHE, CHL, CZE, DEU, DNK, EST, FRA, GBR, IRL, ITA, MEX, NLD, NOR, SWE, TUR |
| Rail | AUS, AUT, CAN, CHE, CHL, CZE, DEU, EST, FRA, GBR, IRL, ITA, MEX, NLD, NOR, SWE, TUR |
| Airports, ports and waterways | AUS, AUT, CAN, CHE, CHL, CZE, DEU, DNK, GBR, IRL, ITA, MEX, NLD, NZL, NOR, SLO, SWE, TUR |
| Urban transport | AUS, CAN, CHE, CHL, CZE, DEU, FRA, GBR, IRL, ITA, MEX, NLD, NOR, SLO, TUR |
| Water supply and wastewater | AUS, CAN, CHE, CZE, DEU, EST, GBR, IRL, ITA, MEX, NLD, SLO, TUR |
| Solid waste management | CAN, CHE, CZE, DEU, EST, GBR, IRL, ITA, SLO, SWE, TUR |
| Other environmental projects | CAN, CHE, CZE, DNK, GBR, IRL, ITA, NLD, NOR, SWE, TUR |
| Energy | AUS, CAN, CZE, DEU, GBR, IRL, ITA, MEX, NOR, SLO, TUR |
| Education | AUS, CAN, CZE, DEU, FRA, GBR, IRL, ITA, MEX, NOR, SWE, TUR |
| Health | AUS, CAN, CHE, DEU, FRA, GBR, IRL, ITA, NOR, SLO, TUR |
| ICT | CAN, CHE, CHL, CZE, DEU, EST, GBR, IRL, NOR, NZL, SLO, TUR |
| Culture and leisure | CAN, DEU, FRA, GBR, IRL, NOR, TUR, |
| Scientific research | CAN, CHE, CZE, DEU, EST, FRA, GBR, IRL, NLD, NOR, SWE, SLO, TUR, |
| Technological development and innovation | CZE, DEU, EST, IRL, NOR, TUR |
| Other | AUT, CHE, GBR, FRA, NLD, NOR |

*Source:* OECD (2014), Survey on Cost Benefit Analysis.

StatLink http://dx.doi.org/10.1787/888933248785

# 6. HUMAN RESOURCE MANAGEMENT

Special feature: Compensation reforms since 2008

Special feature: Employment reforms in central government since 2008

## Special feature: Compensation reforms since 2008

Compensation reforms are used to alter the size and structure of pay and benefits packages for the public sector workforce and have a direct impact on the overall cost of government. The 2008 financial crisis presented a dual challenge for most OECD governments: how to restore financial sustainability while also maintaining high quality service delivery in times of rising demand. Given that employee compensation accounts for 45.6% of OECD countries' production costs, compensations reforms have been a common response to these challenges. Significant reforms to employees' compensation packages can be difficult to undertake, as they often involve union negotiations and other legal and political complexities. Additionally, when compensation reductions are implemented, they can have negative repercussions on worker motivation, which can undermine productivity and efficiency.

Between 2008 and 2013, almost all OECD countries introduced compensation reforms in their central governments. Altogether 15 OECD countries have frozen remuneration (sometimes for certain categories of staff), and seven countries cut remuneration levels for all categories of staff.

Portugal implemented wage cuts, suspended performance bonuses and decreased overtime pay. Spain has implemented a salary cut and in 2012 the extra December payment was not paid, although 25% of this payment was later refunded. In Poland, since 2009, pay in the civil service has been frozen, the pay scale has been changed and a special bonus was eliminated. Hungary eliminated the 13th month salary. Estonia abolished career-based salary components, such as additional remuneration for tenure, foreign languages and academic degrees. In Belgium the reforms slowed down the career advancement of employees. In Germany, seniority is no longer taken into account for middle and top management in setting their pay. In Czech Republic the average salaries for top-level managers increased while the overall budget for remuneration was decreased by 10%, resulting in a decrease of salaries for many regular staff and an increase in salaries for some managers. Italy introduced limits to top-level managers' wages and also reduced compensation levels especially for the top-level. Ireland reduced the cost of its public service paybill by 20% in seven years through universal and progressive wage cuts, a pay freeze, a pay cap for senior officials, reduced rates for new entrants, eliminating performance bonuses and certain allowances, and reducing rates of overtime and other non-core pay.

Some countries, however, did not experience drastic reforms. Australia, Austria, Belgium, Chile, Germany, the Netherlands, New Zealand, Norway, Sweden, Switzerland and the United States have not cut remuneration levels.

Performance-related pay, which has become a more common practice in many OECD governments in recent years, may be declining as a result of budgetary constraints. Since 2008, nine OECD countries have reduced bonuses, allowances and performance-related pay. However Greece introduced performance-related pay in 2014.

### *Methodology and definitions*

Data were collected through the 2014 OECD Survey on Managing Budgetary Constraints: Implications for HRM and Employment in Central Public Administration. Respondents were predominantly senior officials in central government HRM departments, and data refer to the HRM practices in central government undertaken between 2008 and 2013. The survey was completed by all OECD countries except Denmark, Iceland, Israel, Luxembourg, and Turkey. Central public administration is defined, for the purposes of this survey, as organisations that are directly subordinated to national political power and are at the service of the central executive. The size and breadth of central public administrations vary significantly across countries and should be considered when making comparisons. In Table 6.1 the difference between moderate and frequent use was not quantitatively defined.

### Further reading

Said, T., J. Le Louarn and M. Tremblay (2007), "The Performance Effects of Major Workforce Reductions", *International Journal of Human Resource Management*, Vol. 18, No. 12, pp. 2075-94.

Vaughan-Whitehead, D. (ed.) (2013), *Public Sector Shock: The Impact of Policy Retrenchment in Europe,* Edward Elgar Publishing Ltd, Cheltenham.

### Figure notes

For the explanation of the options included in the category "Other", please refer to the statlink: *http://dx.doi.org/10.1787/888933248795*.

**Australia**: The reforms contributed to cost control and containing wage growth. **Austria**: No reforms have been undertaken, but remuneration was affected by a series of wage increases below inflation. **Japan**: The National Public Service Act stipulates that the remunerations of national public employees may at any time be changed by the Diet to bring them into accord with general conditions of society. **New Zealand**: Public sector wage growth has been slowed down and specifically has lagged private sector wage growth since 2010. **Slovenia**: There have been restrictions of promotions. **Colombia**: According to the jurisprudence of the constitutional court, it is not possible to reduce the salaries of public sector workers.

### 6.1. Compensation reforms implemented since 2008

| | Implementation of remuneration reforms in the central public administration since 2008 | Type of remuneration reforms implemented: | | | | | |
|---|---|---|---|---|---|---|---|
| | | Reduction of remuneration specifically for top-level | Reduction of remuneration for all staff | Reduction or abolishment of allowances (e.g. Christmas allowance, 13th month salary) | Reduction of performance-related-pay/bonuses | Pay freeze | Other |
| Australia | ● | | | | | | ✓ |
| Austria | ❍ | | | | | | |
| Belgium | ● | | | | | | ✓ |
| Canada | ● | | | ✓ | | | |
| Chile | ❍ | | | | | | |
| Czech Republic | ● | | | | | ✓ | ✓ |
| Estonia | ● | | | ✓ | ✓ | ✓ | ✓ |
| Finland | ❍ | | | | | | |
| France | ● | | | | | ✓ | |
| Germany | ● | | | | | | ✓ |
| Greece | ● | ✓ | ✓ | ✓ | | ✓ | |
| Hungary | ● | ✓ | | ✓ | ✓ | ✓ | |
| Ireland | ● | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Italy | ● | ✓ | | | ✓ | ✓ | |
| Japan | ● | | | | | | ✓ |
| Korea | ● | | | | | ✓ | |
| Mexico | ● | ✓ | | | | ✓ | |
| Netherlands | ❍ | | | | | | |
| New Zealand | ● | | | | | | ✓ |
| Norway | ❍ | | | | | | |
| Poland | ● | | | | ✓ | ✓ | |
| Portugal | ● | | ✓ | ✓ | ✓ | ✓ | |
| Slovak Republic | ● | | | ✓ | | ✓ | |
| Slovenia | ● | | ✓ | ✓ | ✓ | ✓ | ✓ |
| Spain | ● | | ✓ | ✓ | | ✓ | |
| Sweden | ● | | | | | | ✓ |
| Switzerland | ❍ | | | | | | |
| United Kingdom | ● | | | | ✓ | ✓ | |
| United States | ❍ | | | | | | |
| **OECD Total** | | **5** | **5** | **9** | **8** | **15** | **9** |
| ● Yes | 22 | | | | | | |
| ❍ No | 7 | | | | | | |
| Brazil | ● | ✓ | | | | | |
| Colombia | ● | | | | | | ✓ |
| Latvia | ● | | ✓ | ✓ | ✓ | | |

*Source:* 2014 OECD Survey on Managing Budgetary Constraints: Implications for HRM and Employment in Central Public Administration, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933248795

## Special feature: Employment reforms in central government since 2008

Employment reforms alter the size and composition of the public sector workforce to ensure alignment with strategic objectives and financial sustainability. Given that a significant percentage of OECD countries' finances are spent on their employees, employment reforms can have an impact on the overall cost of government. Between 2008 and 2013 many OECD countries undertook numerous employment reforms, often as a result of the 2008 financial crisis, in an attempt to restore financial sustainability while trying to maintain service delivery standards and meet rising demand. Large-scale employment reforms can be difficult to undertake, particularly when they involve high levels of downsizing over short periods of time. Conversely, countries that do not take an active role in controlling the size of their public services risk growing public employment to levels that are fiscally unsustainable.

From 2008 to 2013, significant downsizing trends took place in the central government employment of many OECD countries. Most of the OECD EU countries are in a process of reducing the size of central government employment. Among these, only Sweden has increased the number of central government employees. Germany and Czech Republic have stabilised their numbers (in the case of Germany after long years of reductions in central government employment). Fewer countries continue to increase employment in central government moderately while only Norway reported high increases.

While the most significant downsizing takes place in the countries most impacted by the 2008 financial crisis, the fact that downsizing takes place almost everywhere illustrates that central government employment levels do not only revolve around the economic and fiscal situation of a country. In fact, in some cases, countries reform public employment in the context of demographic challenges, restructuring measures, governance reforms, decentralisation of public employment or the change of work methods.

Downsizing is a complex policy and includes a number of different (voluntary and obligatory) instruments and measures. In this regard, OECD countries report significant differences concerning the choice of instruments and the importance of measures. Overall, OECD countries that decide to reduce central government employment do so by using the following broad strategies: recruitment freezes, across-the-board cuts, outsourcing, compulsory termination, attrition and voluntary termination. Few countries focus on the dismissal of public employees. In fact, most countries are implementing other measures in order to downsize public employment such as recruitment freezes.

### *Methodology and definitions*

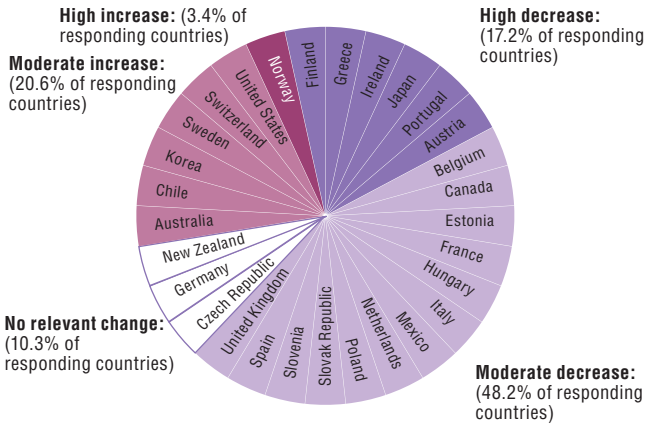
Employment reforms aim to alter the size of the workforce through the use of tools such as dismissals, recruitment freezes, or privatisation. Data were collected through the 2014 OECD Survey on Managing Budgetary Constraints: Implications for HRM and Employment in Central Public Administration. Respondents were predominantly senior officials in central government HRM departments, and data refer to the HRM practices in central government. The survey was completed by all OECD countries except Denmark, Iceland, Israel, Luxembourg and Turkey. Central public administration is defined, for the purposes of this survey, as organisations that are directly subordinated to national political power and are at the service of the central executive. The size and breadth of central public administrations vary significantly across countries and should be considered when making comparisons.

Data for Figure 6.2 are the responses to Question 1 for the above-mentioned survey: Generally speaking, what is the overall trend in central public administration employment in your country? Respondents chose from five possible answers: high decrease; moderate decrease; no relevant change; moderate increase; high increase. These categories were not quantitatively defined, but are chosen subjectively by respondents. In Table 6.3, "dismissals" are terminations of employment with or without notice; "recruitment freezes" are the overall practice and/or policy of disallowing finding and selecting new staff to join an organisation (mostly for a certain period of time); "outsourcing" is obtaining goods or services by contract from an outside supplier. The difference between moderate and frequent use was not quantitatively defined.

### Figure notes

6.2: **Czech Republic**: The answer "No relevant change" is meant for the year 2013. The biggest changes occurred in 2011 when the government cut the budget of state employee salaries by 10%. However, 2013 witnessed no major change in public employment. So the overall trend in the country is: No relevant change. **France**: There was a moderate decrease in the number of public employees (not only civil servants) working in ministries (and not in agencies). **Slovak Republic**: Frequency of use could not be determined, the information includes all employees within the scope of public administration (central administration, territorial self-administration, social and health insurance funds). **Switzerland**: Information relates to the period 2005-13. **United Kingdom**: Central public administration is intended as government departments and their executive agencies (i.e. the civil service).

### 6.2. Employment reforms in select OECD countries' central public administrations




*Source:* 2014 OECD Survey on Managing Budgetary Constraints: Implications for HRM and Employment in Central Public Administration, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933248809

### 6.3. Employment reform tools used in OECD countries' central public administrations

| | Dismissals | Recruitment freezes | Outsourcing | Annual productivity targets | Non or partial replacement of retiring staff | Privatisation | Decentralisation of employment to lower government level agencies |
|---|---|---|---|---|---|---|---|
| Australia | ◗ | ◗ | .. | ◗ | ◗ | .. | .. |
| Austria | ❍ | ● | ◗ | ◗ | ● | ❍ | ❍ |
| Belgium | ❍ | ● | ◗ | ● | ● | ◗ | ● |
| Canada | ◗ | ◗ | ❍ | ❍ | ◗ | ❍ | ❍ |
| Chile | ◗ | ❍ | ◗ | ❍ | ◗ | ❍ | ❍ |
| Czech Republic | ● | ● | ● | ● | ◗ | ◗ | ◗ |
| Estonia | ◗ | ◗ | ❍ | ❍ | ❍ | ❍ | ◗ |
| Finland | ◗ | ◗ | ◗ | ● | ● | ◗ | ◗ |
| France | ❍ | ◗ | ◗ | ◗ | ◗ | ❍ | ◗ |
| Germany | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| Greece | ◗ | ◗ | ◗ | ◗ | ● | ❍ | ❍ |
| Hungary | ◗ | ● | ❍ | ◗ | ● | ❍ | ❍ |
| Ireland | ❍ | ◗ | ◗ | ● | ● | ❍ | ❍ |
| Italy | ❍ | ● | ◗ | ❍ | ● | ❍ | ❍ |
| Japan | ❍ | ◗ | ● | ❍ | ● | ◗ | ❍ |
| Korea | ❍ | ◗ | ◗ | ◗ | ❍ | ◗ | ❍ |
| Mexico | ◗ | ◗ | ◗ | ◗ | ◗ | ❍ | ◗ |
| Netherlands | ❍ | ◗ | ◗ | ◗ | ● | ◗ | ◗ |
| New Zealand | ❍ | ◗ | ● | ◗ | ◗ | ◗ | ❍ |
| Norway | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| Poland | ◗ | ● | ◗ | ❍ | ● | ❍ | ◗ |
| Portugal | ● | ● | ◗ | ● | ● | ❍ | ❍ |
| Slovak Republic | ● | ● | .. | ❍ | ● | .. | .. |
| Slovenia | ◗ | ● | ❍ | ● | ● | ❍ | ❍ |
| Spain | ◗ | ● | ◗ | ❍ | ● | ❍ | ❍ |
| Sweden | ◗ | ◗ | ◗ | ● | ● | ◗ | ❍ |
| Switzerland | ◗ | ◗ | ❍ | ◗ | ◗ | ❍ | ❍ |
| United Kingdom | ❍ | ● | ◗ | ◗ | ◗ | ◗ | ❍ |
| United States | ◗ | ◗ | ◗ | ❍ | ◗ | ❍ | ❍ |
| **OECD Total** | | | | | | | ❒ |
| ● Frequent use | 3 | 11 | 3 | 7 | 15 | 0 | 1 |
| ◗ Moderate use | 14 | 15 | 17 | 11 | 10 | 9 | 7 |
| ❍ No use | 12 | 3 | 7 | 11 | 4 | 18 | 19 |
| Brazil | ❍ | ◗ | ● | ❍ | ◗ | ● | ● |
| Colombia | ❍ | ◗ | ◗ | ❍ | ❍ | ❍ | ❍ |
| Latvia | ● | ◗ | ◗ | ◗ | ◗ | ❍ | ❍ |

*Source:* 2014 OECD Survey on Managing Budgetary Constraints: Implications for HRM and Employment in Central Public Administration, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933248811

# 7. PUBLIC SECTOR INTEGRITY

Managing conflict of interest: Pre- and post-public employment

Asset disclosure

Transparency and integrity in lobbying

Whistleblower protection

# Managing conflict of interest: Pre- and post-public employment

Increased mobility between the public and private sector – "revolving door" phenomenon – has raised public and governmental concerns of impropriety which can affect trust in public service. At the same time, it is also in the interest of the public and government to attract experienced and skilled workforce to serve the public interest. In this regard, conflict of interest situations should be appropriately and adequately identified and managed to ensure sound democratic governance. An excessively strict approach could result not only in bureaucratic inefficiency but also in discouraging the employment of potential skilled and competent workers in the public sector.

To properly manage the issue of post-public employment, 22 OECD countries have stipulated specific rules and procedures for it. All OECD countries surveyed except for Sweden legally require public officials not to use confidential or other "insider" information after they leave the public sector. Furthermore, 21 of them (66%) require a "cooling-off" period, restricting public officials leaving the public sector from lobbying or engaging in official dealings, interacting with their former subordinates or colleagues in the public sector. The length of the cooling-off period varies across countries, examples of which include less-than-a-year cooling-off period required for civil servants in Austria and an up-to five years of cooling-off period in Germany, where post-public employments linked to the former tasks of the civil servant have to be disclosed and can be prohibited if public interests are affected. The cooling-off period varies between public officials based on the seniority and the nature of the post as it is the case in Slovenia, the United Kingdom and the United States. During the cooling off period, only some categories of public officials in Austria, Israel, Norway, Portugal and Spain receive compensation. For instance, in Spain, public officials receive 80% of their basic salaries as compensation and in Norway, compensation is awarded only for prohibitions on taking up a specific appointment, the level of which is equivalent to the salary received at the time of the public official left public office.

In sharp contrast to post-public employment regulations, fewer restrictions exist with regard to pre-public employment. Only seven OECD countries – Australia, Austria, France, Israel, Japan, the Netherlands and New Zealand – have restrictions on both private sector employees or lobbyists and suppliers to the government or those who negotiate public sector contracts on behalf of a company, to fill a post in the public sector. Most restrictions take place during the recruitment process where the applicants' previous employments are assessed for potential conflicts of interest. Once recruited, they are also expected to manage their conflicts of interest through recusal from involvement in an affected decision-making process or restriction from certain information.

### *Methodology and definitions*

Data were collected through the 2014 OECD Survey on Managing Conflict of Interest in the Executive Branch and Whistleblower Protection. 32 OECD countries responded to the survey, as well as Brazil, Colombia, Latvia and Russia. Respondents to the survey were country delegates responsible for integrity policies in central/federal government.

A conflict of interest involves a conflict between the public duty and private interests of a public official, in which the public official has private-capacity interests which could improperly influence the performance of their official duties and responsibilities.

The term "public official" is defined as any person holding an executive office of a country, whether appointed or elected, whether permanent or temporary, whether paid or unpaid, irrespective of that person's seniority; and any other person who performs a public function, including for a public agency or public enterprise, or provides a public service, as defined in the domestic law of the country.

## Further reading

OECD (2010), *Post-Public Employment: Good Practices for Preventing Conflict of Interest*, OECD, Paris.

OECD (2003), *Recommendation of the Council on Guidelines for Managing Conflict of Interest in the Public Service*, OECD, Paris.

OECD (1998), *Recommendation of the Council on Improving Ethical Conduct in the Public Service Including Principles for Managing Ethics in the Public Service*, OECD, Paris.

## Figure notes

7.1: Data unavailable for Denmark and Luxembourg. In Chile, public officials leaving public service after having performed oversight function are not allowed to begin a working relationship for 6 months with any private sector entity subject to oversight by the agency from which the officials have left. In Finland, there exist instructions on post-public employment even though there is no regulation on it. In Israel, political advisors/appointees would receive compensation only if they served as civil servants. In the United Kingdom, senior civil servants and civil servants receive compensation in some very exceptional cases when they are observing a waiting period.

7.2: Data unavailable for Denmark and Luxembourg. Government suppliers here could refer to suppliers to the government or those who negotiate public sector contracts on behalf of a company.

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

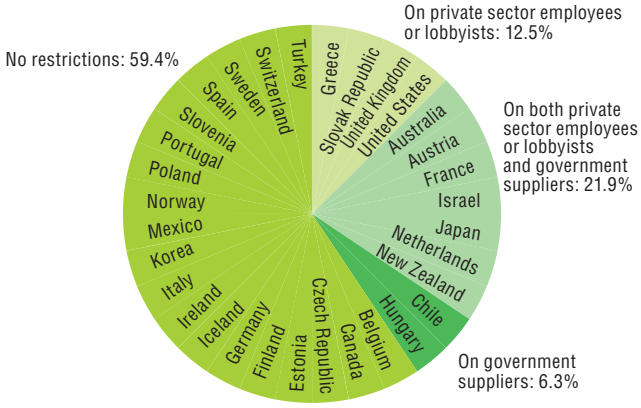
### 7.1. Post-public employment: Compensation during the "cooling-off" period, 2014

| | President | Prime Minister | Minister or Members of Cabinet/Office | Political advisors/appointees | Senior civil servants | Civil Servants |
|---|---|---|---|---|---|---|
| Australia | X | ❍ | ❍ | ❍ | ❍ | ❍ |
| Austria | ● | ● | ● | ❒ | ❍ | ❍ |
| Belgium | X | ❒ | ❒ | ❒ | ❒ | ❒ |
| Canada | X | ❍ | ❍ | ❍ | ❍ | ❍ |
| Chile | ❒ | X | ❒ | ❒ | ❒ | ❒ |
| Czech Republic | ❒ | ❒ | ❒ | ❒ | ❒ | ❒ |
| Estonia | ❒ | ❒ | ❒ | ❒ | ❍ | ❍ |
| Finland | ❒ | ❒ | ❒ | ❒ | ❒ | ❒ |
| France | ❒ | ❒ | ❒ | ❍ | ❍ | ❍ |
| Germany | ❒ | ❒ | ❒ | ❍ | ❍ | ❍ |
| Greece | ❒ | ❒ | ❒ | ❒ | ❒ | ❒ |
| Hungary | ❒ | ❒ | ❒ | ❒ | ❒ | ❒ |
| Iceland | ❒ | ❒ | ❒ | ❒ | ❒ | ❒ |
| Ireland | ❒ | ❒ | ❒ | ❍ | ❍ | ❍ |
| Israel | ❒ | ❍ | ❍ | ● | ● | ● |
| Italy | ❒ | ❍ | ❍ | ❒ | ❒ | ❒ |
| Japan | X | ❒ | ❒ | ❒ | ❍ | ❍ |
| Korea | ❍ | ❍ | ❍ | ❍ | ❍ | ❒ |
| Mexico | ❍ | X | ❍ | ❍ | ❍ | ❍ |
| Netherlands | X | ❒ | ❒ | ❒ | ❒ | ❒ |
| New Zealand | X | ❒ | ❒ | ❒ | ❒ | ❒ |
| Norway | X | ● | ● | ● | ● | ● |
| Poland | ❍ | ❍ | ❍ | ❒ | ❍ | ❍ |
| Portugal | ● | ❍ | ❍ | ❒ | ❒ | ❒ |
| Slovak Republic | ❒ | ❒ | ❒ | ❒ | ❒ | ❒ |
| Slovenia | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| Spain | X | ● | ● | ❒ | ❍ | ❒ |
| Sweden | X | ❒ | ❒ | ❒ | ❒ | ❒ |
| Switzerland | X | ❒ | ❒ | ❒ | ❍ | ❍ |
| Turkey | ❒ | ❒ | ❒ | ❍ | ❍ | ❍ |
| United Kingdom | X | ❍ | ❍ | ❍ | ❍ | ❍ |
| United States | ❒ | X | ❍ | ❒ | ❍ | ❍ |
| **OECD total** | | | | | | |
| ● Yes | 2 | 3 | 3 | 2 | 2 | 2 |
| ❍ No | 4 | 9 | 11 | 10 | 17 | 15 |
| ❒ No cooling-off period | 15 | 17 | 18 | 20 | 13 | 15 |
| Brazil | ❒ | X | ● | ● | ● | ❒ |
| Colombia | ❍ | X | ❍ | ❍ | ❍ | ❍ |
| Latvia | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| Russia | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |

*Source:* OECD (2014), Survey on Managing Conflict of Interest in the Executive Branch and Whistleblower Protection, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933248821

### 7.2. Restrictions on pre-public employment, 2014




*Source:* OECD, (2014), Survey on Managing Conflict of Interest in the Executive Branch and Whistleblower Protection, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933248837

# Asset disclosure

Fairness and impartiality are expected of public servants in fulfilling their fundamental mission to serve the public interest. Public officials' conflicts of interest pose a threat to public trust. In this context, assuring transparency and accountability of public officials in their decision-making process is key to restoring trust in the government.

Disclosure of private interests of public officials is an effective tool for managing conflict of interest. Although it remains primarily public officials' responsibility to manage their conflict of interest situations, disclosure of their private interests can greatly aid in preventing apparent and potential conflict of interest situations. Furthermore, public availability of the disclosed information allows the general public to hold public officials more accountable of their official decisions and strengthens transparency in the process. However, disclosure and public availability of the information also concerns the public officials' right to privacy.

The level of disclosure and public availability of private interests differs across three primary branches of government, among which the legislative branch requires the highest level of disclosure and public availability in vast majority of the OECD countries surveyed. The "at risk" area including tax and customs officials, procurement agents and financial authorities display lower level of disclosure requirement compared to the three branches of government.

Within the executive branch, disparity of disclosure and public availability levels is observed between public officials. In OECD countries, the level of disclosure, on average, is closely related to the level of seniority. The top decision makers tend to have more obligations regarding disclosure of private interests followed by senior civil servants and political advisors or appointees. Disclosure requirements of private interests for public officials with higher decision making power have continued to be further expanded and developed in most OECD countries, especially for top decision makers in the Executive branch, including President, Prime Minister and Ministers. In fact, in 2014 gifts are prohibited or have to be disclosed for 73% of the top decision makers in OECD countries surveyed compared to 68% in 2009.

Public officials in some OECD countries such as Chile, Greece, Hungary, Korea, the Netherlands, Sweden, Turkey and the United States go beyond disclosing their own private interests and disclose as well those of some of their family members. In some countries, disclosure of family members' private interests is not obliged by law and is left at public officials' discretion to disclose where potential conflicts of interest could arise. This is the case in Canada and the Netherlands in an effort to balance transparency and public officials' privacy.

### *Methodology and definitions*

Data were collected through 2014 OECD Survey on Managing Conflict of Interest in the Executive Branch and Whistleblower Protection. 32 OECD countries responded to the survey, as well as Brazil, Colombia, Latvia and Russia. Respondents to the survey were country delegates responsible for integrity policies in central/federal government.

"Executive branch" is one of the three primary branches of a government in most democratic countries – the other two being judicial and legislative branches. It includes the Prime Minister, and/or the President, ministers or members of cabinet and all agencies/departments under his or her direct control. The term "legislative branch" covers the positions of upper and lower house legislators. The term "judicial branch" covers judges and prosecutors. The "at risk" areas include tax and customs officials, procurement agents and financial authorities.

Top decision maker's level in Figure 7.4 is an average between that of Head of Executive and Ministers. Head of Executive refers to President or Prime Minister according to the country's political system. Where executive power is shared between President and Prime Minister, the average between the two is taken. More detailed information is available online at *http://dx.doi.org/10.1787/888933248855*.

When calculating an aggregate of the country-specific data, all private interests and all positions were deemed equally important and were therefore assigned the same weights. The private interests include assets, liabilities, income source and amount, paid and non-paid outside positions, gifts and previous employment. Annex D provides detailed data on private interest disclosure and public availability and information on calculation methodology.

## Further readings

OECD (2007), *OECD Guidelines for Managing Conflict of Interest in the Public Service: Report on Implementation*, OECD, Paris.

OECD (2003), *Recommendation of the Council on Guidelines for Managing Conflict of Interest in the Public Service*, OECD, Paris.

OECD (1998), *Recommendation of the Council on Improving Ethical Conduct in the Public Service Including Principles for Managing Ethics in the Public Service*, OECD, Paris.

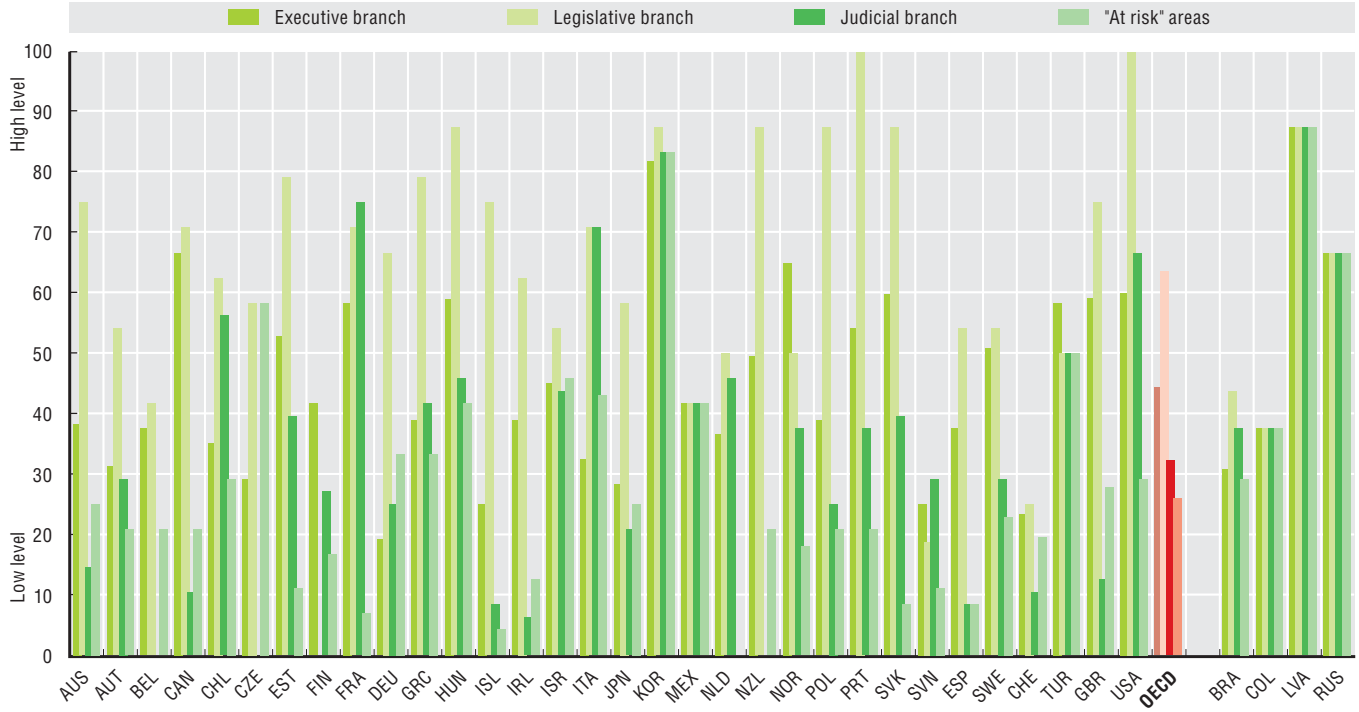
## Figure notes

7.3: Data unavailable for Denmark and Luxembourg. Data for Mexico on legislative branch and judicial branch are from 2012.

7.4: Data unavailable for Denmark, Iceland and Luxembourg. See Annex D for more detailed information.

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

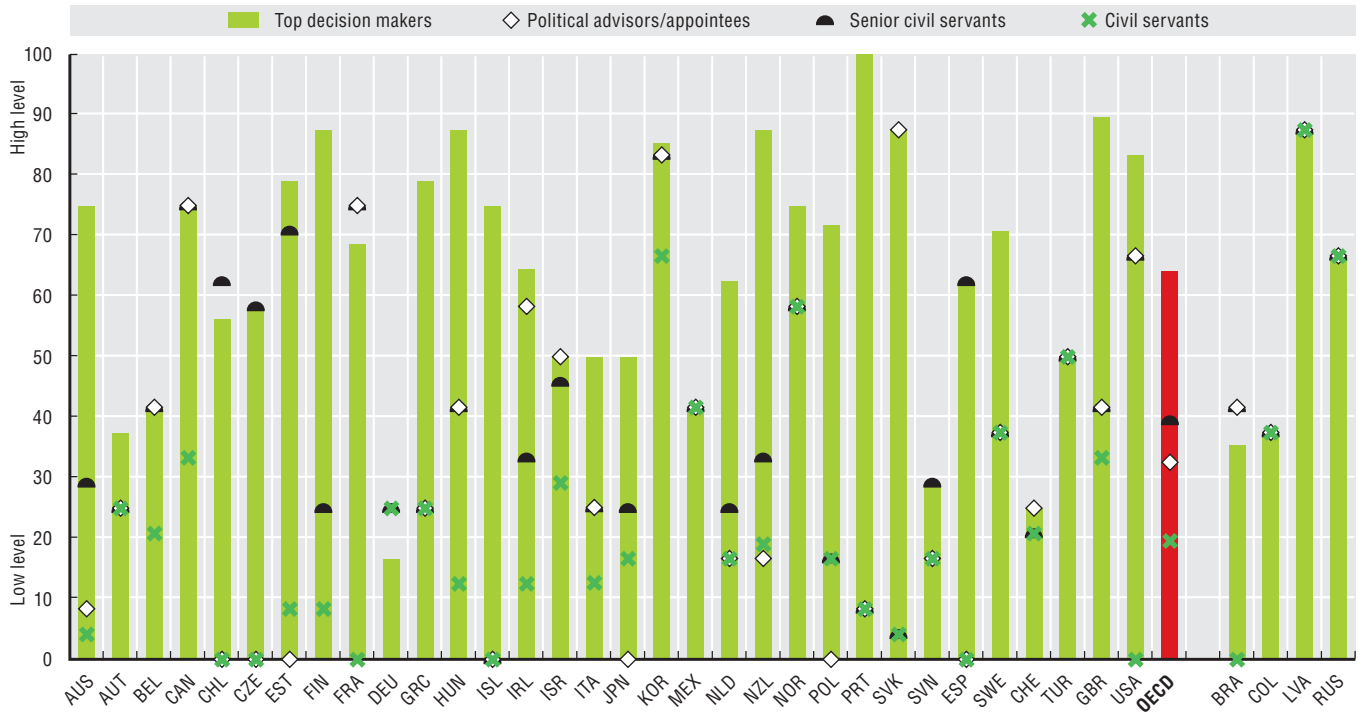
**7.3. Level of disclosure and public availability of private interests across branches of government, 2014**




*Source:* OECD (2014), Survey on Managing Conflict of Interest in the Executive Branch and Whistleblower Protection, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933248848

**7.4. Level of disclosure and public availability of private interests by the level of public officials in the executive branch, 2014**




*Source:* OECD (2014), Survey on Managing Conflict of Interest in the Executive Branch and Whistleblower Protection, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933248855

# Transparency and integrity in lobbying

Lobbying is a fact of public life in all countries. It has the potential to promote democratic participation and can provide decision makers with valuable insights, as well as facilitate stakeholder access to public policy development and implementation. Yet, lobbying is often perceived as an opaque activity of dubious integrity, which may result in undue influence by special interests, unfair competition and regulatory capture at the expense of fair, impartial and effective policy making. There is evidence of an emerging consensus on the need for transparency. While by 2014 only 15 OECD countries have introduced lobbying regulations to this effect, there is a clear acceleration in this sense as 11 countries have done so in the last decade.

Regulations require lobbyists to disclose information about their practices through a register. For example, Austria, Canada, France, Germany, Mexico, Poland, Slovenia and the United States have lobbyist registers in place. Disclosure should provide enough pertinent information on key aspects of lobbying activities to enable proper scrutiny. Countries with publicly accessible registers commonly require lobbyists to file in the registers their names, contact details, their employer's name, and the names of their clients.

While it takes two to lobby, the ultimate responsibility for safeguarding the public interest and rejecting undue influence lies with those who are lobbied, namely public officials. Most OECD countries have instituted principles, rules, standards or procedures that regulate public officials' conduct. For example, such regulations in Canada and Slovenia specifically apply to their conduct in dealing with lobbyists while other countries such as Estonia, Norway and Sweden, rely on more general regulations or codes of conduct.

An increasing concern relating to lobbying is the practice of "revolving doors"- the movement of staff between related public and lobbying sectors –as it may heighten exposure to conflicts of interest and impropriety such as the misuse of insider information, position and contacts. Concern over revolving doors has prompted countries to take measures to prevent and contain conflict of interest in pre- and post-public employment situations in order to ensure the integrity of present and former public officials. Among the 24 countries which responded to the 2013 OECD Survey on Lobbying Rules and Guidelines, only half (12) have adopted restrictions on senior public officials in the executive branch to engage in lobbying after they leave the government; and only 10 have restrictions on public officials.

Another emerging concern is the capture of advisory groups by private interests to exert undue influence. When, for example, corporate executives or lobbyists advise governments as members of an advisory group, they act not as external lobbyists, but as part of the policy making process with direct access to decision makers. There is often no obligation to ensure a balanced representation of interests in advisory groups, except for Belgium, Estonia, Korea, Switzerland and the United States. In order to ensure transparency in policy making, countries can, as a minimum, make membership information publicly available for scrutiny by other stakeholders.

### *Methodology and definitions*

The data presents the results of the OECD 2013 Survey on Lobbying Rules and Guidelines. Respondents to the Survey were country delegates responsible for integrity policies and/or lobbying rules and their implementation in central government. A total of 24 OECD countries together with Brazil, completed the survey. In addition, Denmark, Japan and the United Kingdom responded to selected questions.

## Further reading

OECD (2014), *Lobbyists, Governments and Public Trust, Volume 3: Implementing the OECD Principles for Transparency and Integrity in Lobbying*, OECD, Paris, *http://dx.doi.org/10.1787/9789264214224-en*.

OECD (2012), *Lobbyists, Governments and Public Trust, Volume 2: Promoting Integrity through Self-regulation, OECD*, Paris, *http://dx.doi.org/10.1787/9789264084940-en*.

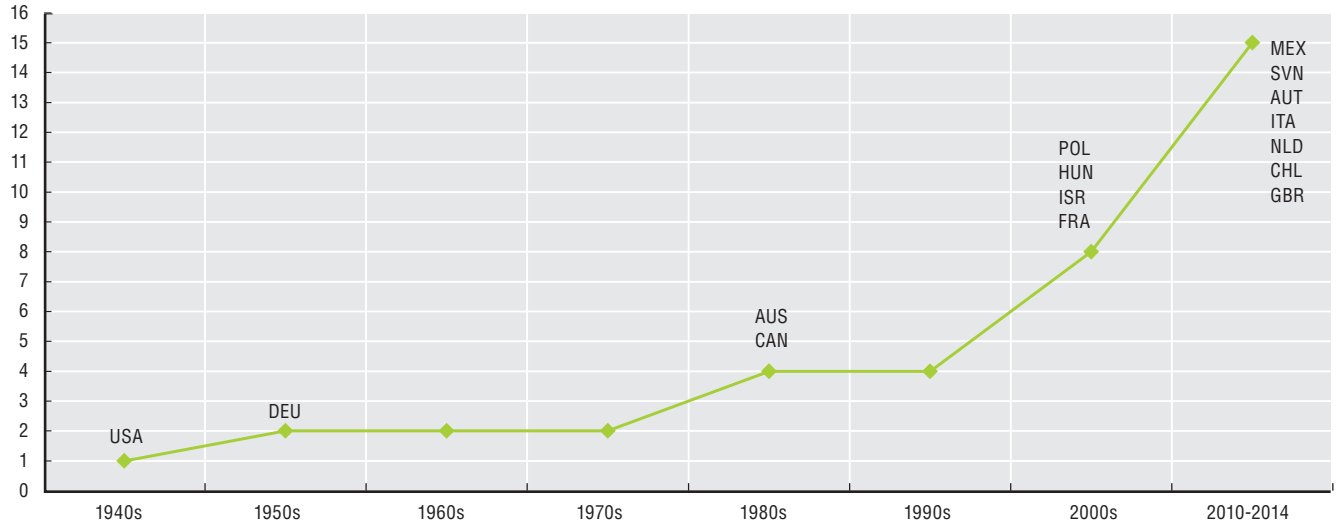
OECD (2010), "Recommendation on Principles for Transparency and Integrity in Lobbying", OECD, Paris, *www.oecd.org/corruption/ethics/oecdprinciplesfortransparencyandintegrityinlobbying.htm*.

## Figure notes

7.5: Data refers to the year of introduction of the first regulation in respective countries. Ireland enacted the Regulation of Lobbying Act in March 2015.

7.6: Data unavailable for Australia, the Czech Republic, Denmark, Greece, Iceland, Israel, Japan, the Slovak Republic and Turkey.

### 7.5. Introduction of lobbying regulation, 1940-14




*Source:* OECD (2014), *Lobbyists, Governments and Public Trust*, Volume 3: *Implementing the OECD Principles for Transparency and Integrity in Lobbying*, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933248864

### 7.6. Rules on the balanced representation of interests in advisory groups, 2013

| | Is there an obligation to have a balanced composition of advisory/expert groups? | Are lobbyists allowed to sit in advisory/expert groups in personal capacity? | Are corporate executives allowed to sit in advisory/expert groups in personal capacity? |
|---|---|---|---|
| Austria | X | ❍ | ❍ |
| Belgium | ❍ | X | ❍ |
| Canada | X | ❍ | ❍ |
| Chile | X | ❍ | ❍ |
| Estonia | ❍ | ❍ | ❍ |
| Finland | X | ❍ | ❍ |
| France | X | ❍ | ❍ |
| Germany | X | ❍ | ❍ |
| Hungary | X | X | ❍ |
| Ireland | X | ❍ | ❍ |
| Italy | X | ❍ | ❍ |
| Korea | ❍ | X | ❍ |
| Luxembourg | X | ❍ | ❍ |
| Mexico | X | ❍ | ❍ |
| Netherlands | X | ❍ | ❍ |
| New Zealand | X | X | X |
| Norway | X | ❍ | ❍ |
| Poland | X | ❍ | ❍ |
| Portugal | X | ❍ | ❍ |
| Slovenia | X | ❍ | ❍ |
| Spain | X | X | X |
| Sweden | X | ❍ | ❍ |
| Switzerland | ❍ | ❍ | ❍ |
| United Kingdom | X | ❍ | ❍ |
| United States | ❍ | ❍ | ❍ |
| **OECD Total** | | | |
| ❍ Yes | 5 | 20 | 23 |
| X No | 20 | 5 | 2 |
| Brazil | X | ❍ | ❍ |

*Source:* OECD (2013), Survey on Lobbying Rules and Guidelines.

StatLink http://dx.doi.org/10.1787/888933248872

# Whistleblower protection

The protection of employees who disclose wrongdoing, in the context of their workplace (whistleblowers), is at the core of an organisation's integrity framework. In governments, it is recognised as an essential element for safeguarding the public interest, promoting a culture of public accountability, and in many countries is proving crucial in the reporting of misconduct, fraud and corruption.

The importance of developing the necessary laws is evidenced by the increase in OECD countries that have developed a legal framework aimed at protecting whistleblowers since 2009, including Belgium, Greece, Ireland and Switzerland. Overall, 88% of OECD countries surveyed have a whistleblower protection law or legal provision that calls for the protection of whistleblowers.

Whistleblower protection can originate from dedicated law(s), or through a piecemeal approach, stemming from provisions in various laws. The majority of the OECD countries that provide legal protection to whistleblowers do so through provisions found in one or more laws, such as anti-corruption laws, competition laws, corporate laws, public servants laws, labour laws and criminal codes. While most apply this type of approach, the degree of protection afforded within the provisions of these laws is often less comprehensive than the protection provided for within dedicated law(s),which often facilitate clarity and streamline the processes and mechanisms involved in disclosing a wrongdoing.

In terms of coverage, several OECD countries surveyed still only afford protection to public sector employees. 69% of OECD countries that responded to the survey extend their coverage to include employees in both the public and private sector to varying degrees, as evidenced in Estonia, Korea and Ireland.

Whistleblower protection laws and provisions, gain impact through effective awareness-raising, communication, training and evaluation efforts. In their drive to promote whistleblowing, one third of OECD countries, who responded to the survey and report affording protection, including Australia, Belgium, Korea and the United States, have established various incentives for individuals to come forward with disclosures. These incentives include expedited processes, follow up mechanisms and financial rewards. For instance in Korea, whistleblowers are rewarded with up to USD 2 million, if their report of corruption has directly contributed to recovering or increasing revenues or reducing expenditures for public agencies.

To discourage an abuse of the system the majority of OECD countries surveyed have put measures in place to preclude individuals from reporting allegations in bad faith. The Czech Republic, Greece, Ireland, Portugal and the United Kingdom are the only OECD countries surveyed not to include such measures. Nevertheless, if individuals have been discovered to have reported in bad faith, in Ireland and the United Kingdom, they are dealt with by normal disciplinary procedures.

### *Methodology and definitions*

Data was collected through the 2014 OECD Survey on Managing Conflict of Interest in the Executive Branch and Whistleblower Protection. 32 OECD countries responded to the survey, as well as Brazil, Colombia, Latvia and Russia. Respondents to the survey were country delegates responsible for integrity policies in central/federal government. In Figure 7.8, the degree of coverage in the private sector varies, depending on the particular type of law or laws that are applicable (e.g. competition, corporate, labour, etc.).

## Further reading

OECD (forthcoming), "Revisiting Whistleblower Protection in OECD Countries: From Commitments to Effective Protection", OECD, Paris.

OECD (2012), "Study on G20 Whistleblower Protection Frameworks, Compendium of Best Practices and Guiding Principles for Legislation", OECD, Paris.

OECD (1998), "Recommendation of the Council on Improving Ethical Conduct in the Public Service Including Principles for Managing Ethics in the Public Service", OECD, Paris.

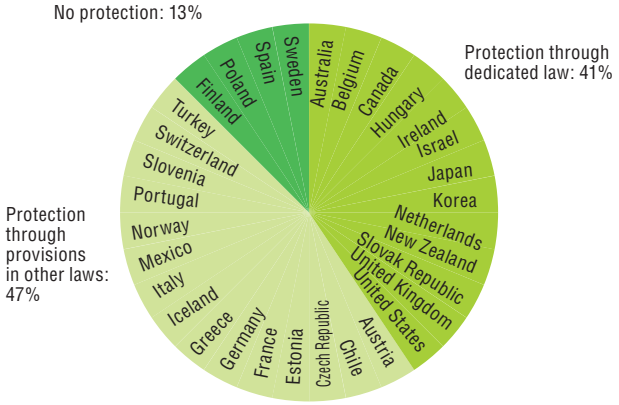
## Figure notes

7.7: Data unavailable for Denmark and Luxembourg. In the Slovak Republic, the relevant law was approved in October 2014 and came into effect as of January 2015. The degree of protection may vary among countries when protection is provided within provision(s) in other law(s).

7.8: Data unavailable for Denmark and Luxembourg. OECD countries that do not afford legal protection to whistleblowers were not included in the figure. Greece and Portugal afford legal protection to whistleblowers; however they were omitted from the figure, as in the case of the former, the relevant prosecutor decides who is given the status of a whistleblower, while in the case of the latter the protection of whistleblowers is limited to those in criminal proceedings. In Canada, a certain degree of whistleblower protection exists in the private sector for those who report criminal acts by their employer. In Switzerland, protection in the private sector does not result from explicit legal provisions, instead it stems from the Code of Obligations as well as related case law. Furthermore, the degree of protection granted is lower than in the public service since reintegration or reassignment to an equivalent position as the one occupied prior to whistleblowing is not possible .

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

### 7.7. Legal protection of whistleblower in OECD member countries, 2014




*Source:* OECD (2014), Survey on Managing Conflict of Interest in the Executive Branch and Whistleblower Protection.

StatLink http://dx.doi.org/10.1787/888933248880

### 7.8. Scope of whistleblower protection in the public and private sector, 2014

| | Public and private sector | | | | | |
|---|---|---|---|---|---|---|
| | Employees | Consultants | Suppliers | Temporary employees | Former employees | Volunteers |
| Australia | ●■ | ●■ | ●❒ | ●❒ | ●❒ | ❍ |
| Austria | ●❒ | ❍❒ | ❍❒ | ●❒ | ●❒ | ● |
| Belgium | ●❒ | ❍❒ | ❍❒ | ●❒ | ❍❒ | ❍ |
| Canada | ●❒ | ●❒ | ●❒ | ●❒ | ●❒ | ❍ |
| Chile | ●❒ | ❍❒ | ❍❒ | ❍❒ | ❍❒ | ❍ |
| Czech Republic | ●■ | ❍❒ | ❍❒ | ❍❒ | ❍❒ | ❍ |
| Estonia | ●■ | ●■ | ●■ | ●■ | ●■ | ● |
| France | ●■ | ●■ | ●■ | ●■ | ●■ | ● |
| Germany | ●■ | ●■ | ●■ | ●■ | ●■ | ❍ |
| Hungary | ●■ | ●■ | ●■ | ●■ | ●■ | ● |
| Iceland | ●❒ | ❍❒ | ❍❒ | ●❒ | ❍❒ | ❍ |
| Ireland | ●■ | ●■ | ●■ | ●■ | ●■ | ❍ |
| Israel | ●■ | ●❒ | ❍❒ | ●■ | ●■ | ❍ |
| Italy | ●❒ | ●❒ | ❍❒ | ●❒ | ●❒ | ❍ |
| Japan | ●■ | ❍❒ | ❍❒ | ●■ | ❍❒ | ❍ |
| Korea | ●■ | ●■ | ●■ | ●■ | ●■ | ● |
| Mexico | ●■ | ●■ | ●■ | ●■ | ●■ | ● |
| Netherlands | ●■ | ❍❒ | ❍❒ | ●■ | ●■ | ❍ |
| New Zealand | ●■ | ●■ | ●■ | ●■ | ●■ | ● |
| Norway | ●■ | ❍❒ | ❍❒ | ❍❒ | ❍❒ | ❍ |
| Slovak Republic | ●❒ | ❍❒ | ❍❒ | ❍❒ | ❍❒ | ❍ |
| Slovenia | ●■ | ●■ | ●■ | ●■ | ●■ | ● |
| Switzerland | ●■ | ❍❒ | ❍❒ | ●■ | ❍❒ | ❍ |
| Turkey | ●❒ | ●❒ | ❍❒ | ●❒ | ❍❒ | ❍ |
| United Kingdom | ●■ | ●■ | ●■ | ●■ | ❍❒ | ❍ |
| United States | ●■ | ●❒ | ❍❒ | ●■ | ●■ | ❍ |
| **OECD total** | | | | | | |
| Yes: ● (Public), ■ (Private) | 26, 18 | 16, 11 | 12, 10 | 22, 15 | 16, 12 | 8 |
| No: ❍ (Public), ❒ (Private) | 0, 8 | 10, 15 | 14, 16 | 4, 11 | 10, 14 | 18 |
| Brazil | ●❒ | ❍❒ | ❍❒ | ●❒ | ❍❒ | ❍ |
| Colombia | ●■ | ●■ | ●■ | ●■ | ●■ | ❍ |
| Latvia | ●■ | ●❒ | ❍❒ | ❍❒ | ❍❒ | ❍ |
| Russia | ●❒ | ❍❒ | ❍❒ | ❍❒ | ❍❒ | ❍ |

*Source:* OECD (2014), Survey on Managing Conflict of Interest in the Executive Branch and Whistleblower Protection.

StatLink http://dx.doi.org/10.1787/888933248898

# 8. REGULATORY GOVERNANCE

Global trends in regulatory policy and governance

Stakeholder engagement

Regulatory Impact Analysis

*Ex post* evaluation of regulation

Governance of regulators

# Global trends in regulatory policy and governance

Regulatory policy refers to the set of rules, procedures and institutions introduced by government for the express purpose of developing, administering and reviewing regulation (both primary and subordinate). OECD member countries have acknowledged the critical importance of regulatory policy and made substancial efforts to ensure that regulations are of high quality and fit-for-purpose. The financial and economic crisis of 2008 has reinforced the need and highlighted the importance of a well-functioning regulatory framework for transparent and efficient markets with the right incentives. Fair, transparent and clear regulatory frameworks serve also as a sine qua non basic condition for dealing effectively with environmental and social challenges in a society. Good regulatory practices and institutions can also help address global challenges and "harness" globalisation through more coherent and shared rules.

The 2012 OECD Recommendation on Regulatory Policy and Governance recommends that OECD member countries "commit at the highest political level to an explicit whole-of-government policy for regulatory quality". In 2014, based on the latest Regulatory Indicators Survey, most countries show commitment towards an explicit whole-of-government regulatory policy. Most countries (94%) have in place standard procedures to develop primary laws and subordinate regulations. Similarly, more than three-quarters (80%) of countries also have nominated a Minister or a high-level official to be accountable for promoting government-wide progress on regulatory reform, and have developed and published an explicit regulatory policy. This high-level of commitment is a sign of wide adoption of a whole-of-government regulatory policy across the OECD. The number of OECD countries without an explicit regulatory policy is shrinking fast (24 out of 34).

The 2012 Recommendation advocates to "establish mechanisms and institutions to actively provide oversight of regulatory policy procedures and goals, support and implement regulatory policy and thereby foster regulatory quality". Thirty two OECD member countries as well as the European Commission have adopted oversight bodies to ensure regulatory quality. Despite the wide adoption of oversight bodies, substancial differences in institutional contexts and structures and differences in the maturity levels of regulatory systems prevail across OECD countries. Many countries report not one but several oversight bodies, which can be located either within government, e.g. at the prime minister's office or the ministry of finance, or outside of government, e.g. as an independent body. This result raises the question of the allocation of responsibility across the different bodies and a need for co-ordination. While specialisation may be warranted, too much fragmentation could erode the whole-of-government approach recommended by the 2012 Recommendation. Likewise, there is substantial variety across countries in relation to the responsibilities of the oversight bodies. Similarly, the oversight bodies can perform a wide range of functions, from providing advice and co-ordination of regulatory tools to acting as formal "gate-keepers" ensuring regulations cannot proceed to the next stage of development until a particular criteria has been met.

### *Methodology and definitions*

The indicators draw upon country responses to the 2014 OECD Regulatory Indicators Survey for all OECD member countries and the European Commission. Responses were provided by delegates to the OECD Regulatory Policy Committee and central government officials. The scope of the data covers only regulations initiated by the executive. All questions on primary laws are not applicable to the United States, as the US executive does not initiate primary laws at all.

Primary laws are regulations which must be approved by the parliament or congress, while subordinate regulations can be approved by the head of government, by an individual minister or by the cabinet – that is, by an authority other than the parliament/congress. Regulatory Impact Analysis (RIA) is the systematic process of identification and quantification of benefits and costs likely to flow from regulatory or non-regulatory options for a policy under consideration. Minister refers to the most senior political role within a portfolio. High level official refers to a senior public official in the ministry, for example a Permanent Secretary, Departmental Secretary, State Secretary, Secretary-General or Deputy Minister.

## Further reading

OECD (forthcoming), *Regulatory Policy Outlook 2015*, OECD, Paris.

OECD (2014), OECD Work on Regulatory Policy, OECD, Paris, *www.oecd.org/gov/regulatory-policy/*.

OECD (2012), *Recommendation of the Council on Regulatory Policy and Governance*, OECD, Paris, *www.oecd.org/gov/regulatory-policy/2012-recommendation.htm*.

## Table and figure notes

The question "Are there standard procedures by which the administration develops primary laws" is not applicable to the United States.

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

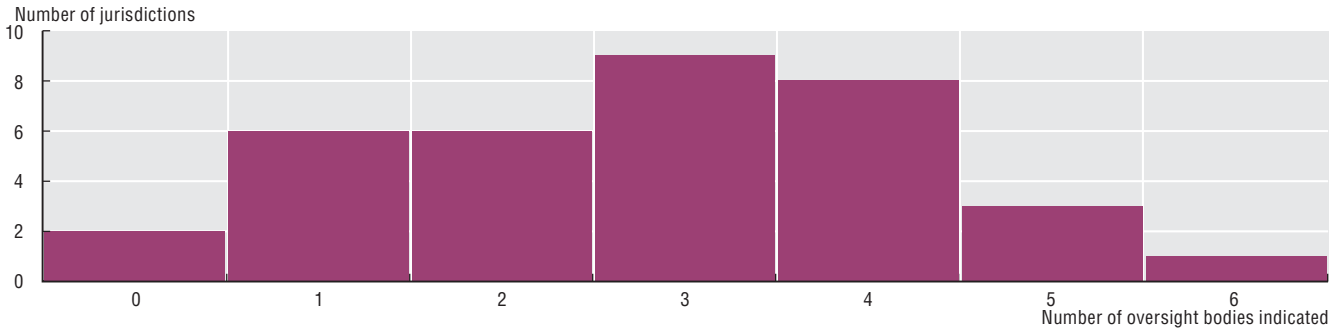
## 8.1. The adoption of an explicit whole-of-government policy for regulatory quality, 2014

| | Explicit published regulatory policy exists | Standard procedures adopted by which the administration develops… | | Minister/high level official accountable for promoting regulatory reform | Body responsible for promoting regulatory policy and reporting on regulatory quality | Area of responsibility for regulatory oversight body | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Primary laws | Subordinate regulations | | | Regulatory Impact Assessment | Administrative simplification or burden reduction | Stakeholder engagement | *Ex post* analysis | Legal quality |
| 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 Kingodom | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| United States | ● | X | ● | ● | ● | ● | ● | ● | ● | ❍ |
| European Union | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| **OECD Total** | | | | | | | | | | |
| ● Yes | 32 | 32 | 33 | 28 | 32 | 26 | 29 | 28 | 26 | 25 |
| ❍ No | 2 | 1 | 1 | 6 | 2 | 8 | 5 | 6 | 8 | 9 |
| X Not applicable | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

*Source:* OECD (forthcoming), *Regulatory Policy Outlook 2015* based on the 2014 OECD Regulatory Indicators Survey results.

StatLink http://dx.doi.org/10.1787/888933248903

## 8.2. Number of oversight bodies per country/jurisdiction, 2014




*Source:* OECD (forthcoming), *Regulatory Policy Outlook 2015* based on the 2014 OECD Regulatory Indicators Survey results.

StatLink http://dx.doi.org/10.1787/888933248915

# Stakeholder engagement

The central objective of regulatory policy is to ensure that regulations are designed and implemented in the public interest. It can only be achieved with help from those concerned: citizens, businesses, civil society, public sector organisations, etc. The 2012 OECD Recommendation on Regulatory Policy and Governance recommends that governments "actively engage … all relevant stakeholders during the regulation-making process and design … consultation processes to maximise the quality of the information received and its effectiveness" (OECD, forthcoming). OECD member countries acknowledge the importance of listening to the voice of users, who need to be part of the regulatory development process. Moreover, stakeholder engagement is commonly considered as a key element of an open government policy.

A majority of OECD member countries have implemented a requirement to engage stakeholders in developing both primary and subordinate regulations. Most countries also ensure easy access to regulations and have policies on using plain language. Many countries are using tripartite consultations to make sure that the views of workers and employers are reflected in newly developed regulations. On the other hand, involvement of stakeholders in performance assessments of regulations and regulatory systems is rather rare.

Stakeholder engagement should be part of all stages of the regulatory governance cycle. Most OECD member countries engage with stakeholders especially when developing or amending regulations. Countries use various types of consultations in various phases of the regulation-making process, however a typical engagement takes place through a public consultation over the internet at the final stage of the process when a legislative draft is submitted to the government. Attempts exist to involve stakeholders in the process of reviewing the stock of available regulations. Some countries such as Denmark now actively seek stakeholders' input on shaping regulatory reform programmes such as those focusing on administrative simplification. Stakeholders are still rarely engaged in the final delivery stage of the regulatory governance cycle, implementation and monitoring. The UK Better Regulation Delivery Office's co-operation with stakeholders in improving regulatory delivery and inspections or Canada where regulators are required to develop interpretation policies in co-operation with stakeholders are among the exceptions. Countries could more actively engage with stakeholders at this stage to find ways to implement regulations most effectively, to limit unnecessary burdens and to target better their enforcement methods. Enhanced contact between regulators and regulated entities could result in improved measurement of compliance and a better understanding of the reasons for non-compliance.

The use of ICTs in engaging stakeholders in regulatory policy is widespread. It has become a standard practice that countries publish draft regulations on ministerial websites or dedicated consultation portals. An increasing number of countries experiment with more innovative tools such as social media, crowdsourcing, wiki-based tools, etc. The experience so far shows that ICTs have failed to significantly increase the level of engagement in policy making or to improve its quality. Despite the fact that the mechanisms of engagement have changed, the nature of the process has remained essentially the same as in the pre-digital era. In general, the effect of the use of ICTs on the quality and quantity of stakeholder engagement is behind expectations (OECD, forthcoming).

### *Methodology and definitions*

The indicators draw upon country responses to the 2014 OECD Regulatory Indicators Survey for all OECD member countries and the European Commission. Responses were provided by delegates to the OECD Regulatory Policy Committee and central government officials. The data only cover primary laws and subordinate regulations initiated by the executive. All questions on primary laws are not applicable to the United States as the US executive does not initiate primary laws at all.

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. Early-stage consultation refers to stakeholder engagement that occurs at an early stage to inform officials about the nature of the problem and to inform discussions on possible solutions. Later-stage consultation refers to stakeholder engagement where the preferred solution has been identified and/or a draft version of the regulation has been issued.

## Further reading

OECD (forthcoming), *Regulatory Policy Outlook 2015*, OECD, Paris.

OECD (2014), "Evaluating Stakeholder Engagement in Regulatory Policy", Policy Findings and Workshop Proceedings, 6th Expert Meeting on Measuring Regulatory Performance, OECD, Paris.

OECD (2012), *Recommendation of the Council on Regulatory Policy and Governance*, OECD, Paris, *www.oecd.org/gov/regulatory-policy/2012-recommendation.htm*.

## Table notes

8.4: Public consultation over the internet refers to consultation open to any member of the public, inviting them to comment with a clear indication how comments can be provided. The public should be able to either submit comments online and/or send them to an e-mail address that is clearly indicated on the website. This excludes simply posting regulatory proposals on the internet without provision for comment.

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

### 8.3. Requirements and types of stakeholder engagement, 2014

| | Requirement to conduct stakeholder engagement | | Stakeholder engagement to inform officials about the problem and possible solutions | | Consultation on draft regulations/proposed rules | |
|---|---|---|---|---|---|---|
| | Primary laws | Subordinate regulations | Primary laws | Subordinate regulations | Primary laws | Subordinate regulations |
| 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 | X | ■ | X | ◗ | X | ■ |
| European Union | ▲ | ▲ | ▲ | ▲ | ● | ■ |
| **OECD Total** | | | | | | |
| ■ For all regulations | 21 | 18 | 1 | 2 | 23 | 18 |
| ▲ For major regulations | 4 | 7 | 5 | 3 | 2 | 6 |
| ◗ For some regulations | 6 | 5 | 22 | 21 | 6 | 8 |
| ● Never | 2 | 4 | 5 | 8 | 2 | 2 |
| X Not applicable | 1 | 0 | 1 | 0 | 1 | 0 |

*Source:* OECD (forthcoming), *Regulatory Policy Outlook 2015* based on the 2014 OECD Regulatory Indicators Survey results.

StatLink http://dx.doi.org/10.1787/888933248928

### 8.4. Use of ICTs to consult in different stages of regulation development, 2014

| Government uses interactive websites to consult with stakeholders on: | List of countries | Number of countries |
|---|---|---|
| Public consultation conducted over the internet with invitation to comment | AUS, BEL, CAN, CHL, CZE, DNK, EST, FIN, FRA, DEU, GRC, ISL, IRL, ITA, JPN, KOR, MEX, NDL, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, TUR, GBR, USA, European Union | 31 |
| Plans to regulate | AUS, BEL, CAN, CHL, DNK, EST, FIN, DEU, KOR, MEX, NDL, NZL, NOR, POL, SVK, SVN, CHE, USA, European Union | 19 |
| Draft regulations | AUS, BEL, CAN, CHL, DNK, EST, FIN, FRA, DEU, GRC, ISL, ITA, JPN, KOR, MEX, NDL, NZL, NOR, POL, SVK, SVN, CHE, GBR, USA | 24 |
| Plans to change existing regulations | AUS, BEL, CAN, CHL, DNK, FIN, FRA, DEU, GRC, ITA, KOR, MEX, NDL, NZL, NOR, POL, PRT, SVK, SVN, CHE, GBR, USA, European Union | 23 |
| Finalised regulations | AUS, BEL, CAN, CHL, DNK, EST, FIN, GRC, JPN, KOR, MEX, NDL, NZL, SVN, USA | 15 |

*Source:* OECD (forthcoming), *Regulatory Policy Outlook 2015* based on the 2014 OECD Regulatory Indicators Survey results.

StatLink http://dx.doi.org/10.1787/888933248936

# Regulatory Impact Analysis

Regulatory Impact Analysis (RIA) is the systematic process of identification and quantification of benefits and costs likely to flow from regulatory or non-regulatory options for a policy under consideration. Countries apply a variety of analytic techniques as part of the RIA process, including cost-benefit analysis, cost-effective analysis, and multi-criteria analysis. RIA represents a core tool for ensuring the quality of new regulations through an evidence-based process for decision making. A well-functioning RIA system can assist in promoting policy coherence by making transparent the trade-offs inherent in regulatory proposals. RIA improves the use of evidence in policy making and reduces the incidence of regulatory failure arising from regulating when there is no case for doing so, or failing to regulate when there is a clear need. The process fosters integrity and trust in the regulation-making system through levers of transparency and accountability by disclosing the development process of the regulation. Yet, despite being one of the tools most widely adopted internationally as part of regulatory policy, effective implementation of RIA remains elusive in many cases. This is evidenced, for instance, by the existing gap between the legal mandate to conduct RIA and its actual practice and the limited number of countries that ensure that regulations guarantee a net benefit to society (Table 8.5).

Survey data shows that the majority of OECD countries have both established the requirement to conduct RIA in a legal or official document, and are conducting RIA in practice. However, there is a significant gap between requiring RIA, as established in a legal or official document, and the actual practice of RIA (Table 8.5). This gap is more pronounced in the case of subordinate regulation. Despite RIA being a cornerstone of evidence-based policy making and one of the most promoted regulatory policy tools by the OECD for the past 20 years, ensuring its even implementation in all OECD countries remains a challenge.

High quality regulations are expected to bring benefits to society as a whole. At the same time, they also bring about costs: implementation and compliance costs, administrative burdens and potential distortions in other markets. One of the core objectives of RIA is helping countries to design and implement cost-effective regulations, which add to overall wealth of society, by providing net positive benefits. It is common practice across OECD member countries to identify benefits and costs of draft regulation as part of the RIA process. However, only a small minority (about 34%) of OECD countries including the United Kingdom and Mexico amongst others ensure that the benefits of regulations outweigh the costs (Table 8.5). In many cases, this result stems from a lack of human and capital resources to overcome methodological challenges in carrying out cost and benefit analysis. Furthermore, this finding may demonstrate that RIA is used mainly as a tool to determine which regulatory proposals are the least costly. In any event, much more needs to be done to systematically identify benefits and thus fundamentally improve the utilisation of RIA.

A key OECD recommendation for an effective RIA system is to establish a body that is responsible for reviewing the quality of RIAs prepared by line ministries and regulators. An oversight body for the RIA process has been established in the majority of OECD countries (Table 8.6). However, in a significant number of cases, oversight bodies do not yet function as effective gatekeepers to guarantee regulatory quality, namely the capacity to return the RIAs alongside the corresponding draft regulation to line ministries and regulators when the oversight bodies deem them to be inadequate or inconsistent with regulatory principles. All in all, the question of the effectiveness of RIA systems in warranting that the implemented regulations are "fit-for-purpose" remains unanswered.

### *Methodology and definitions*

The indicators draw upon country responses to the 2014 OECD Regulatory Indicators Survey for all OECD member countries and the European Commission. Responses were provided by delegates to the OECD Regulatory Policy Committee and central government officials. The data only covers primary laws and subordinate regulations initiated by the executive. All questions on primary laws are not applicable to the United States, as the US executive does not initiate primary laws at all.

Primary laws are regulations which must be approved by the parliament or congress, while subordinate regulations can be approved by the head of government, by an individual minister or by the cabinet – that is, by an authority other than the parliament/congress.

## Further reading

OECD (forthcoming), *Regulatory Policy Outlook 2015*, OECD, Paris.

OECD (2014), "OECD Work on Regulatory Impact Analysis", *www.oecd.org/gov/regulatory-policy/ria.htm*.

OECD (2012), *Recommendation of the Council on Regulatory Policy and Governance*, OECD, Paris, *www.oecd.org/gov/regulatory-policy/2012-recommendation.htm*.

## Table note

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

### 8.5. RIA – Formal requirements, practice and assessment of costs and benefits, 2014

| | Requirement to conduct a RIA to inform the development of: | | RIA is conducted in practice to inform the development of regulations for: | | Regulators are required to identify the costs of a new regulation | | Regulators are required to identify the benefits of a new regulation | | Formal requirement exists for regulators to demonstrate that the benefits of a new regulation justify the costs | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Primary laws | Subordinate regulations | Primary laws | Subordinate regulations | Primary laws | Subordinate regulations | Primary laws | Subordinate regulations | Primary laws | Subordinate regulations |
| 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 | X | ▲ | X | ▲ | X | ▲ | X | ▲ | X | ▲ |
| European Union | ▲ | ▲ | ▲ | ▲ | ▲ | ▲ | ▲ | ▲ | ▲ | ▲ |
| **OECD Total** | | | | | | | | | | |
| ■ For all regulations | 30 | 22 | 26 | 16 | 30 | 24 | 24 | 17 | 6 | 6 |
| ▲ For major regulations | 2 | 6 | 3 | 8 | 0 | 5 | 3 | 8 | 1 | 2 |
| ◗ For some regulations | 0 | 4 | 1 | 7 | 3 | 3 | 3 | 3 | 2 | 1 |
| ● Never | 1 | 2 | 3 | 3 | 0 | 2 | 3 | 6 | 24 | 25 |
| X Not applicable | 1 | 0 | 1 | 0 | 1 | 0 | 1 | 0 | 1 | 0 |

*Source:* OECD (forthcoming), *Regulatory Policy Outlook* 2015 based on the 2014 OECD Regulatory Indicators Survey results.

StatLink http://dx.doi.org/10.1787/888933248940

### 8.6. The oversight of RIA, 2014

| Government body outside the ministry sponsoring the regulation responsible for reviewing the quality of the RIA exists | An oversight body can return RIA where deemed inadequate | |
|---|---|---|
| | Primary laws | Subordinate regulations |
| AUS, AUT, BEL, CAN, CZE, DNK, EST, FRA, DEU, GRC, ISL, ITA, KOR, LUX, MEX, NDL, NZL, POL, SVK, ESP, SWE, CHE, TUR, GBR, USA, European Unoin | AUS, AUT, CAN, CZE, EST, FRA, DEU, ISL, ITA, KOR, MEX, NDL, NZL, POL, SVK, ESP, GBR, European Union | AUS, AUT, CAN, CZE, EST, FRA, DEU, ITA, KOR, MEX, NDL, NZL, SVK, ESP, GBR, USA, European Union |
| 26 | 18 | 17 |

*Source:* OECD (forthcoming), *Regulatory Policy Outlook* 2015 based on the 2014 OECD Regulatory Indicators Survey results.

StatLink http://dx.doi.org/10.1787/888933248955

# *Ex post* evaluation of regulation

The evaluation of existing laws and regulations through *ex post* impact analysis is necessary to ensure that they are effective and efficient. In the absence of a systematic review process, the overall burden of complying with regulations tends to increase over time. This complicates the daily life of citizens and impedes the efficient functioning of business. *Ex post* evaluation can be the final stage of the regulatory policy cycle, evaluating the extent to which regulations met the goals they were designed for. It can also be the initial point to understand the impacts, shortcomings and advantages of a policy or regulation in place, and to provide feedback for the design of new regulations.

The practice of *ex post* evaluation has stagnated across OECD member countries (Figure 8.7). Still, only some 20 countries report having a mandatory requirement for *ex post* evaluation in 2014. Similarly, automatic evaluation requirement practices have not increased substantially since 2008/09. By contrast, sunsetting (the automatic repeal of regulations a certain number of years after they have come into force) is an area where country practices are developing. Overall, however, very few OECD member countries have actually deployed *ex post* evaluation systematically. It is positive to note that some countries, such as the Czech Republic, have conducted an *ex post* evaluation exercise in the last three years although *ex post* evaluation is not mandatory. Yet there remain a few countries that have not conducted any *ex post* evaluation in the last three years despite being mandatory to do so.

The scope of existing requirements for *ex post* evaluation in OECD member countries seems to be quite limited (Table 8.8): requirements for periodic *ex post* evaluation, the use of sunsetting and automatic evaluation requirements often only apply to some primary laws, i.e. they do not cover the entire body of regulations for which a systematic *ex post* evaluation process would be relevant.

When conducting *ex post* evaluations, only about half of OECD member countries report to include an assessment of the achievement of the goals of regulations and compare the actual vs. predicted regulatory impacts (Table 8.8). This demonstrates that the general understanding of *ex post* evaluation remains low among OECD member countries, as one of the main purposes of *ex post* evaluation is to measure the outcome of the regulation in relation to the initial policy objective. Instead, many OECD member countries that have conducted *ex post* evaluations in the past 12 years report their evaluations to have been based on administrative burdens and compliance cost calculations (e.g. Iceland and Israel), so the focus still lies on partial *ex post* assessment of regulatory burdens.

An evaluation of legal consistency is part of *ex post* evaluations in fewer OECD member countries. Seventeen countries require *ex post* evaluations to consider the consistency of regulations and take steps to address areas of overlap, duplication or inconsistency, and only about a third of OECD member countries require an assessment of the consistency of regulations with comparable international standards and rules. A potential innovative form of *ex post* evaluation could involve cross-country comparisons of regulatory frameworks. This method to appraise the performance of the domestic regulatory environment consists of comparing regulations, regulatory processes and their outcomes across countries, regions or jurisdictions. For example, Australia and New Zealand carried out a cross-jurisdictional performance benchmarking of their business regulation for food safety in 2009.

### *Methodology and definitions*

For 2014, the indicators draw upon country responses to the 2014 OECD Regulatory Indicators Survey for all OECD member countries and the European Commission. For previous years, the indicators draw upon country responses to the OECD Regulatory Management Systems' Indicators Survey conducted in 2005 and 2008 for the 30 OECD member countries and the European Commission, and in 2009 for the four countries that joined the OECD in 2010 (Chile, Estonia, Israel and Slovenia). Responses for all years were provided by delegates to the OECD Regulatory Policy Committee and central government officials.

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

OECD (forthcoming), *Regulatory Policy Outlook 2015*, OECD, Paris.

OECD (2012), "International Practices on *ex post* Evaluation", in *Evaluating Laws and Regulations: The Case of the Chilean Chamber of Deputies*, OECD, Paris, pp. 9-26, *http://dx.doi.org/10.1787/9789264176263-en*.

OECD (2012), *Recommendation of the Council on Regulatory Policy and Governance*, OECD, Paris, *www.oecd.org/gov/regulatory-policy/2012-recommendation.htm*.

## Figure and table notes

8.5: Data for the question "Do regulations include automatic evaluation requirements?" refers to primary laws only for 2005 and for Chile, Estonia, Israel and Slovenia for 2008/09. Data for 2005 are not available for Chile, Estonia, Israel and Slovenia. Therefore, the figure is based on data for 30 OECD countries and the European Commission for 2005, and 34 OECD countries and the European Commission for 2008/09 and 2014.

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

### 8.7. Requirements for *ex post* evaluation of regulations, 2005, 2008-09 and 2014

*Source:* OECD Regulatory Management Systems' Indicators Survey 2005 and 2008/09, *www.oecd.org/gov/regulatory-policy/measuring-regulatory-performance.htm*; OECD (forthcoming), *OECD Regulatory Policy Outlook 2015*, based on the 2014 OECD Regulatory Indicators Survey results.

StatLink http://dx.doi.org/10.1787/888933248963

### 8.8. Requirements for and content of *ex post* evaluation, 2014

| | | | | *Ex post* evaluations of primary laws | | | | |
|---|---|---|---|---|---|---|---|---|
| | Periodic *ex post* evaluation of existing primary laws is mandatory | Primary laws include "sunsetting" clauses | Primary laws include automatic evaluation requirements | Contain an assessment of the achievement of goals | Make comparisons of the actual vs predicted impacts | Identify unintended consequences | Require a consideration of consistency of regulations | Require an assessment of consistency with comparable international standards and rules |
| Australia | ▲ | ✦ | ✦ | ❒ | Δ | ❒ | ❒ | ✧ |
| Austria | ✦ | ● | ■ | ❒ | ❒ | ❒ | ❍ | ❍ |
| Belgium | ✦ | ✦ | ✦ | ✧ | ✧ | ❒ | ✧ | Δ |
| Canada | ✦ | ✦ | ✦ | ✧ | ✧ | ✧ | ✧ | ✧ |
| Chile | ● | ● | ● | Δ | Δ | Δ | Δ | Δ |
| Czech Republic | ● | ✦ | ● | ❍ | ✧ | ✧ | ❍ | ❍ |
| Denmark | ■ | ✦ | ✦ | ❒ | ✧ | ✧ | ✧ | ✧ |
| Estonia | ✦ | ● | ✦ | ❒ | ❍ | ✧ | ✧ | ✧ |
| Finland | ● | ✦ | ● | ❍ | ❍ | ❍ | ❍ | ❍ |
| France | ✦ | ✦ | ✦ | ❍ | ❍ | ❍ | ❍ | ❍ |
| Germany | ▲ | ✦ | ▲ | ❒ | Δ | ❒ | ✧ | ✧ |
| Greece | ● | ● | ● | ❍ | ❍ | ❍ | ❍ | ❍ |
| Hungary | ■ | ● | ■ | ❍ | ❒ | ❒ | ❍ | ✧ |
| Iceland | ● | ✦ | ● | ✧ | ❍ | ❍ | ❍ | ❍ |
| Ireland | ● | ● | ● | ❍ | ❍ | ❍ | ❍ | ❍ |
| Israel | ● | ● | ● | ✧ | ❍ | ❒ | ❒ | ❒ |
| Italy | ■ | ● | ● | ❒ | ❍ | ❒ | ❒ | ❍ |
| Japan | ■ | ● | ■ | ❍ | ❒ | ❍ | ❒ | ❍ |
| Korea | ✦ | ▲ | ▲ | Δ | ❍ | ❍ | Δ | ❍ |
| Luxembourg | ● | ✦ | ● | ❒ | ❍ | ✧ | ✧ | ✧ |
| Mexico | ● | ● | ● | ❒ | ❒ | ❒ | ❒ | ❒ |
| Netherlands | ■ | ✦ | ✦ | ✧ | ✧ | ✧ | ❍ | ❍ |
| New Zealand | ● | ✦ | ✦ | ❍ | ❍ | ❍ | ❍ | ❍ |
| Norway | ● | ✦ | ✦ | ✧ | ✧ | ✧ | ❍ | ❍ |
| Poland | ✦ | ● | ● | ✧ | ✧ | ✧ | ✧ | ❍ |
| Portugal | ● | ● | ● | ❍ | ❒ | ✧ | ❍ | ❍ |
| Spain | ● | ● | ● | ❍ | ❍ | ❍ | ❍ | ❍ |
| Slovak Republic | ● | ● | ● | ❍ | ❍ | ❍ | ❍ | ❍ |
| Slovenia | ✦ | ● | ✦ | ❍ | ❍ | ❍ | ❍ | ❍ |
| Sweden | ● | ✦ | ● | ✧ | ✧ | ✧ | ❒ | ✧ |
| Switzerland | ✦ | ✦ | ✦ | ✧ | ✧ | ✧ | ✧ | ✧ |
| Turkey | ● | ● | ● | ❍ | ❍ | ❍ | ❍ | ❍ |
| United Kingdom | ■ | ✦ | ▲ | ❒ | ✧ | ❒ | ❒ | ✧ |
| United States | ● | ● | ● | ❍ | ❍ | ❍ | ❍ | ❍ |
| European Union | ■ | ✦ | ✦ | ✧ | ✧ | ❒ | ❒ | ✧ |
| **Total OECD** | | | | | | | | |
| ■ For all primary laws | 6 | 0 | 3 | | | | | |
| ▲ For major primary laws | 2 | 1 | 3 | | | | | |
| ✦ For some primary laws | 9 | 16 | 11 | | | | | |
| ● Never | 17 | 17 | 17 | | | | | |
| ❒ All *ex post* evaluations | | | | 9 | 5 | 9 | 7 | 2 |
| Δ *Ex post* evaluations regarding major primary laws | | | | 2 | 3 | 1 | 2 | 2 |
| ✧ For some *ex post* evaluations | | | | 9 | 10 | 11 | 8 | 10 |
| ❍ Never | | | | 14 | 16 | 13 | 17 | 20 |

*Source:* OECD (forthcoming), *OECD Regulatory Policy Outlook 2015*, based on the 2014 OECD Regulatory Indicators Survey results.

StatLink http://dx.doi.org/10.1787/888933248972

# Governance of regulators

Regulators are bodies that are empowered by law and have regulatory powers to achieve policy outcomes such as the security of food, public health or the provision of electricity or water to consumers. They play a key role in the overall governance of a sector, service or industry through the delivery of government policies and regulations to achieve positive outcomes for society, the environment and the economy. Having the right governance structures, good regulatory practices and institutional arrangements in place is not only important for the performance of the regulator, but it also assists to create and maintain trust in public institutions and more generally in the rule of law. This includes the regulator's legal objectives, powers, accountability requirements and the regulator's independence from undue influence.

Data on regulatory management practices in network sectors was gathered as part of the 2013 update of the OECD's product market regulation (PMR) database and as part of a survey of water regulators (OECD, 2015). The PMR database contains information on regulatory structures and policies across OECD countries. Based on the PMR dataset the *de jure* governance structures (*independence, accountability and scope of action*) for regulators in network sectors vary across the electricity, gas, telecommunications, rail transport, air transport and ports sectors in OECD member countries. Overall Italy, Germany and the United Kingdom appear to have the strongest governance arrangements across OECD member countries. Across the sectors, the governance structures appear to be strongest in telecommunications, gas and electricity, and weakest in the ports sector. There also tends to be a positive association between countries that have a comparatively strong governance structure in one sector and having better governance in the other sectors.

Independent regulators, separate from government ministries, with adjudicatory, rule-making or enforcement powers are more common in the electricity, gas and telecommunications sectors among all OECD member countries. However there are more regulators housed inside a government ministry (ministerial regulator) in these sectors in non-EU OECD member countries (Table 8.9) which is mainly due to mandatory requirements under EU law for having an independent regulator. The description of regulators as "referees" of the market seems to hold well as among the most common actions or powers for regulators is to mediate (84% of all regulators) and take final decisions between market actors (85% of all regulators), such as by the Electricity Authority of New Zealand, and Autorita per le Garanzie Nelle Comunicazioni in Italy (telecommunications). Also among the least common actions or powers of regulators are the issuing of sanctions and penalties (67% of all regulators), and enforcing compliance with industry standards and regulatory commitments (58% of all regulators). Regulators with these powers include the Authority for Consumers and Markets in the Netherlands and the Commission de régulation de l'énergie in France.

Network sector regulators are mostly accountable to the government or the legislature (parliament or congress) and most have requirements to have mechanisms for transparency through the publication of reports on their activities, regulatory decisions, resolutions and agreements, and through public consultations. Water regulators, for instance, show a strong culture of consultation, both with regulated entities and the public at large before any regulatory determination. Their regulatory decisions are also generally underpinned by an economic assessment of the costs and benefits (Table 8.10).

### *Methodology and definitions*

The data on regulatory governance of network sector regulators in electricity, gas, telecoms, rail transport, air transport and ports was gathered as part of the 2013 update of the OECD's product market regulation (PMR) database. The database is populated through a questionnaire of around 1 400 questions, of which about 300 were about regulatory management practices in the network sectors. The respondents to the survey were central government official co-ordinators and the coverage rate of the dataset is 90% and for many countries 100%. Countries with a rather low coverage rate include Japan (35%), Luxembourg (46%) and Canada (58%), typically because the questions were not answered for the seven sectors. Verification of the answers were through designated country officials, delegates of the Regulatory Policy Committee and Network of Economic Regulators in April 2014.

The data on water regulators was collected as part of a survey carried out in close co-operation with the water regulators of the Network of Economic Regulators between 2013 and 2014. It aimed to complement the information collected on other sectors through the PMR and to provide the first sector application of the Best Practice Principles for the Governance of Regulators. Thirty four regulators responded to the survey in OECD and non OECD member countries.

Figure 8.11. Participants in the OECD survey on the governance of water regulators is available online at *http://dx.doi.org/10.1787/888933249004*.

## Further reading

OECD (2014), *The Governance of Regulators*, OECD Best Practice Principles for Regulatory Policy, OECD, Paris, *http://dx.doi.org/10.1787/9789264209015-en*.

OECD (2015), *The Governance of Water Regulators*, OECD Studies on Water, OECD, Paris, *http://dx.doi.org/10.1787/9789264231092-en*.

OECD (2012), *Recommendation of the Council on Regulatory Policy and Governance*, OECD, Paris, *www.oecd.org/gov/regulatory-policy/2012-recommendation.htm*.

## Table note

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

### 8.9. How is the status of regulatory agencies best described in network sectors? 2013

| | | Regulator is an independent body with adjudicatory, rule-making or enforcement powers | Regulator is a ministerial department or agency | Regulator is an independent body with a purely advisory role |
|---|---|---|---|---|
| Network sector | Electricity | AUS, AUT, BEL, CHL, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ITA, LUX, MEX, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, TUR, GBR, ZAF, BGR, HRV, LVA, LTU, MLT, ROM | ISL, JPN, KOR, RUS | ISR |
| | Gas | AUS, AUT, BEL, CZE, DNK, EST, FIN, FRA, DEU, GRC, IRL, ISR, ITA, LUX, MEX, NLD, NZL, POL, PRT, SVK, SVN, ESP, SWE, TUR, GBR, IND, ZAF, BGR, HRV, LVA, LTU, MLT, ROM | CHL, HUN, JPN, KOR, NOR, BRA, RUS | |
| | Telecommunications | AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, ISL, IRL, ITA, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, TUR, GBR, BRA, IND, RUS, ZAF, BGR, HRV, LVA, LTU, MLT, ROM | CHL, ISR, KOR, MEX, NOR | |
| | Rail | AUS, AUT, DNK, EST, FIN, FRA, DEU, GRC, HUN, LUX, NDL, NOR, POL, PRT, SVK, ESP, SWE, GBR, LVA, ROM | CAN, CZE, ISR, ITA, KOR, MEX, SVN, TUR, BRA, RUS, LTU | BEL, CHE, BGR, HRV |
| | Air transport | AUS, BEL, IRL, ITA, NLD, NZL, NOR, POL, PRT, SWE, GBR, HRV, MLT | AUT, CAN, CHL, DNK, EST, FIN, FRA, GRC, HUN, ISR, KOR, MEX, SVN, CHE, BRA, RUS, ZAF, BGR | ESP |
| | Ports | AUS, CAN, ITA, KOR, NDL, ZAF, LTU | AUT, CHL, DNK, EST, GRC, ISR, MEX, PRT, SVN, ESP, CHE, TUR, BRA, RUS, BGR, MLT | IND, HRV |

*Source:* OECD Product Market Regulation (PMR) dataset.

StatLink http://dx.doi.org/10.1787/888933248986

### 8.10. Use of tools of regulatory quality by water regulators, 2014

| | Requirement to consult with regulated entities before making a regulatory determination | | | Requirement to conduct public consultation before making a regulatory determination | | | Economic assessment of the costs and benefits is required to justify a regulatory decision | | | Obligation to conduct *ex post* evaluation of existing regulations | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Systematically | Done on an ad hoc basis | No | Always | Done on an ad hoc basis | No | Systematically | In some cases | No | For all regulations | For certain regulations | Not required |
| **Australia** | | | | | | | | | | | | |
| Capital territory | ● | | | ● | | | | ● | | | | ● |
| New South Wales | ● | | | ● | | | | ● | | | | ● |
| Victoria | ● | | | ● | | | ● | | | | | ● |
| Western Australia | ● | | | ● | | | ● | | | | | ● |
| **Belgium** | | | | | | | | | | | | |
| Flanders | | ● | | | ● | | | ● | | | | ● |
| **Chile** | | ● | | | | ● | | ● | | | | ● |
| **Estonia** | | ● | | | | ● | | ● | | | ● | |
| **Hungary** | | ● | | | | ● | ● | | | | | ● |
| **Ireland** | ● | | | ● | | | | | ● | | | ● |
| **Italy** | ● | | | | ● | | | ● | | | | ● |
| **Portugal** | ● | | | ● | | | | ● | | | | ● |
| **United Kingdom** | | | | | | | | | | | | |
| England and Wales | | ● | | ● | | | ● | | | | | ● |
| Northern Ireland | ● | | | ● | | | ● | | | | | ● |
| Scotland | ● | | | ● | | | ● | | | | | ● |
| **United States** | | | | | | | | | | | | |
| Hawai | | | ● | | ● | | ● | | | | | ● |
| Maine | ● | | | ● | | | | | ● | | | ● |
| Ohio | | ● | | | ● | | ● | | | | | ● |
| Pennsylvania | | ● | | | ● | | ● | | | | | ● |
| Tennessee | | ● | | ● | | | ● | | | ● | | |
| West Virginia | | | ● | | ● | | | | ● | | | ● |
| Colombia | ● | | | ● | | | | | ● | ● | | |
| Latvia | | ● | | | ● | | ● | | | ● | | |

*Source:* OECD (2014), Survey on the Governance of Water regulators.

StatLink http://dx.doi.org/10.1787/888933248997

# 9. PUBLIC PROCUREMENT

Size of public procurement

Strategic public procurement

E-procurement

Central purchasing bodies

# Size of public procurement

Public procurement refers to the purchase by governments and state-owned enterprises of goods, services and works and represents a significant amount of government expenditure. In 2013, governments spent, on average, 29% of the total general government expenditure on public procurement compared to an average level of 30% in 2009. As public procurement accounts for a substantial portion of the taxpayers' money, governments are expected to carry it out efficiently and with high standards of conduct in order to ensure high quality of service delivery and safeguard the public interest.

The size of public procurement varies across OECD countries, ranging from less than 20% of the general government expenditure in Greece and Portugal to more than 35% in countries such as Estonia, Korea and Japan. In terms of GDP, OECD countries reported an average share of 12.1% spent on public procurement in 2013; however, some countries such as Ireland and Switzerland spent less than 10% of their GDP on public procurement whereas in countries such as Finland, France, Japan, the Netherlands and Sweden the figure was higher than 15% of their GDP. Allocating government expenditures efficiently and strategically could help to generate fiscal space, which in turn could enable the realization of fiscal savings or reallocation of resources.

Public procurement at the state and local levels accounts on average for 63% of total procurement spending across OECD countries. In general, federal states report high level of sub-central government spending on procurement, as evidenced by Canada (87%) and Belgium (84%). Nonetheless, unitary states should also direct their efforts to increase efficiency in public procurement at the sub-central government levels as high levels of sub-central government spending on procurement are observed in countries such as Italy (78%), Finland (70%) and Japan (68%).

### *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 formation (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).

Government procurement here includes the values of procurement for central, state and local governments. The sub-central component refers to state and local governments. Social security funds have been excluded in this analysis, unless otherwise stated in the notes (however Figure 9.3, Government procurement as a share of total government expenditures, 2007, 2009 and 2013 and Figure 9.4 Government procurement by levels of government including social security funds, 2013 are available online at *http://dx.doi.org/10.1787/888933249035* and *http://dx.doi.org/10.1787/888933249047* respectively). State government is only applicable to the nine OECD federal states: Australia, Austria, Belgium, Canada, Germany, Mexico, Spain (considered a quasi-federal country), Switzerland and United States. Public corporations were also excluded in the estimation of procurement spending.

## Further reading

OECD (2015), *Recommendation of the Council on Public Procurement*, OECD, Paris.

OECD (2014), *Going Green: Best Practices for Green Procurement*, OECD, Paris.

OECD (2013), "Implementing the OECD Principles for Integrity in Public Procurement: Progress since 2008", *OECD Public Governance Reviews*, OECD, *http://dx.doi.org/10.1787/9789264201385-en*.

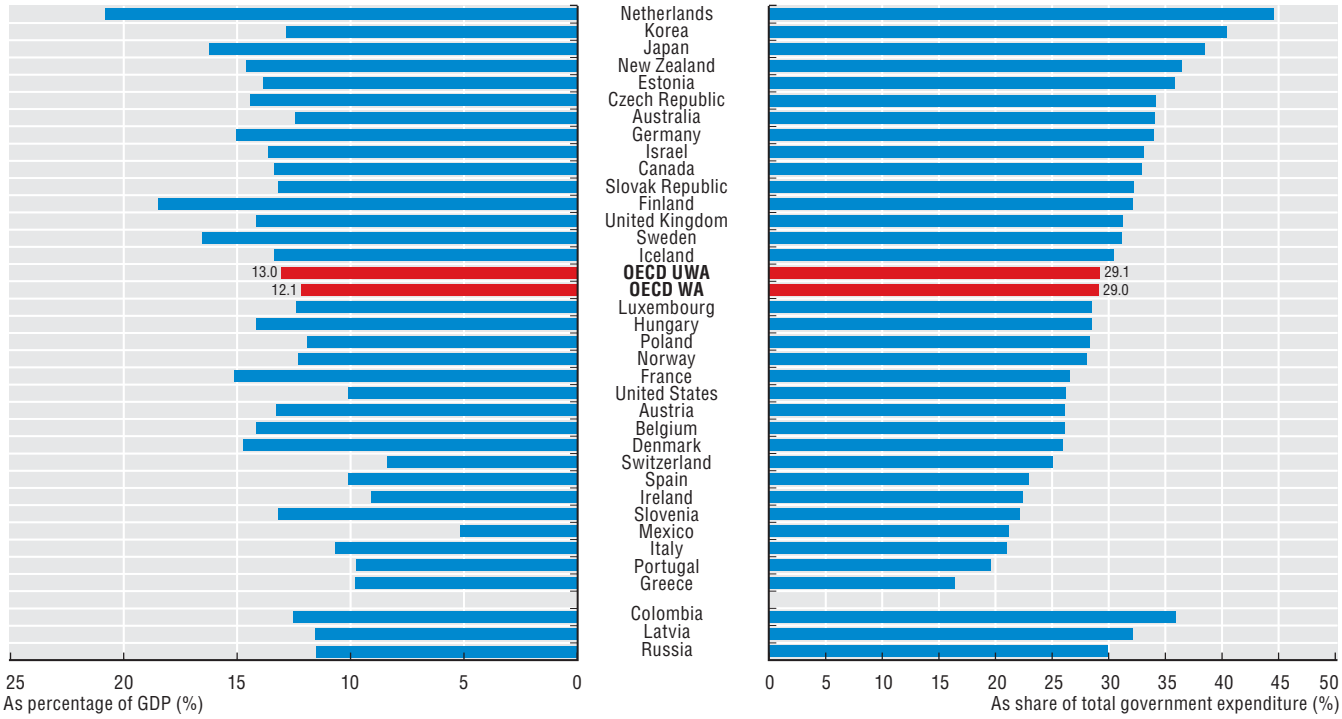
## Figure notes

9.1: Data for Chile and Turkey are not available. Data for Colombia and Russia are for 2012 rather than 2013

9.2: Data for Australia, Chile and Turkey are not available. Local government is included in state government for the United States. Social security funds are included in central government in Ireland, New Zealand, Norway, the United Kingdom and the United States. Data for Colombia are for 2012 rather than 2013.

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

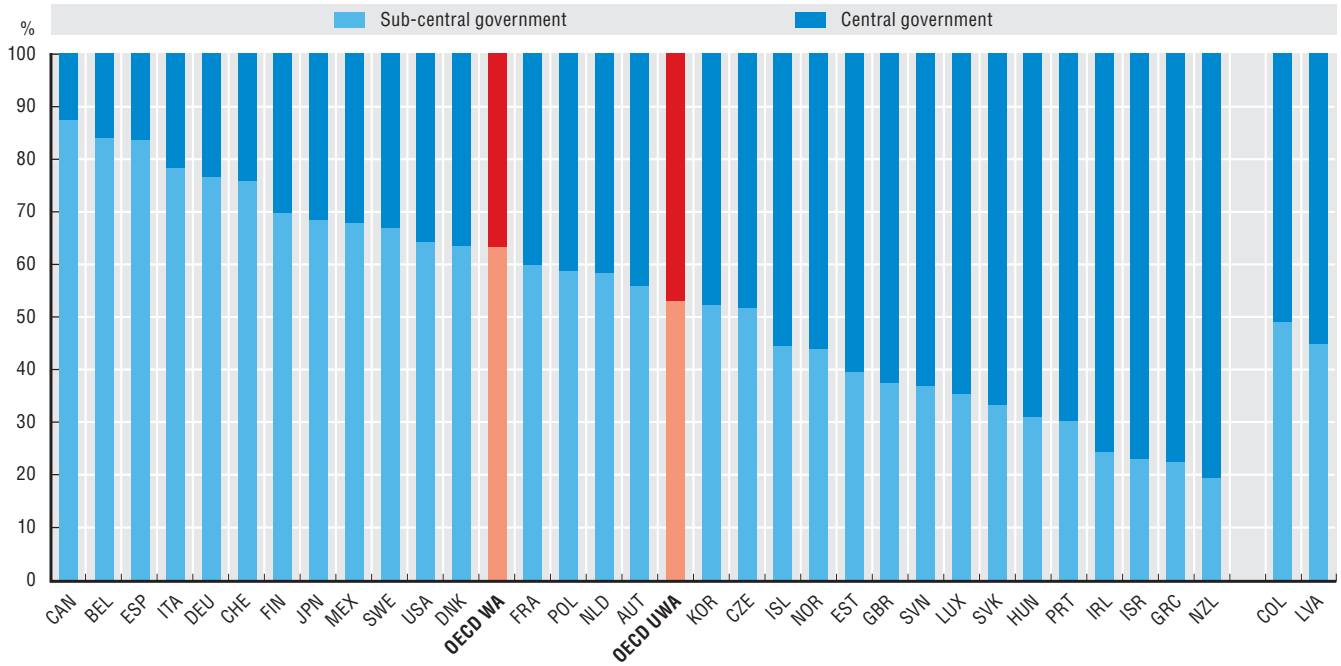
### 9.1. General government procurement as percentage of GDP and as share of total government expenditures, 2013




*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/10.1787/888933249013

### 9.2. General government procurement by level of government, 2013




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

StatLink http://dx.doi.org/10.1787/888933249020

## Strategic public procurement

While efficiency and cost effectiveness are among the primary objectives of public procurement, governments are also increasingly using it to pursue additional secondary policy objectives. Secondary policy objectives could include promoting sustainable green growth, the development of small and medium-sized enterprises, innovation, standards for responsible business conduct or broader industrial policy objectives, through their procurement policies.

The vast majority of OECD countries surveyed use public procurement as a tool to implement policies or strategies to foster secondary policy objectives. In fact, 30 of them (94%), including Chile, Germany and Japan, have developed strategies or policies to support green public procurement, SMEs and/or innovative goods and services. Only two OECD countries – Estonia and the Slovak Republic – have never developed a public procurement strategy or a policy to address secondary policy objectives at the central level.

In sharp contrast, the number of OECD countries that report measuring the results of their strategies or policies to promote environmental or socio-economic objectives is significantly lower and exhibits differences between the policy objectives. Among the OECD countries surveyed who have a strategy or policy developed at the central level or by procuring entities (line ministries), 20 OECD countries (69%) including Belgium, Portugal, Sweden and the United States measure the results of their strategy or policy to support green public procurement. 18 OECD countries (62%), in particular, Australia, Poland, and Slovenia, measure the results of their strategy or policy to support SMEs. Only 11 OECD countries (39%) including Canada, Korea and the United Kingdom measure the impact of their policy or strategy to foster innovative goods and services.

For those countries that are not measuring the results of their strategies, the main challenges include the lack of data, as mentioned by, among others, Greece and Germany. Other countries such as Chile mentioned the lack of an appropriate methodology to measure the impact of their policies supporting green public procurement and SMEs. Furthermore, insufficient incentives to measure the effect of policies and the lack of financial resources were mentioned as constraints. In this context, the absence of a legal requirement was also signalled as a factor hindering the measurement of green procurement and support for innovative goods and services policies. For instance, Mexico and Norway acknowledged the absence of legal requirement as the factors constraining the pursuit of these measurements.

### *Methodology and definitions*

Data were collected through 2014 OECD Survey on Public Procurement. 32 OECD countries responded to the survey, as well as Brazil, Colombia and Russia, accession countries.

Respondents to the survey were country delegates responsible for procurement policies at the central government level and senior officials in central purchasing bodies.

Secondary policy objective refers to any of a variety of environmental and socio-economic objectives such as green growth, the development of small and medium-sized enterprises, innovation or standards for responsible business conduct achieved through the use of public procurement. Governments increasingly use procurement as a policy lever to support such objectives, in addition to the primary objectives of public procurement: delivering goods and services necessary to accomplish government mission in a timely, economical and efficient manner.

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."

Innovative (goods/services) are those characterized by a new or significantly improved product or process. For an innovation to be considered as such, it needs to have been implemented, which is interpreted as having been introduced on the market.

### Further reading

OECD (2015), *Recommendation of the Council on Public Procurement*, OECD, Paris.

OECD (2013), "Implementing the OECD Principles for Integrity in Public Procurement: Progress since 2008", *OECD Public Governance Reviews,* OECD, Paris, *http://dx.doi.org/10.1787/9789264201385-en*.

OECD (2014), "Procurement – Green Procurement", *www.oecd.org/corruption/ethics/procurement-green-procurement.htm*.

### Figure notes

9.5: Data unavailable for the Czech Republic and Israel. In November 2014, the Norwegian Parliament decided that green public procurement will once again be under the responsibility of the Agency for Public Management and eGovernment (Difi).

9.6: Data unavailable for the Czech Republic and Israel. Estonia, Norway and the Slovak Republic are not included for the figure on support for green public procurement since policies or strategies for strategic public procurement have not been developed or have been rescinded. For the same reason, Estonia, Iceland and the Slovak Republic are not included for support for SMEs and Estonia, Greece, Iceland and Slovak Republic for support for innovative goods and services.

### 9.5. Development of strategic public procurement by objective, 2014

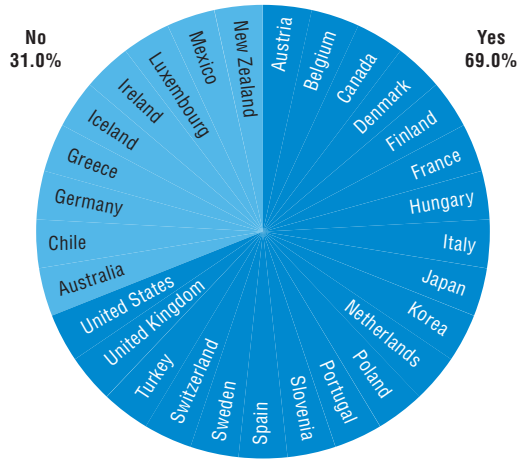
| | Green public procurement | Support to SMEs | Support to innovative goods and services |
|---|---|---|---|
| Australia | ● | ● | ● |
| Austria | ● | ✦ | ● |
| Belgium | ✦● | ● | ● |
| Canada | ✦● | ● | ● |
| Chile | ✦● | ✦● | ● |
| Denmark | ● | ● | ● |
| Estonia | ❍ | ❍ | ❍ |
| Finland | ● | ✦ | ✦ |
| France | ✦● | ✦● | ✦● |
| Germany | ● | ● | ● |
| Greece | ✦● | ● | ❍ |
| Hungary | ✦ | ● | ● |
| Iceland | ● | ❍ | ❍ |
| Ireland | ● | ● | ● |
| Italy | ✦ | ✦ | ✦ |
| Japan | ● | ● | ● |
| Korea | ● | ● | ● |
| Luxembourg | ✦● | ✦● | ✦ |
| Mexico | ● | ● | ● |
| Netherlands | ● | ● | ● |
| New Zealand | ✦● | ✦● | ✦● |
| Norway | ◘ | ✦● | ✦● |
| Poland | ● | ● | ● |
| Portugal | ● | ✦ | ✦ |
| Slovak Republic | ❍ | ❍ | ❍ |
| Slovenia | ✦● | ● | ● |
| Spain | ✦● | ✦● | ✦● |
| Sweden | ✦● | ● | ● |
| Switzerland | ✦● | ✦● | ✦ |
| Turkey | ● | ● | ● |
| United Kingdom | ● | ● | ● |
| United States | ● | ● | ✦● |
| **OECD total** | | | |
| ✦ A strategy/policy has been developed by some procuring entities | 13 | 11 | 10 |
| ● A strategy/policy has been developed at a central level | 27 | 25 | 23 |
| ◘ A strategy/policy has been rescinded | 1 | 0 | 0 |
| ❍ A strategy/policy has never been developed | 2 | 3 | 4 |
| Brazil | ✦● | ✦● | ● |
| Colombia | ✦ | ● | ● |
| Russia | ❍ | ● | ❍ |

*Source:* OECD (2014) Survey on Public Procurement.

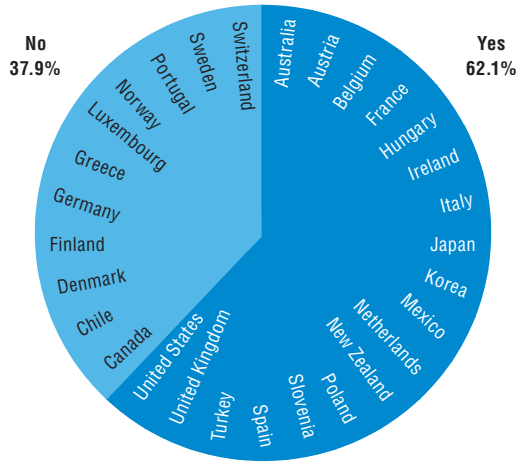
StatLink http://dx.doi.org/10.1787/888933249055

### 9.6. Measuring results of strategic public procurement's policies/strategies, 2014

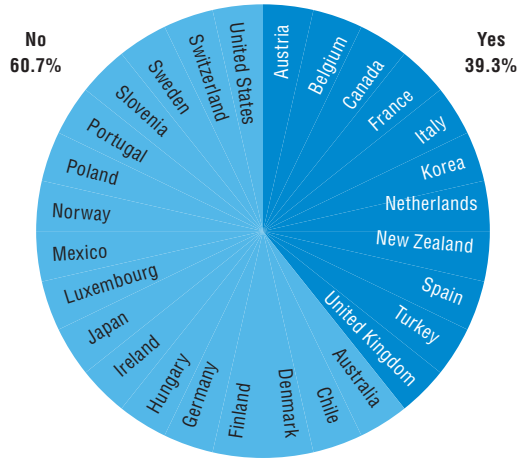
**Support for green public procurement**




**Support for SMEs**




**Support for innovative goods and services**




*Source:* OECD (2014) Survey on Public Procurement.

StatLink http://dx.doi.org/10.1787/888933249069

# E-procurement

The use of digital technology in the public sector is a driver of efficiency and supports the effectiveness of policies by enabling more open, transparent, innovative, participatory and trustworthy government. In this light, the use of e-procurement, defined as the use of information and communications technologies in public procurement, not only increases efficiency by facilitating access to public tenders, thereby increasing competition and decreasing administrative burdens, but can also improve transparency by holding public authorities more accountable.

All OECD countries that responded to the survey announce procurement opportunities and provide tender documents through their e-procurement systems. Moreover, 94% of them are mandated by law to announce procurement opportunities and 78% to provide tender documents through their e-procurement systems, such as in Belgium, Mexico and Portugal.

Functionalities at the beginning of the procurement cycle, in particular publishing of procurement plans (84%), electronic submission of bids (84%) and e-tendering (84%), are provided in most OECD countries surveyed. In contrast, functionalities related to the end of the procurement cycle (except for notification of award (94%)) are provided by a smaller number of OECD countries. For example, fewer countries, in particular Austria, Denmark and New Zealand, provide e-auctions (in e-tendering) (63%), ordering (66%), electronic submission of invoices (56%) and *ex post* contract management (41%) through their e-procurement systems. Furthermore, the majority of the countries that provide these functionalities in their e-procurement systems are not obliged to do so by law, with the exception of electronic submission of invoices.

The main challenge faced by both procuring entities and potential bidders and suppliers to use e-procurement systems are low knowledge and skills of ICT (44%) as mentioned by Hungary, Poland and the United States, among other OECD countries who responded to the survey. Low innovative organisational culture (41%) and low knowledge of the economic opportunities raised by e-procurement systems (34%) were identified as additional challenges for procuring entities as evidenced in countries including Greece, and Spain. Related to potential bidders and suppliers, 13 OECD countries including Canada, Italy and Slovenia identified difficulties to understand or apply the procedures and difficulties in the use of the functionalities as additional challenges (41%).

### *Methodology and definitions*

Data were collected through 2014 OECD Survey on Public Procurement that focused on strategic public procurement, e-procurement, central purchasing bodies, and public procurement at regional levels. Some 32 OECD countries responded to the survey, as well as Brazil, Colombia and Russia. 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.

More data on countries providing functionalities in e-procurement systems (Table 9.7) is available online at *http://dx.doi.org/10.1787/888933249077*.

## Further reading

OECD (2015), *Recommendation of the Council on Public Procurement*, OECD, Paris.

OECD (2013), "Implementing the OECD Principles for Integrity in Public Procurement: Progress since 2008", *OECD Public Governance Reviews*, OECD, Paris, *http://dx.doi.org/10.1787/9789264201385-en*.

## Figure notes

9.7: Data unavailable for the Czech Republic and Israel. See Statlink for information on more functionalities.

9.8: Data unavailable for the Czech Republic and Israel. The challenges for understanding or applying the procedure and for the use of functionalities are faced only by potential bidders/suppliers.

### 9.7. Functionalities provided in e-procurement systems, 2014

| | Mandatory and provided | Not mandatory but provided | Not provided |
|---|---|---|---|
| Announcing tenders | AUS, AUT, BEL, CAN, CHL, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ITA, KOR, LUX, MEX, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, TUR, GBR, USA | ISL, JPN | |
| Electronic submission of bids (excluding by e-mails) | BEL, CHL, EST, FRA, GRC, ITA, MEX, PRT, USA | AUS, AUT, DNK, FIN, DEU, IRL, JPN, KOR, LUX, NLD, NZL, NOR, SVK, SVN, ESP, SWE, TUR, GBR | CAN, HUN, ISL, POL, CHE |
| e-tendering | BEL, CAN, CHL, EST, GRC, IRL, ITA, MEX, CHE, USA | AUT, DNK, FIN, FRA, DEU, JPN, KOR, NLD, NZL, NOR, PRT, SVK, SVN, ESP, SWE, TUR, GBR | AUS, HUN, ISL, LUX, POL |
| Notification of award | AUS, AUT, BEL, CAN, CHL, DNK, EST, FIN, DEU, GRC, HUN, IRL, KOR, MEX, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, TUR, USA | FRA, ITA, JPN, GBR | ISL, LUX |
| Electronic submission of invoices (excluding by e-mails) | AUT, DNK, FIN, ITA, NLD, ESP, SVN, SWE, CHE, USA | FRA, DEU, ISL, JPN, KOR, NZL, NOR, GBR | AUS, BEL, CAN, CHL, EST, GRC, HUN, IRL, LUX, MEX, POL, PRT, SVK, TUR |
| *Ex post* contract management | CHE, TUR, USA | DNK, FIN, DEU, ITA, JPN, KOR, NZL, NOR, SVN, SWE | AUS, AUT, BEL, CAN, CHL, EST, FRA, GRC, HUN, ISL, IRL, LUX, MEX, NLD, POL, PRT, SVK, ESP, GBR |

*Source:* OECD (2014) Survey on Public Procurement.

StatLink http://dx.doi.org/10.1787/888933249077

### 9.8. Main challenges to the use of e-procurement systems, 2014

| | Low knowledge/ ICT skills | Low knowledge of the economic opportunities raised by this tool | Low innovative organizational culture | Difficulties to understand or apply the procedure | Difficulties in the use of functionalities | Do not know |
|---|---|---|---|---|---|---|
| Australia | ❍ | ❍ | ❍ | ❍ | ❍ | X |
| Austria | X | X | X | X | X | ✦● |
| Belgium | ❍ | ❍ | ✦● | ❍ | ❍ | X |
| Canada | ✦● | ● | ● | ● | ● | X |
| Chile | ❍ | ● | ❍ | ● | ● | ✦ |
| Denmark | ❍ | ❍ | ❍ | ● | ● | ✦ |
| Estonia | ❍ | ✦● | ❍ | ❍ | ❍ | X |
| Finland | X | X | X | X | X | ✦● |
| France | X | X | X | X | X | ✦● |
| Germany | ✦ | ✦● | ✦ | ❍ | ● | X |
| Greece | ● | ✦● | ✦● | ❍ | ❍ | X |
| Hungary | ✦● | ❍ | ✦ | ● | ● | X |
| Iceland | X | X | X | X | X | ✦● |
| Ireland | ❍ | ❍ | ❍ | ● | ❍ | ✦ |
| Italy | ✦● | ❍ | ✦● | ● | ● | X |
| Japan | ✦● | ✦● | ❍ | ● | ● | X |
| Korea | ✦● | ❍ | ✦● | ❍ | ❍ | X |
| Luxembourg | X | X | X | X | X | ✦● |
| Mexico | ✦ | ✦ | ✦ | ❍ | ❍ | ● |
| Netherlands | ✦● | ✦● | ❍ | ● | ● | X |
| New Zealand | ✦● | ✦● | ❍ | ❍ | ❍ | X |
| Norway | ❍ | ✦● | ● | ● | ❍ | X |
| Poland | ✦● | ❍ | ✦ | ● | ● | X |
| Portugal | ✦● | ❍ | ❍ | ● | ❍ | X |
| Slovak Republic | ● | ✦ | ❍ | ❍ | ● | X |
| Slovenia | ✦● | ✦● | ✦● | ● | ● | X |
| Spain | ● | ✦● | ✦● | ❍ | ❍ | X |
| Sweden | X | X | X | X | X | ✦● |
| Switzerland | X | X | X | X | X | ✦● |
| Turkey | ❍ | ❍ | ✦● | ❍ | ❍ | X |
| United Kingdom | ✦ | ● | ✦ | ❍ | ● | X |
| United States | ✦● | ❍ | ✦● | ● | ● | X |
| **OECD total** | | | | | | |
| ✦ Procuring entities | 14 | 11 | 13 | X | X | 10 |
| ● Potential bidders/suppliers | 14 | 12 | 10 | 13 | 13 | 8 |
| ❍ Not a major challenge | 8 | 11 | 10 | 12 | 12 | X |
| Brazil | ✦● | ✦● | ✦ | ● | ● | X |
| Colombia | ✦● | ✦● | ✦● | ❍ | ❍ | X |
| Russia | ❍ | ❍ | ❍ | ● | ❍ | X |

*Source:* OECD (2014) Survey on Public Procurement.

StatLink http://dx.doi.org/10.1787/888933249082

# Central purchasing bodies

A central purchasing body is a contracting authority that: i) acquires goods or services intended for one or more contracting authorities; ii) awards public contracts for works, goods or services intended for one or more contracting authorities; or, iii) concludes framework agreements for works, goods or services intended for one or more contracting authorities. Large procurement volumes could reduce prices by achieving economies of scale as well as increase competition. Furthermore, they reduce duplication, transaction costs, and increase certainty, simplicity and uniformity, allowing for more focused delivery of policy goals.

Central Purchasing Bodies (CPBs) have been implemented in an increasing number of the OECD countries as evidenced by the established CPBs for example in Chile, Estonia, and Luxembourg. In fact, with the exception of Australia, Japan, Mexico and the Netherlands, all OECD countries that responded to the survey have established CPBs.

CPBs are embedded in the system of public administration of each country and reflect the specific structures for the provision of public services. Among the OECD countries who responded to have CPBs, almost all of them have a CPB(s) at the central level; while half of them also have CPB(s) at the regional level. With regard to the legal status of CPBs, 15.6% of OECD countries reported to have these bodies which function as state-owned enterprises. This is evidenced by those in Finland, Italy and Turkey. However, the majority of CPBs in the OECD countries either operate under a line ministry (28.1%) or function as a government agency (43.8%). In some countries, as in Ireland, a preliminary discussion on the appropriate degree of independence of the CPB is taking place.

Among the OECD countries surveyed, 78% of the CPBs undertake the role of acting as a contracting authority aggregating demand and purchasing and as manager of the system for awarding framework agreements or other consolidated instruments, from which contracting authorities then order. In contrast, in fewer countries' CPBs co-ordinate training for public officials in charge of public procurement (36%) and establish policies for contracting authorities (29%). CPBs in Greece, Ireland, Switzerland, the United Kingdom and the United States exercise all the above-mentioned functions whereas CPBs in nine OECD countries (32%) have a single role, e.g. in Estonia, Luxembourg and Poland.

The motivations reported to establish CPBs in OECD countries include better prices of goods and services (100%), lower transaction costs (96%), improved capacity and expertise (81%), increased legal, technical, economic and contractual certainty (81%), and greater simplicity and usability (78%). Additionally, CPBs are increasingly playing an important role in the implementation of secondary policy objectives. In fact, 54% of the CPBs in the OECD countries surveyed include environmental consideration as award criterion in more than half of the cases and smaller numbers of CPBs (25%) include support to SMEs in their awarding criterion for more than half of the cases while 36% do so rarely.

### *Methodology and definitions*

Data were collected through 2014 OECD Survey on Public Procurement. 32 OECD countries responded to the survey, as well as Brazil, Colombia and Russia. Respondents to the survey were country delegates responsible for procurement policies at the central government level and senior officials in central purchasing bodies.

The nature of framework agreements varies by country, but generally these are agreements between procuring entities and suppliers that establish certain terms and can facilitate the awarding of future contracts. Framework agreements are conducted in two-stages: a first stage selects a supplier (or suppliers) or a contractor (or contractors) to be party (or parties) to a framework agreement with the procuring entity. In a second stage, a procurement contract is awarded under the framework agreement to a supplier or contractor party to the framework agreement.

Award of a procurement contract refers to the final stage of the procurement resulting in the conclusion and entry into force of procurement between the procuring entity and selected supplier(s).

## Further reading

OECD (2015), *Recommendation of the Council on Public Procurement*, OECD, Paris.

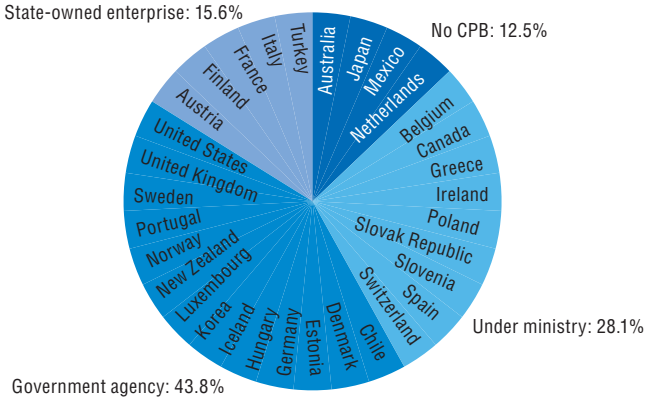
OECD (2013), "Implementing the OECD Principles for Integrity in Public Procurement: Progress since 2008", *OECD Public Governance Reviews*, OECD, Paris, *http://dx.doi.org/10.1787/9789264201385-en*.

## Figure notes

9.9: The figure refers to the CPB at the central level where there exist multiple CPBs. Data are unavailable for the Czech Republic and Israel. Some countries have several CPBs at the central level, as evidenced by Germany. The Commonwealth of Australia does not have a CPB but the Department of Finance has established a number of whole of government arrangements. Some states and territories in Australia have CPBs. In Mexico, the Ministry of Public Administration has the capacity to carry out certain functions as a CPB.

9.10: Data are unavailable for the Czech Republic and Israel. Australia, Japan, Mexico, the Netherlands and Russia do not have central purchasing bodies.

### 9.9. Legal status of central purchasing bodies, 2014




*Source:* OECD (2014) Survey on Public Procurement.

StatLink http://dx.doi.org/10.1787/888933249096

### 9.10. Role of central purchasing bodies, 2014

| | Contracting authority aggregating demand and purchasing | Manager of the national system awarding framework agreements or other consolidated instruments | Co-ordinate training for public officials in charge of public procurement | Establish policies for contracting authorities |
|---|---|---|---|---|
| Austria | ● | ● | ❍ | ❍ |
| Belgium | ❍ | ● | ❍ | ❍ |
| Canada | ● | ● | ❍ | ❍ |
| Chile | ❍ | ● | ● | ● |
| Denmark | ❍ | ● | ❍ | ● |
| Estonia | ❍ | ● | ❍ | ❍ |
| Finland | ● | ● | ❍ | ❍ |
| France | ● | ● | ● | ❍ |
| Germany | ● | ❍ | ❍ | ❍ |
| Greece | ● | ● | ● | ● |
| Hungary | ● | ● | ❍ | ❍ |
| Iceland | ❍ | ● | ● | ❍ |
| Ireland | ● | ● | ● | ● |
| Italy | ● | ● | ❍ | ❍ |
| Korea | ● | ● | ● | ❍ |
| Luxembourg | ● | ❍ | ❍ | ❍ |
| New Zealand | ● | ● | ● | ❍ |
| Norway | ● | ❍ | ❍ | ❍ |
| Poland | ● | ❍ | ❍ | ❍ |
| Portugal | ● | ● | ❍ | ❍ |
| Slovak Republic | ● | ❍ | ❍ | ❍ |
| Slovenia | ● | ● | ❍ | ❍ |
| Spain | ● | ● | ❍ | ● |
| Sweden | ❍ | ● | ❍ | ❍ |
| Switzerland | ● | ● | ● | ● |
| Turkey | ● | ❍ | ❍ | ❍ |
| United Kingdom | ● | ● | ● | ● |
| United States | ● | ● | ● | ● |
| **OECD total** | | | | |
| ● Yes | 22 | 22 | 10 | 8 |
| ❍ No | 6 | 6 | 18 | 20 |
| Brazil | ● | ❍ | ● | ● |
| Colombia | ❍ | ● | ● | ● |

*Source:* OECD (2014) Survey on Public Procurement.

StatLink http://dx.doi.org/10.1787/888933249104

# 10. DIGITAL GOVERNMENT

Social media use by governments

Digital government performance

Open government data

Use of e-government services by individuals and businesses

# Social media use by governments

Presence and activity on social media is no longer a matter of choice for most governments as these platforms are used by large parts of the population and both formal and informal interest groups. As of November 2014, the main offices of executive institutions (head of state, head of government, or government as a whole) operated a Twitter account in 28 out of 34 OECD countries and maintained a Facebook page in 21 out of 34 countries. In addition to central governments, many ministries, agencies, or individual programs have a social media presence, as do many regional and local levels of government.

The top executive offices in the United Kingdom (@Number10gov) and Chile (@GobiernodeChile) have managed to build a community of Twitter followers that equates to roughly 4% of the domestic population. Data on re-tweets, replies, favourites, etc. further illustrate that there is overall interest in at least some of governments' social media activities.

Nevertheless, the purpose and returns of social media use by government offices are not always clearly identified, which can lead to uncertainty on how to best leverage social media for strategic objectives and in day-to-day operations. In response, half of national governments in OECD countries have formulated a strategy or overarching plan. Most governments still view social media as an additional tool to broadcast traditional communication messages and only a few try to genuinely leverage social media for more advanced purposes such as opening up public policy processes or transforming public service delivery. The success of the Spanish national police (@Policia) in these areas has turned it into a global reference for law enforcement use of social media. Some governments experiment with using social media for internal purposes – e.g. Canada's Blueprint 2020 engagement exercise, which reached tens of thousands of civil servants through both public social media platforms and purely internal ones like GCpedia and GCconnex.

Social media have the potential to make policy processes more inclusive and thereby increase trust between governments and citizens. But there is no "one size fits all" approach as context and demand factors must be considered to be effective. Research shows that social media use varies across countries, e.g. by levels of education attained in countries like Greece, Portugal, Turkey and the United Kingdom the social media use gap between people with and without high formal education is quite large. The choice of social media platform itself is also critical as usage of individual platforms varies by countries, demographic groups, etc.

It is therefore important to create effective measurement and benchmarking frameworks. Only a small minority of governments systematically monitor or measure the impacts of their social media activity. Some quantifiable information can be utilised to measure presence or popularity of an institution on social media. But more qualitative information is needed to appraise penetration, perception and purpose-orientation of institutional social media use.

### *Methodology and definitions*

The figure compares social media popularity of national offices of either head of state, head of government, or government as a whole. One country can have a number of central government accounts based on the system of government or to communicate in different languages. For each country only the account with most followers is displayed. The figure is based on Burson-Marsteller's Twiplomacy dataset from June 2014 and presents only OECD and selected partner countries. To facilitate comparison, the number of Twitter followers of each account are divided by the size of the domestic population. Though the number of followers may include foreign citizens, organizations, etc. this measure provides a baseline of the proportional reach of the account.

Based on the OECD survey on government use of social media, conducted in 2013. Responses were received from 26 member countries as well as Colombia. Italy and Mexico provided responses in 2015. More details in Mickoleit, A. (2014).

Based on the Eurostat survey on "ICT usage by individuals". To differentiate the take-up of social media, the survey uses different categories of educational attainment based on the International Standard Classification of Education (ISCED). "High formal education" refers to ISCED levels 5 or 6; "low or no formal education" refers to ISCED levels 0, 1 or 2. Countries are ordered by size of the difference between the two measures. More information: *http://ec.europa.eu/eurostat/cache/metadata/EN/isoc_bde15c_esms.htm*.

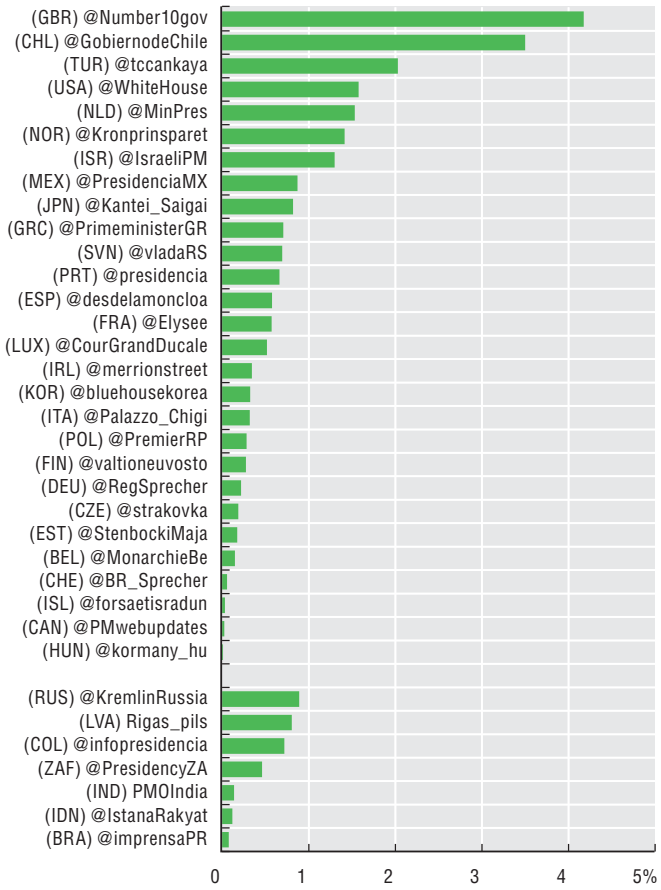
## Further reading

Androsoff, R. and Mickoleit, A. (2015), "Measuring government impact in a social media world", *OECD Insights blog*, 18 February, *http://bit.ly/17giios*.

Burson-Marsteller (2014), "Twiplomacy Study 2014", *http://twiplomacy.com*.

Mickoleit, A. (2014), "Social Media Use by Governments: A Policy Primer to Discuss Trends, Identify Policy Opportunities and Guide Decision Makers", *OECD Working Papers on Public Governance*, No. 26, OECD, *http://dx.doi.org/10.1787/5jxrcmghmk0s-en*.

### 10.1. Central government Twitter followers (most followed offices of either government, head of government or head of state in OECD and partner countries), 2014




*Source:* Burson-Marsteller's Twiplomacy database (2014); and OECD calculations based on World Bank population data for 2013.

StatLink http://dx.doi.org/10.1787/888933249115

### 10.2. Central government social media strategies, internal use and measurement, 2013

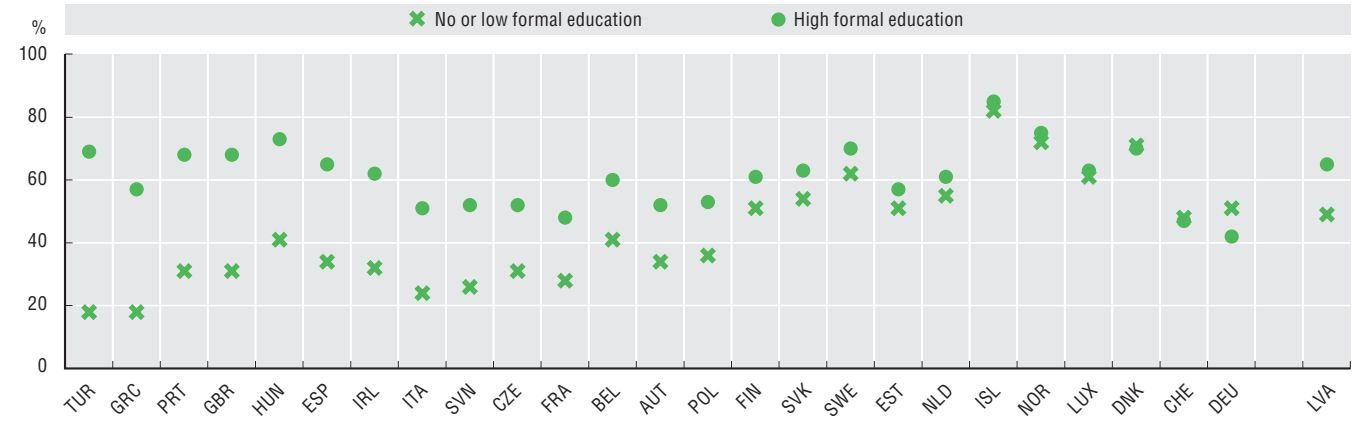
| | Has a strategy or objectives? | Uses social media internally? | Uses metrics or indicators? |
|---|---|---|---|
| Australia | + | + | + |
| Austria | + | + | - |
| Belgium | + | ❍ | ❍ |
| Canada | + | + | + |
| Chile | + | - | + |
| Czech Republic | - | - | - |
| Denmark | - | - | - |
| Estonia | - | + | - |
| Finland | + | + | - |
| France | + | ❍ | + |
| Iceland | - | - | - |
| Ireland | + | - | - |
| Italy | + | + | ❍ |
| Japan | - | - | - |
| Korea | + | + | - |
| Mexico | + | + | + |
| Netherlands | + | + | ❍ |
| New Zealand | - | + | ❍ |
| Norway | - | - | - |
| Poland | - | + | ❍ |
| Portugal | - | ❍ | - |
| Slovenia | - | + | - |
| Spain | - | - | - |
| Sweden | - | - | - |
| Switzerland | - | - | - |
| Turkey | + | - | - |
| **OECD Total** | **13 (50%)** | **12 (46%)** | **5 (19%)** |
| Colombia | + | + | + |

*Note:* "+" means "Yes", "-"means "No", "❍" means "Don't know". Italy and Mexico information is for 2015.

*Source:* Mickoleit, A. (2014), "Social Media Use by Governments: A Policy Primer to Discuss Trends, Identify Policy Opportunities and Guide Decision Makers", *OECD Working Papers on Public Governance*, No. 26, OECD, *http://dx.doi.org/10.1787/5jxrcmghmk0s-en*.

StatLink http://dx.doi.org/10.1787/888933249126

### 10.3. Share of social media users within population groups with different educational attainment levels, 2014




*Source:* Author's calculations based on Eurostat survey "ICT usage by individuals" (2014).

StatLink http://dx.doi.org/10.1787/888933249139

# Digital government performance

Information and communication technologies (ICT) increasingly underlie all government activities. Governments in OECD countries spend up to 2% of their budgets on IT (OECD, 2013). Although the share might appear small, it includes many large and therefore risky projects.

The 2014 OECD Survey on Digital Government Performance found that from a sample of only 23 countries there were 579 government ICT projects with budgets of over 10 million USD, and of those, more than half of the countries responding (representing approximately 44% of the 579 projects identified) had an average project duration of more than three years. This suggests that many countries are managing large, complex ICT projects that have high failure risks but also a greater propensity to exceed their initial budgets compared to smaller government projects.

The long history of ICT project failures due to technical, organisational and other reasons can greatly undermine the confidence that citizens have in the ability of their governments to produce value for money. On the other hand, when an ICT system is successfully introduced, governments in OECD countries are still unable to fully measure and report accurately their total financial and non-financial benefits.

The majority of OECD countries are able to report and account for no more than 25% of direct financial benefits realised through ICT projects. Only Denmark, Korea, and the United Kingdom estimate that they can report almost all financial benefits realised through ICT projects. While ICT systems have the potential to deliver better public services, enable citizens to engage more openly with public institutions and improve government operations, the absence of measurable benefits (in addition to the high cost and risk associated) makes it difficult to build a business case for future investments, to get sustainable support and funding, and to make transparent and evidence-based decisions between alternative delivery options.

Countries are addressing these challenges in various ways. Around half of OECD countries have a standardised business case model in place across central government for ICT investments. Its use is mandatory in 22% of countries; and in another 37% of countries it is mandatory if certain criteria, such as expenditure thresholds, are met. Governments often link the use of a business case with enhanced reviews and oversight for high-risk ICT projects. The Danish Council for ICT Projects for example determines risk factors for any project that surpasses DKK 10 million (approximately EUR 2 million) and mandates enhanced project oversight where necessary. The 2014 OECD Recommendation on Digital Government Strategies is explicit about the importance of such governance mechanisms and advocates systematic structured approach to mitigate risk and monitor closely ICT projects performance for more effective and efficient digital government reforms.

### *Methodology and definitions*

Data for the three figures come from the 2014 OECD Survey on Digital Government Performance. The survey collected responses from 26 OECD countries as well as Latvia and Colombia. Respondents were predominantly chief information officers or their equivalent at central government.

Countries were asked to report on the number of central government ICT projects with total costs above USD 10 million. Countries were also asked to provide the average planned project length for these large ICT projects. Respondents who responded "not applicable" for average planned project length were not included in Figure 10.5.

Data for this figure are based on the responses to the following question from the survey: "In general, what share of the full potential direct financial benefits (monetary value) of your current ICT projects do you estimate is actually being measured and followed up upon centrally?"

## Further reading

Jones-Parry, R. and A. Robertson (eds.) (2013), "Overspend? Late? Failure? What the Data Says about IT Project Risk in the Public Sector", in *Commonwealth Governance Handbook: Democracy, Development, and Public Administration*, Commonwealth Secretariat, London, pp. 145-147.

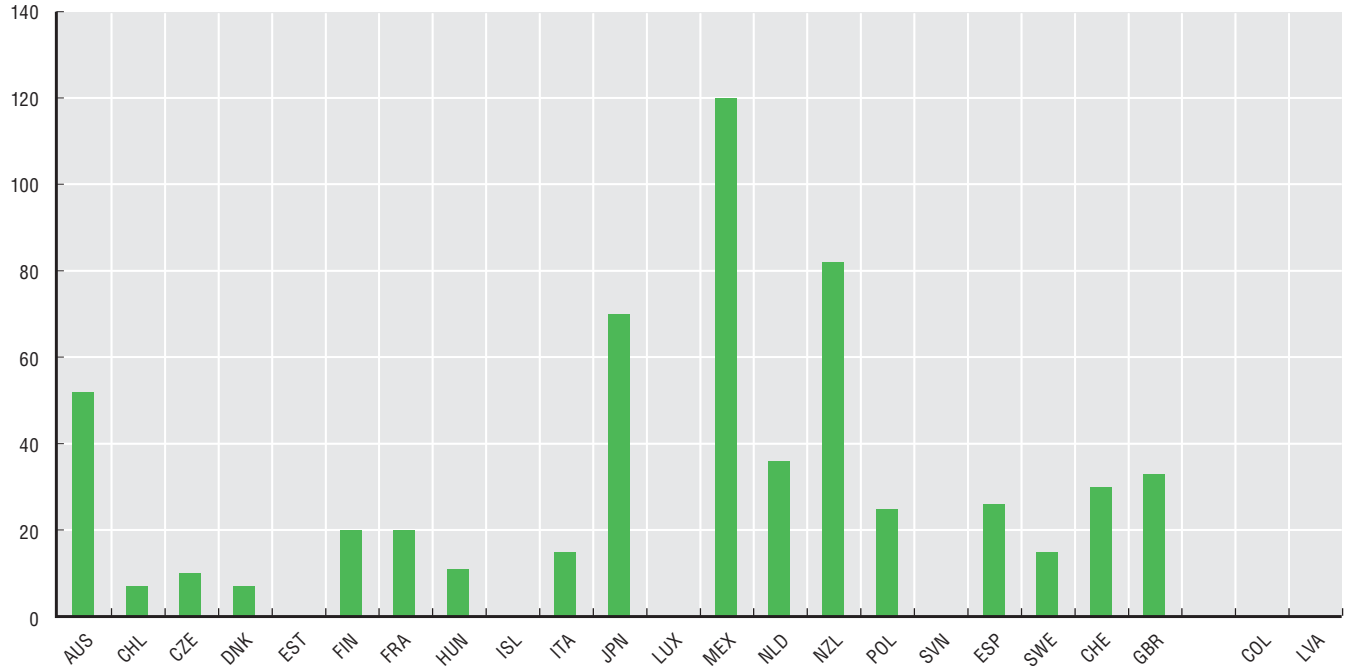
OECD (2014), "Recommendation on Digital Government Strategies", OECD, Paris, *www.oecd.org/gov/public-innovation/recommendation-on-digital-government-strategies.htm*.

OECD (2013), *Government at a Glance 2013*, OECD, Paris, *http://dx.doi.org/10.1787/gov_glance-2013-en*.

## Figure notes

10.4: Estonia, Iceland, Luxembourg, Slovenia, Colombia and Latvia reported no central government ICT projects with a total project value greater than USD 10 million. Data for Austria, Belgium, Canada, Germany, Greece, Ireland, Israel, Korea, Portugal, Slovak Republic, Norway, Turkey, and the United States are not available.

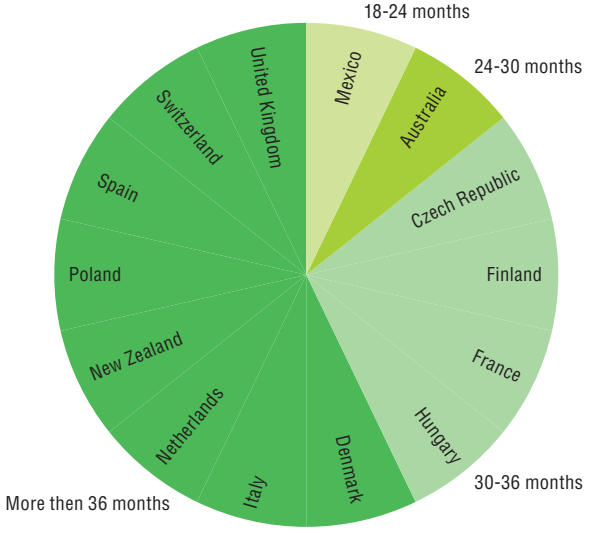
**10.4. Central government ICT projects with a total project value greater than USD 10 million, 2014**




*Source:* OECD (2014), Survey on Digital Government Performance.

StatLink http://dx.doi.org/10.1787/888933249145

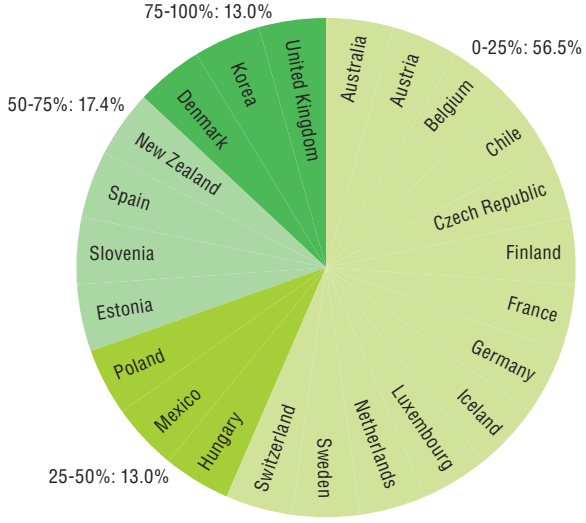
**10.5. Average length of central government ICT projects with a total project value greater than USD 10 million, 2014**




*Source:* OECD (2014), Survey on Digital Government Performance.

StatLink http://dx.doi.org/10.1787/888933249154

**10.6. Share of total direct financial benefits from ICT investments that OECD governments report, 2014**




*Source:* OECD (2014), Survey on Digital Government Performance.

StatLink http://dx.doi.org/10.1787/888933249166

# Open government data

The public sector produces and collects a wealth of data in its day-to-day activities. By making these data available, easily accessible and re-usable by citizens and businesses, governments can improve accountability and transparency, create new business opportunities and better inform both citizen engagement and their own decision-making.

The proactive release of Open government data (OGD) is transforming public services in health care, education, transport, security and environment (pollution, waste management) at the national and sub-national levels. 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 based on public data. In 2013, G8 countries adopted the first international instrument to guide the implementation of OGD strategies. The G8 Open Data Charter defines a series of five principles: 1) open data by default; 2) quality and quantity data; 3) usable by all; 4) releasing data for improved governance and; 5) releasing data for innovation, as well as three collective actions to guide the implementation of those principles.

The OECD has begun to assist governments in developing and implementing OGD strategies, notably through the development of a framework and related set of indicators to monitor their implementation and impact (Ubaldi, 2013). Out of the 30 OECD countries that responded to the 2014 OECD survey on OGD 25 have a dedicated comprehensive strategy on OGD at the Central/federal level and a vast majority (29) have developed a national open data portal, with the exception of Turkey.

Moving beyond the adoption of strategies and the creation of portals, the OECD has created its own set of indicators, based on its methodology and structured around the G8 Open Data Charter. As a first step in producing a comprehensive measure of the level of implementation of the G8 Open Data Charter, the OECD pilot Index on Open government data assesses governments' efforts to implement open data in three dimensions: 1. Data availability on the national portal (based on principle 1 and collective action 2); 2. Data accessibility on the national portal (based on principle 3) and 3. Governments' support to innovative re-use and stakeholder engagement (principle 5). The only principle not covered in this year's index is Principle 4: Releasing Data for improved governance value (e.g. transparency) as existing measurement efforts have focused primarily on socio economic value creation. In the future, the OECD will further extend this indicator and create other indicators to recognise all of the potential benefits of open data, including the economic, social and good governance aspects.

Bringing the three dimensions together in a composite index, government open data efforts in 2014 were the highest in Korea, France, the United Kingdom, Australia, Canada and Spain whereas they were lowest in Poland. Some countries like Switzerland, Estonia, the Netherlands, Sweden and Finland are currently undertaking important transformations of their OGD central/federal portal which may not show up in this 2014 index.

In general, countries which rank the highest on the index also report a higher number of re-use and applications creation on their OGD national portal. For instance countries like Korea, France, the United Kingdom and Canada report respectively 407, 73, 363, and 207 initiatives (apps phone, APIs etc.) re-using public data (OECD Survey on Open Government Data, 2014). Many reasons can explain higher levels of re-use of public data including for instance the number and quality of computer scientists in each country, the greater tendency to promote re-use initiatives of public data on the national portal or the existence of a more mature OGD ecosystem.

### *Methodology and definitions*

The data come from the 2014 OECD Survey on Open Government Data. Survey respondents were predominantly chief information officers in OECD countries and two candidate countries (Colombia and Latvia). Responses represent countries' own assessments of current practices and procedures regarding open government data. Data refer only to central/federal governments and exclude open government data practices at the state/local levels.

The composite index is based on the G8 Open Data Charter principles and on the methodology described in OECD work (Ubaldi, 2013). The OECD pilot index on Open Government Data contains 19 variables that cover information on three dimensions: i) Data availability on the national portal; ii) Data accessibility on the national portal and iii) Government support to innovative re-use of public data and stakeholder engagement. The index does not purport to measure the overall quality of the open government data approach/strategy in each country. Annex E contains a description of the methodology used to construct this index.

## Further reading

G8 (2013), "Open Data Charter", Lough Erne, UK, *www.gov.uk/government/publications/open-data-charter/g8-open-data-charter-and-technical-annex*.

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

10.7: Data for the Czech Republic, Iceland, Israel and Luxembourg are not available.

10.8: Data for the Czech Republic, Hungary, Iceland, Israel and Luxembourg are not available. This year's index is a "pilot" version (see Annex E for full methodology) covering the following dimensions: data accessibility and data availability on the national data portal, and government's efforts to support data re-use.

## 10.7. Central/federal government support to Open government data, 2014

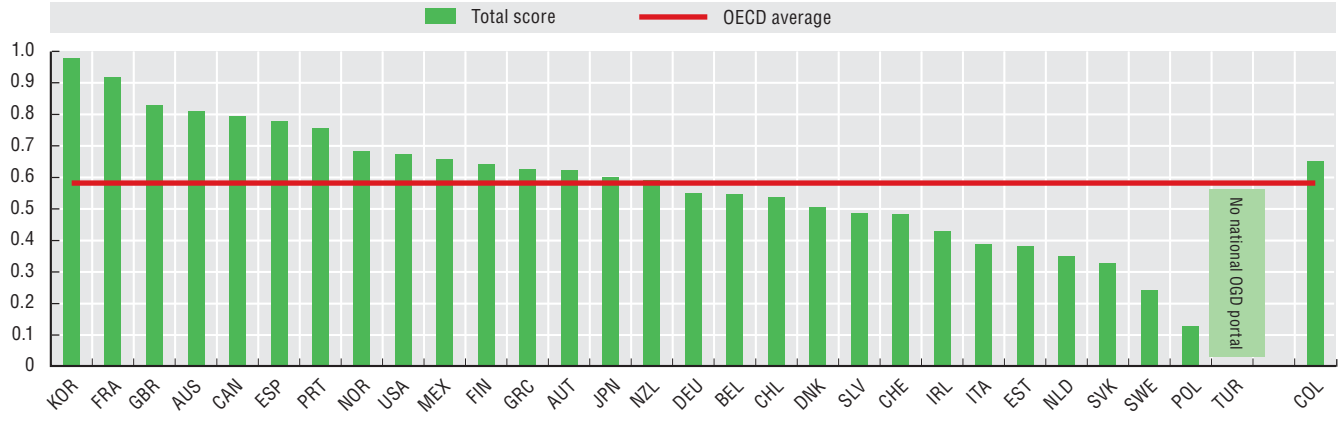
| | Strategy/Infrastructure | | Consultations | Data re-use support and promotion | | Data accessibility on the national portal | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Single Central/federal OGD strategy | Existence of a national OGD portal | Regular consultation of users' needs for data release | Organization of co-creation type events (e.g. hackathons) | Training for civil servants to build capacities for data analysis and re-use | Data released in CSV format (machine readable) | Systematic provision of metadata | User feedback section | Possibility to receive notification when datasets are added |
| Australia | ● | ● | ● | ✧ | ■ | ■ | ● | ● | ● |
| Austria | ● | ● | ● | ✧ | ✧ | ■ | ● | ❍ | ● |
| Belgium | ❍ | ● | ● | ✧ | ✧ | ■ | ● | ● | ❍ |
| Canada | ● | ● | ● | ■ | ✧ | ■ | ● | ● | ❍ |
| Chile | ● | ● | ❍ | ■ | ✧ | ■ | ● | ● | ❍ |
| Denmark | ❍ | ● | ❍ | ✧ | ❒ | ■ | ❍ | ● | ● |
| Estonia | ● | ● | ● | ✧ | ❒ | ■ | ● | ● | ❍ |
| Finland | ● | ● | ● | ■ | ✧ | ■ | ❍ | ● | ❍ |
| France | ● | ● | ● | ■ | ✧ | ■ | ● | ● | ● |
| Germany | ● | ● | ● | ✧ | ❒ | ■ | ❍ | ● | ❍ |
| Greece | ● | ● | ● | ■ | ✧ | ✧ | ❍ | ● | ❍ |
| Hungary | ❍ | ● | ● | ❒ | ✧ | .. | .. | .. | .. |
| Ireland | ● | ● | ● | .. | .. | ■ | ❍ | ● | ❍ |
| Italy | ● | ● | ● | ■ | ✧ | ■ | ● | ❍ | ❍ |
| Japan | ● | ● | ● | ✧ | ✧ | ■ | ● | ● | ● |
| Korea | ● | ● | ● | ■ | ■ | ■ | ● | ● | ● |
| Mexico | ● | ● | ● | ■ | ■ | ■ | ● | ● | ❍ |
| Netherlands | ● | ● | ❍ | ✧ | ❒ | ■ | ● | ❍ | ❍ |
| New Zealand | ● | ● | ● | ✧ | ✧ | ■ | ❍ | ● | ● |
| Norway | ● | ● | ● | ■ | ✧ | ■ | ● | ● | ❍ |
| Poland | ● | ● | ❍ | ❒ | ✧ | ✧ | ● | ❍ | ❍ |
| Portugal | ● | ● | ● | ✧ | ✧ | ■ | ● | ● | ❍ |
| Slovak Republic | ❍ | ● | ● | ✧ | ❒ | ■ | ● | ❍ | ❍ |
| Slovenia | ● | ● | ❍ | ❒ | ✧ | ■ | ❍ | ● | ● |
| Spain | ● | ● | ● | ■ | ■ | ■ | ● | ● | ● |
| Sweden | ● | ● | ● | .. | .. | ■ | ❍ | ● | ❍ |
| Switzerland | ● | ● | ● | ■ | ✧ | ■ | ● | ❍ | ● |
| Turkey | ❍ | ❍ | ❍ | ✧ | ❒ | X | X | X | X |
| United Kingdom | ● | ● | ● | ✧ | ■ | ■ | ● | ● | ● |
| United States | ● | ● | ● | .. | .. | ■ | ● | ● | ❍ |
| **OECD Total** | **25** | **29** | **24** | | | | **20** | **21** | **10** |
| Colombia | ● | ● | ● | ■ | ✧ | ■ | ● | ● | ❍ |
| Latvia | ❍ | ❍ | ● | ✧ | ❒ | X | X | X | X |

● Yes.
❍ No.
■ Often/Generally.
✧ Sometimes.
❒ Never.
.. Missing data.
X Not applicable.

*Source:* OECD (2014), Survey on Open Government Data.

StatLink http://dx.doi.org/10.1787/888933249175

## 10.8. *OURdata* Index: Open, Useful, Reusable Government Data, 2014




*Source:* OECD (2014), Survey on Open Government Data.

StatLink http://dx.doi.org/10.1787/888933249180

# Use of e-government services by individuals and businesses

Government portals that provide a wide range of information and services like the possibility to fill out and submit administrative forms electronically (e.g. tax declarations) have considerably transformed the way individuals and businesses interact with their government.

In OECD countries in 2014, 49% of individuals used the Internet to obtain information from public authorities and 33% have filed administrative forms electronically. Individuals in Nordic countries report the highest uptake of e-government services whereas the uptake in Chile and Italy and Poland is lower.

The use of e-government services by businesses is higher than the uptake for individuals. This might reflect the fact that in many countries the use of the digital channel is mandatory for businesses. On average across the OECD in 2013, 83% of businesses reported having used the Internet to obtain information/forms from their public authorities and 78% have returned a filled form online. Nordic countries, but also countries like France and Ireland, report a high level of uptake whereas it is lower in Canada (where data on sending filled forms only refer to tax declarations), Switzerland, Germany and Mexico.

A growing number of businesses in OECD European countries also use e-procurement systems. E-procurement facilitates access to public tenders and increases competition. It can also reduce costs to government by reducing administrative burdens, shortening procurement contract cycles and raising compliance levels. Among OECD European countries in 2013, the percentage of businesses using e-procurement systems goes from more than 35% in Finland and Slovenia for accessing documents to about 18% in Italy, Spain and Hungary. The use of e-tendering systems is particularly high in Ireland (30%), Estonia (24%) and Poland (24%).

Greater uptake of e-government services and systems may indicate a better quality of the overall e-government infrastructure, but not always. The percentage of households with Internet connection in the country, the general tendency of a population to interact with their authorities and other factors may also influence the level of e-government uptake.

### *Methodology and definitions*

Data come from Eurostat, Information Society database and the OECD ICT database. Public authorities refer to both public services and administration activities (e.g. tax, customs, business registration and social security). Data cover the local, regional and national level.

Three types of online interactions are reported: 1) obtaining information; 2) obtaining or downloading forms (only for businesses); and 3) sending filled forms. Interactions via e-mail are excluded. "Sending filled forms" relates to "sending filled forms to public authorities or public services over the Internet for private purposes in the last 12 months" for countries in the European Statistical System, and to "completing/lodging filled in forms from government organisations' websites in the last 12 months" for other countries. For Figure 10.9, individuals between 16 and 74 years old are covered. For Figure 10.10, simple interactions include obtaining information or downloading forms. When both data were available the highest value was taken. For Figures 10.10 and 10.11, sector coverage consists of all activities in manufacturing and non-financial market services. Only enterprises with 10 or more persons employed are considered. For Figure 10.11, e-tendering refers to businesses using the Internet for offering goods or services in e-procurement systems in their country.

## Further reading

OECD (2014), *Measuring the Digital Economy: A New Perspective*, OECD, Paris, *http://dx.doi.org/10.1787/9789264221796-en*.

## Figure notes

Data for Japan and the United States are not available.

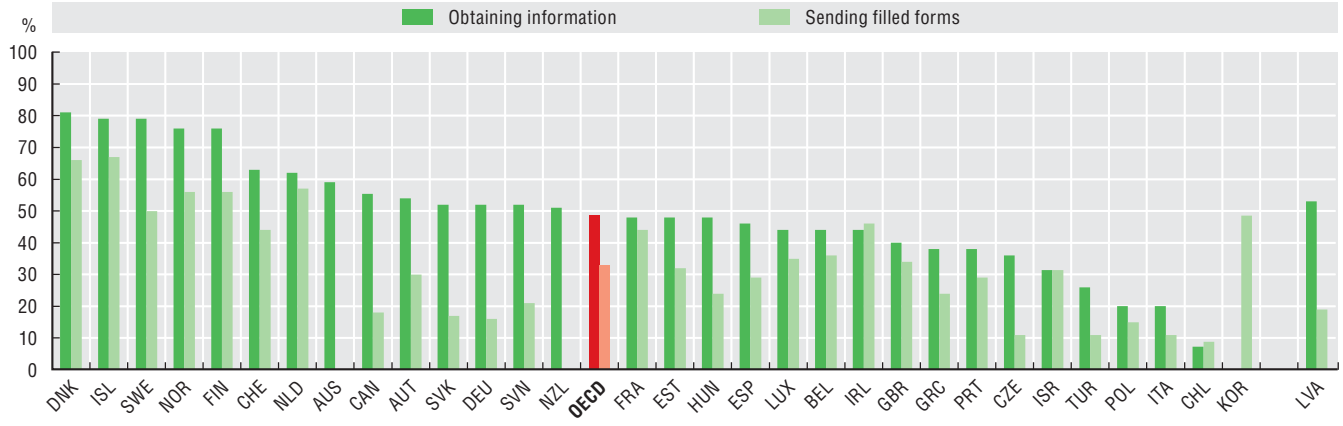
10.9: Data for Mexico are not available. For Australia, data refer to 2012/13 (fiscal year ending in June 2013), and to individuals aged 15 and over. Data for Canada refer to 2012 for obtaining information and 2009 for sending filled forms. For New Zealand, data refer to 2012 for both interaction and sending filled forms. For Israel, data refer to 2009, and to all individuals aged 20 and over who used the Internet for obtaining services online from government offices, including downloading or completing official forms. Data for Chile and Korea refer to 2012.

10.10: Data for Chile and Israel are not available. For Canada, Korea, Mexico, New Zealand and Switzerland, data for obtaining information/forms refer to the proportion of businesses interacting online with government organisations for obtaining information/downloading forms. For Australia, Korea, Mexico and New Zealand, data for sending filled forms refer to the percentage of businesses interacting online with government organisations to complete/submit forms electronically. For Canada, data for returning completed forms refer to enterprises that completed or submitted taxation forms online. For Slovenia, outsourcing of contacts with public authorities via accounting enterprises is included. For Australia, data refer to the fiscal year ending 30 June 2012 (2011/12) and the total includes Agriculture, forestry and fishing. For Mexico, data refer to 2008 and to businesses with 20 or more persons employed. For Switzerland, data refer to 2011 and to businesses with five or more persons employed. Data for Turkey refer to 2012.

10.11: Data for OECD non EU countries are not available.

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

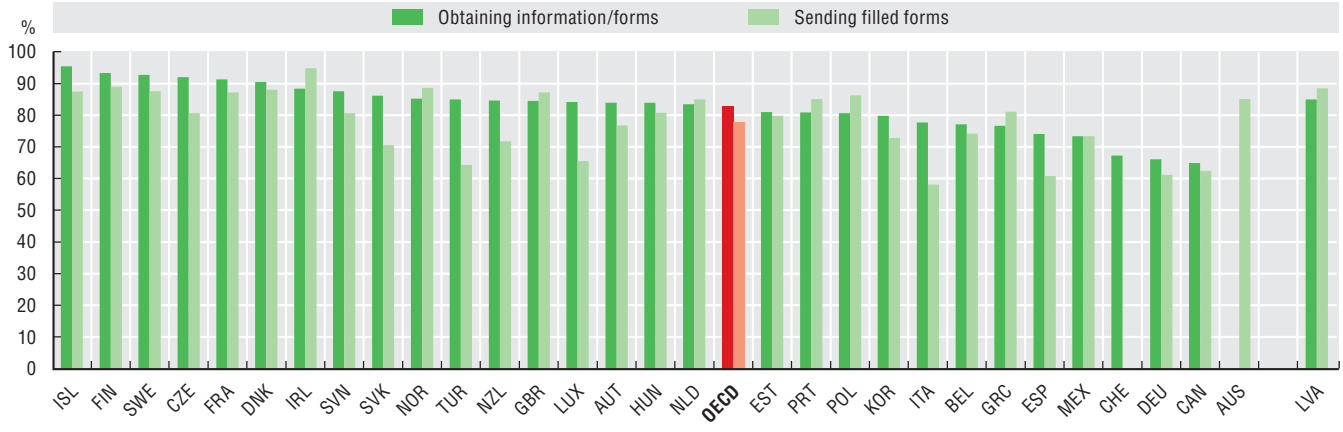
### 10.9. Individuals using the Internet to interact with public authorities by type of activity (over the past 12 months), 2014




*Source:* OECD, *ICT Database*; and Eurostat, *Information Society* (database).

StatLink http://dx.doi.org/10.1787/888933249196

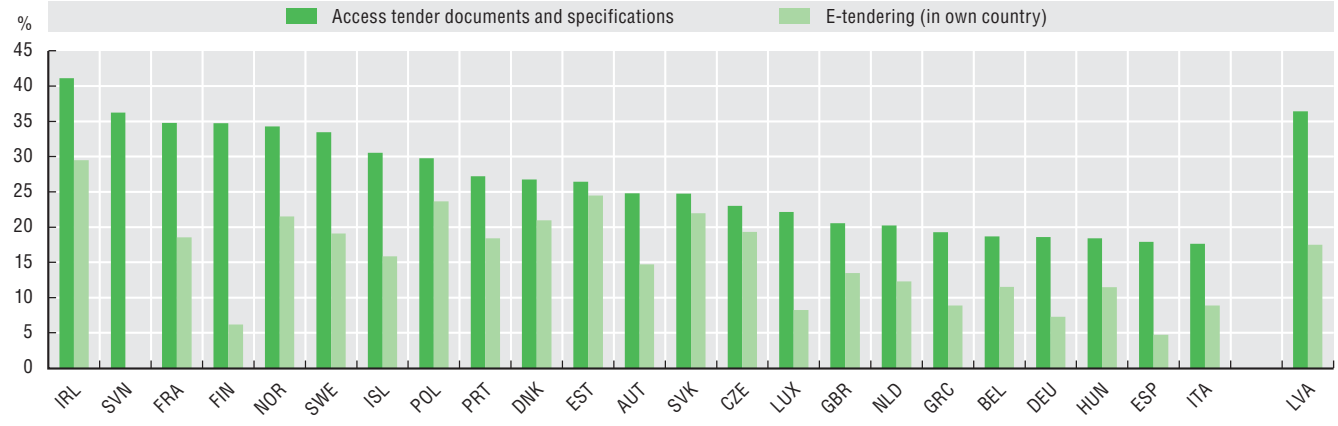
### 10.10. Businesses using the Internet to interact with public authorities by type of activity (over the past 12 months), 2013




*Source:* OECD, *ICT Database*; and Eurostat, *Information Society* (database).

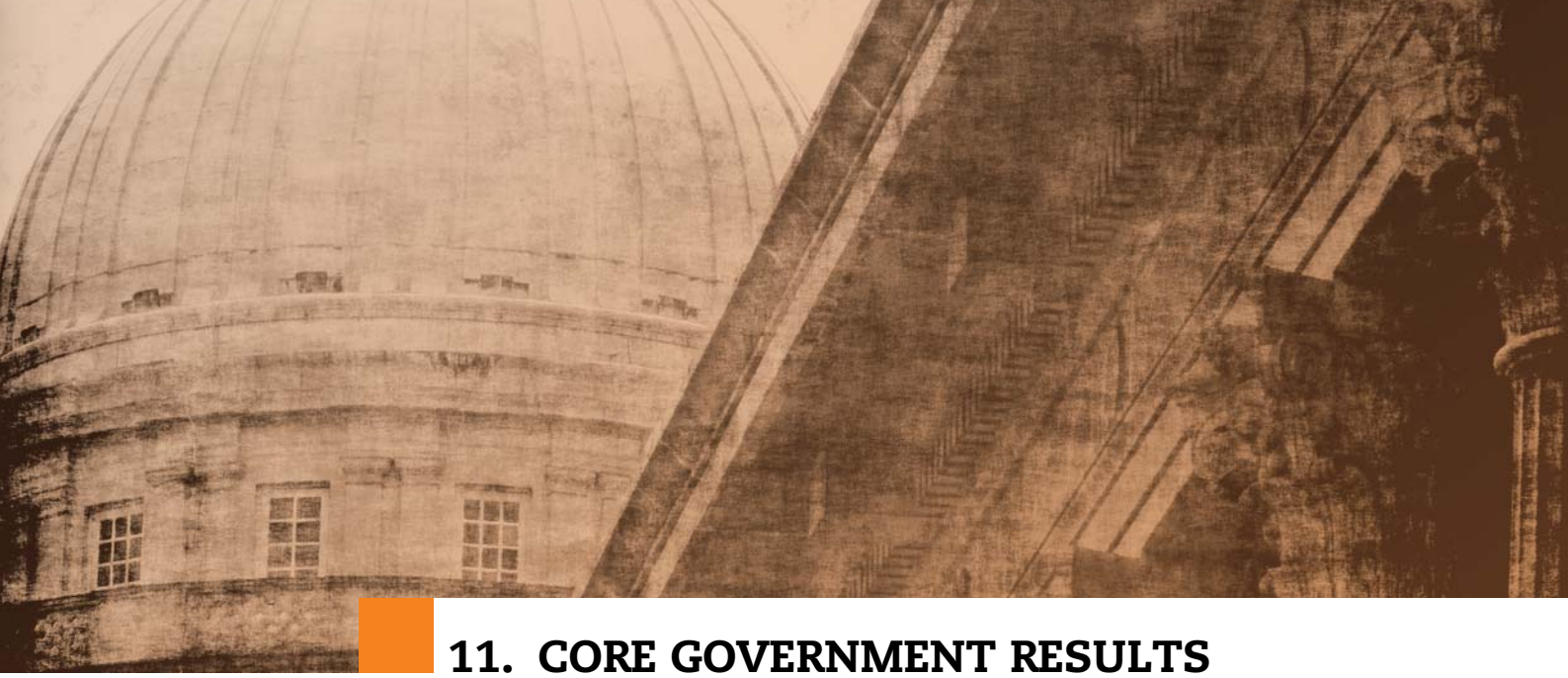
StatLink http://dx.doi.org/10.1787/888933249202

### 10.11. Businesses using electronic procurement systems, 2013




*Source:* Eurostat, *Information Society* (database).

StatLink http://dx.doi.org/10.1787/888933249211



# 11. CORE GOVERNMENT RESULTS

Trust in government

Redistribution of income

Rule of law

Public sector efficiency

Public sector cost effectiveness

# Trust in government

Trust is broadly understood as holding a positive perception about the actions of an individual or an organisation. While trust may be based on actual experience, it is for the most part a subjective phenomenon, reflected in the eyes of the beholder. Trust in government represents the confidence of citizens and businesses in the actions of governments to do what is right and perceived as fair. Most importantly the legitimacy of governments is built on being trusted by their citizens, as trust is mainly an enabler of fluent and effective interactions between governments and citizens.

Existing measures of trust in government are based on perception surveys. Data from the Gallup World Poll is used here; this is the only survey that collects annual data since 2005 for OECD countries as well as strategic partners. However, one of the shortcomings of this survey is that it only asks a single question about whether or not people have confidence in their national government. It does not differentiate between politicians and the bureaucracy nor allow the identification of government actions that might cause citizens to trust or distrust their government. As cultural factors have a large influence on the differences in trust levels across countries, rather than comparing absolute levels, the comparison of changes in trust levels over time and across countries is presented. The years selected are 2007 and 2014 (2007 being the last year before the financial and economic crisis that started in 2008).

From 2007 to 2014 on average confidence in national governments across OECD countries declined 3.3 p.p. from 45.2% to 41.8%. During this period the steepest declines took place in Slovenia (30 p.p.), Finland (29 p.p.), Spain (27 p.p.) and Portugal (22 p.p.). However, some countries experienced increases in trust levels for the same period, notably Germany (25 p.p.), Israel (22 p.p.) and Iceland (22 p.p.). Changes in trust levels could be affected by many factors, including the economic outlook, 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.

Preliminary evidence suggests that citizens' trust in government reflects primarily their approval of their country's leadership. Evidence also shows that trust in government is negatively correlated with the perceived levels of corruption in government. Misuse of public resources or inadequate behaviour by government representatives shape public opinion on the overall trustworthiness of government.

Restoring trust in governments is essential to reinforce and consolidate the foundations of modern states. It is also a necessary condition for governments to successfully carry out public sector reforms. Better understanding of the drivers and dimensions of trust is required to disentangle its multidimensionality. Consequently, a refined measurement of trust in government and in public institutions is needed to enable governments to propose and adjust actions aimed at regaining trust from their citizens.

### *Methodology and definitions*

Data were collected by Gallup World Poll. The World Poll uses proportional stratified probability sampling and has a sample of 1000 citizens in each country. There is more information at: *www.gallup.com/services/170945/world-poll.aspx*.

## Figure notes

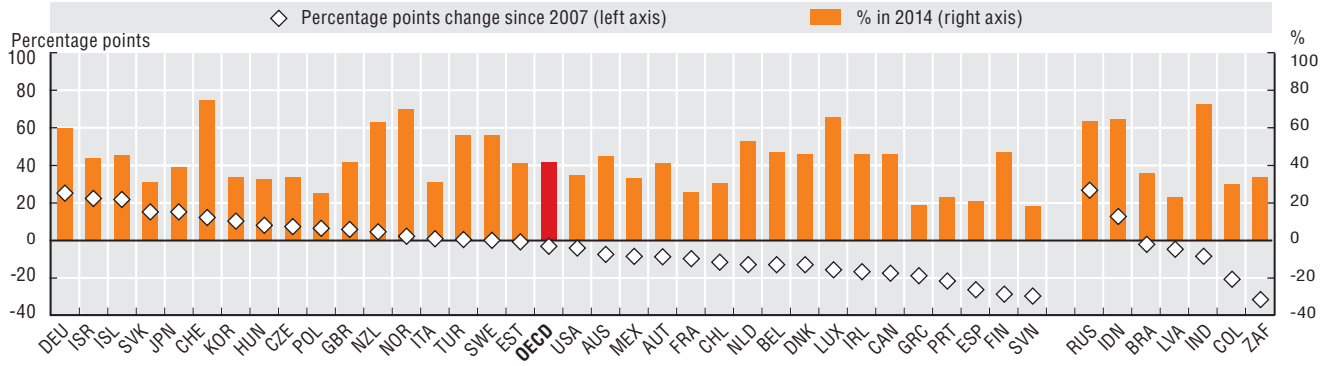
11.1: Data refers to the percentage who answered "yes" to the question "Do you have confidence in national government" Data for Chile, Hungary and Iceland are 2013 rather than 2014.

11.2: Data for approval of country leadership represent the percentage of "approve" answers to the question: "Do you approve or disapprove the job performance of the leadership in this country?" Data for Canada, Hungary, Iceland, Ireland, Japan, Korea and Mexico are for 2013 rather than 2014.

11.3: Data for the perception of government corruption represent the percentage of "yes" answers to the question "Is corruption widespread throughout the government or not?". Data for Australia, Canada, Hungary, Iceland, Ireland, Japan, Korea and Mexico are for 2013 rather than 2014.

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

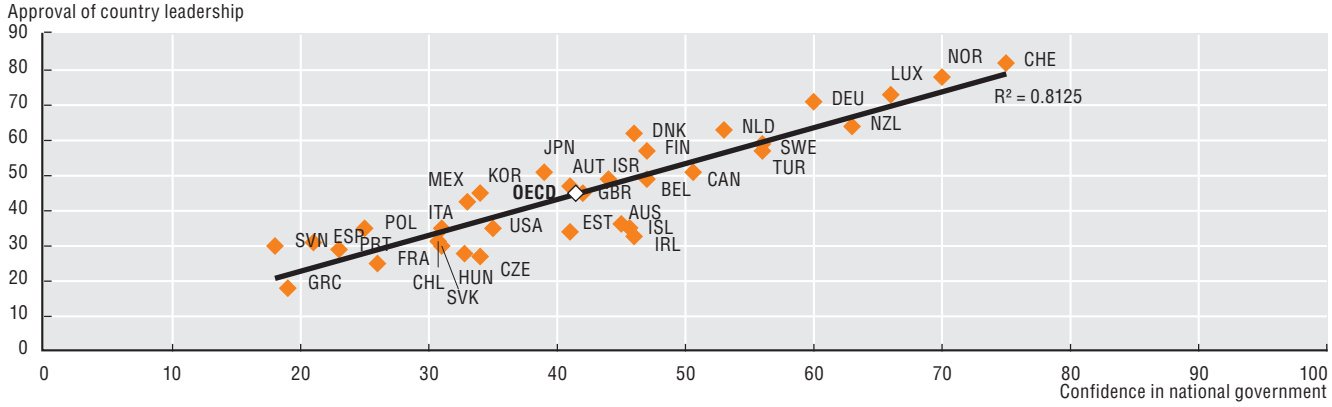
### 11.1. Confidence in national government in 2014 and its change since 2007




*Source:* Gallup World Poll.

StatLink http://dx.doi.org/10.1787/888933249225

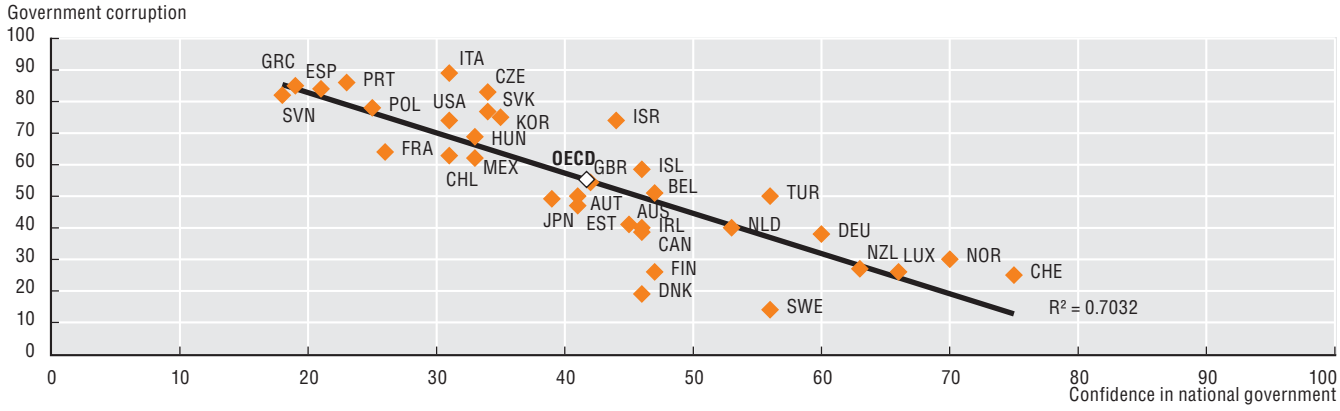
### 11.2. Correlation between confidence in national government and perception of government leadership, 2014




*Source:* World Gallup Poll.

StatLink http://dx.doi.org/10.1787/888933249237

### 11.3. Correlation between confidence in national government and perception of government corruption, 2014




*Source:* World Gallup Poll.

StatLink http://dx.doi.org/10.1787/888933249244

# Redistribution of income

Among the main tasks of governments are guaranteeing that citizens have equality of opportunity and even access to basic public services. Governments should also assist those experiencing poverty by ensuring the attainment of a minimum standard of living. Based on the societal agreement, governments could play a more or a less important role in income redistribution through taxes and transfers. For many OECD member countries, the gap between the richest and the poorest is at its highest in 30 years (OECD, 2014c). Additionally, recent evidence suggests that inequality has a negative effect on economic growth (OECD, 2014a). By having fewer resources available people from disadvantaged social backgrounds underinvest in education, lowering social mobility and hampering skills development that are crucial for economic growth (OECD, 2014c).

The Gini coefficient is the most commonly used measure of inequality; it is aimed at representing the income distribution of the population within a given country. It ranges from zero where everybody has identical incomes to 1 where all the income goes to only one person. The effects of the income redistribution policy of a government can be measured by comparing the Gini coefficient before and after taxes and transfers. Between 2007 and 2011, on average, income inequality before taxes in OECD countries increased by 1 percentage point (p.p.) from 0.46 to 0.47. Following government intervention, the after taxes and transfers Gini coefficient fell to 0.31 in 2011, compared to 0.30 in 2007, a stable decrease of around 16 p.p. for both years. In 2011 the largest reductions that could be attributed to government intervention by taxes and transfers took place in Ireland (26 p.p.) and Greece (22 p.p.), both countries severely affected by the global financial and economic crisis. Chile (2.9 p.p.) and Korea (3.1 p.p.) were the countries achieving the least income redistribution through government intervention. However, in the case of Korea the level of inequality was already low (0.34 before taxes and transfers).

Between 2007 and 2011 public transfers increased in all but four countries; they declined in Greece, Hungary and Italy and remained stable in Sweden (OECD 2014b). On average, between 2007 and 2011, disposable income decreased by an annual average of 0.53%. However, while the average annual pace of decrease for the top 10% income group was 0.78%, the decline pace more than doubled for the bottom 10% reaching on average 1.61% per year. Spain (11.4 p.p.) and Greece (3.7 p.p.) countries severely hit by the crisis experienced the highest gaps in the pace of decrease between the incomes of the top 10% and the bottom 10%. In France, Austria, the United States, Denmark and Germany the disposable income of the bottom 10% decreased while it actually increased for the top 10%. It is possible to conclude that on average lower income households suffered more during the crisis or have benefitted less from the recovery.

### *Methodology and definitions*

Redistribution is measured by comparing Gini coefficient for market income (i.e. gross income not adjusted for public cash transfers and household taxes) and for disposable market income (i.e. net of transfers and taxes). Household disposable income is the total market income received by all household members; gross earning, self-employment income, capital income plus the current transfers they receive less the taxes and social security contributions they pay. 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. It does not take into account in-kind transfers. 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 internationally 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 (2014a), "Focus on Inequality and Growth – December 2014", OECD, Paris.

OECD (2014b), "Rising Inequality: Youth and Poor Fall Further Behind – Income Inequality Update – June 2014", OECD, Paris.

OECD (2014c), "Focus on Top Incomes and Taxation in OECD Countries: Was the Crisis a Game Changer?", OECD, Paris.

## Figure notes

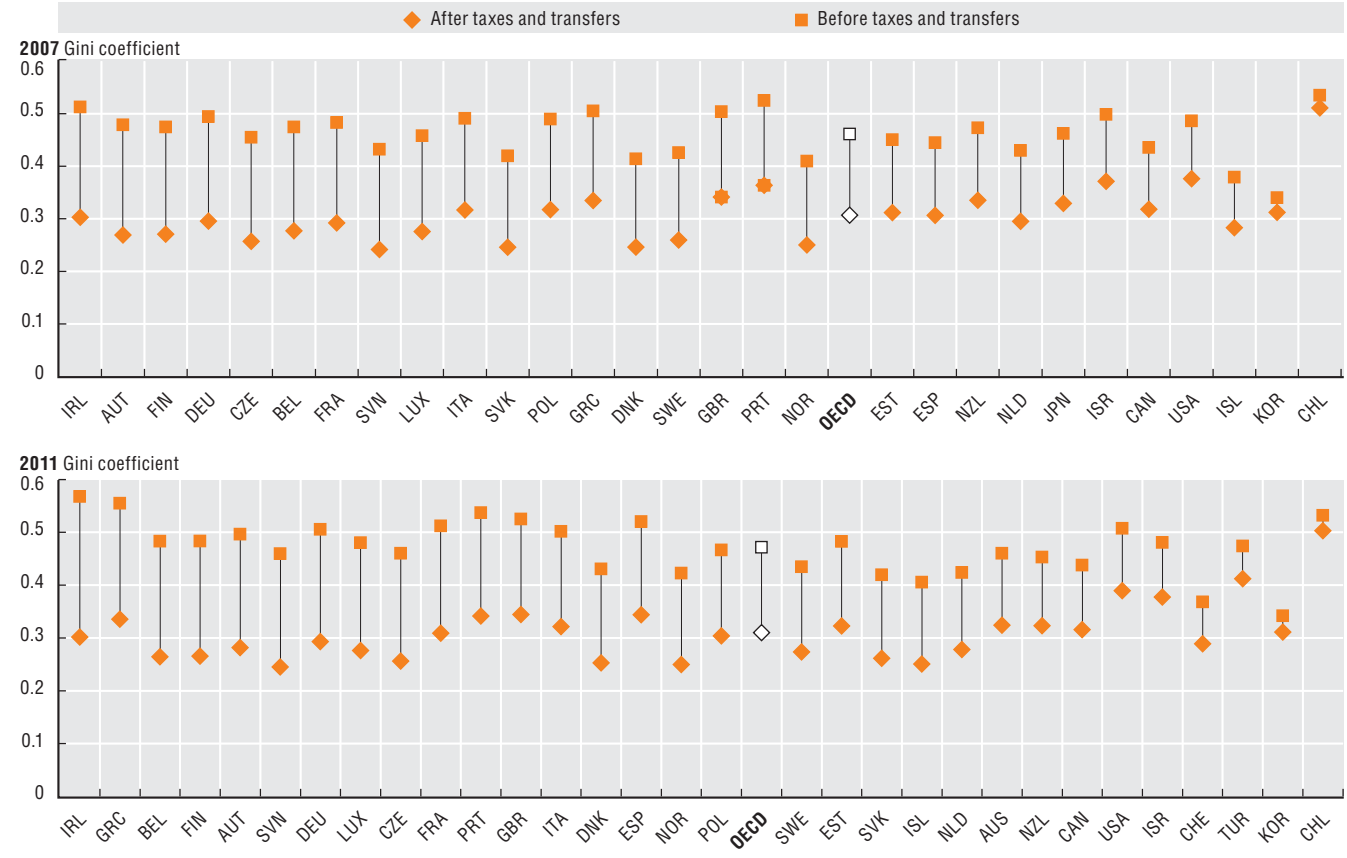
Data for Chile and Japan are 2006 rather than 2007. Data for France, Germany, Israel, Italy, Norway, Sweden and the United States are for 2008 rather than 2007. Data for Belgium are 2010 rather than 2011. Data for Australia and The Netherlands are 2012 rather than 2011.

11.4: Data for Hungary and Mexico are not available. Data for Switzerland and Turkey are not available for 2007.

11.5: Data for Australia and New Zealand are 2007 rather than 2008. Data for Japan are 2009 rather than 2011. Data for Austria are 2011 rather than 2010. Data for Finland, Hungary, Korea, Mexico and the United States are 2012 rather than 2011.There is a break in the series in 2011 for the United Kingdom, and results are not strictly comparable. 2011 data for Ireland and the United Kingdom are provisional. Data for Switzerland are not available.

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

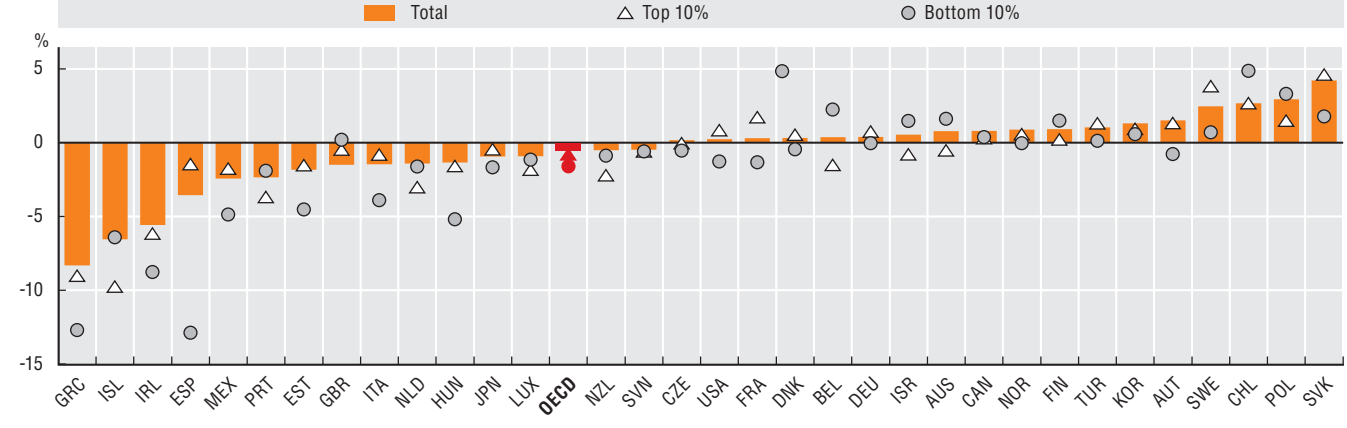
### 11.4. Differences in income inequality pre and post-tax and government transfers




*Source: OECD Income Distribution Database.*

StatLink http://dx.doi.org/10.1787/888933249258

### 11.5. Annual percentage changes in household disposable income between 2007 and 2011 by income group




*Source: OECD Income Distribution Database.*

StatLink http://dx.doi.org/10.1787/888933249269

# Rule of law

The principle of the rule of law refers to the authority and influence of law within a society. According to this principle, the law should govern and no one, including the government is above it. The rule of law is implemented through the existence of codified or standardised procedures and a series of mechanisms guaranteeing access, equality, predictability, reliability and accountability. It constitutes a key measure of good governance and it is crucial for maintaining peace and order, as well as fostering investment and development.

There are several interpretations of the rule of law. We use the one developed for the World Justice Project's (WJP) rule of law index as one of the most comprehensive and systematic approaches. Accordingly, the rule of law encompasses four universal principles: "a) the government and its officials and agents are accountable under the law; b) the laws are clear, publicised, stable and just; are applied evenly; and protect fundamental rights, including the security of persons and property; c) the process by which the laws are enacted, administered, and enforced is accessible, fair and efficient d) 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 communities they serve." Based on these four principles the WJP developed nine key factors that form the basis of the rule of law index. From those we have selected two that touch upon foundational components of the rule of law: constraint to government powers and the protection of fundamental rights.

Constrained government powers are guaranteed by an effective system of checks and balances. More specifically, this factor refers to the definition of powers in the constitution; an effective limitation of government powers by the legislature, the judiciary and independent audit institutions; sanctions due to misconduct of justices and prosecutors; non-governmental checks; and a transition of power subjected to law. With an average score of 0.76 OECD countries score higher than other regions of the world in this component. However, there is some variation even within OECD countries. The three top ranking countries are Scandinavian: Denmark, Finland and Norway demonstrate a highly balanced distribution of authority within these societies. On the other end government powers are less controlled in Mexico and Turkey. Among other major economics Russia and China, score below the OECD average.

The second component is the protection of fundamental rights. These rights are established under international law: the right to equal treatment and the absence of discrimination; the right to life and security of the person; due process of law and rights of the accused; freedom of opinion and expression; freedom of belief and religion; the absence of arbitrary interference with privacy; freedom of assembly and association; and the protection of fundamental labour rights. On average OECD countries have a score of 0.78. Similar to the constraint to government powers, Nordic countries perform best on this component while Turkey and Mexico have lower scores. All in all, there is a strong positive association between the constraint to government powers and the protection to fundamental rights, showing a high degree of consistency in the application of these aspects of the rule of law in OECD countries.

### *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 1000 respondents in the three largest cities of each country was selected. In the case of legal experts on average 24 experts per country were 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 eight countries that are major economies. All variables used to score each of the composite indicators 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

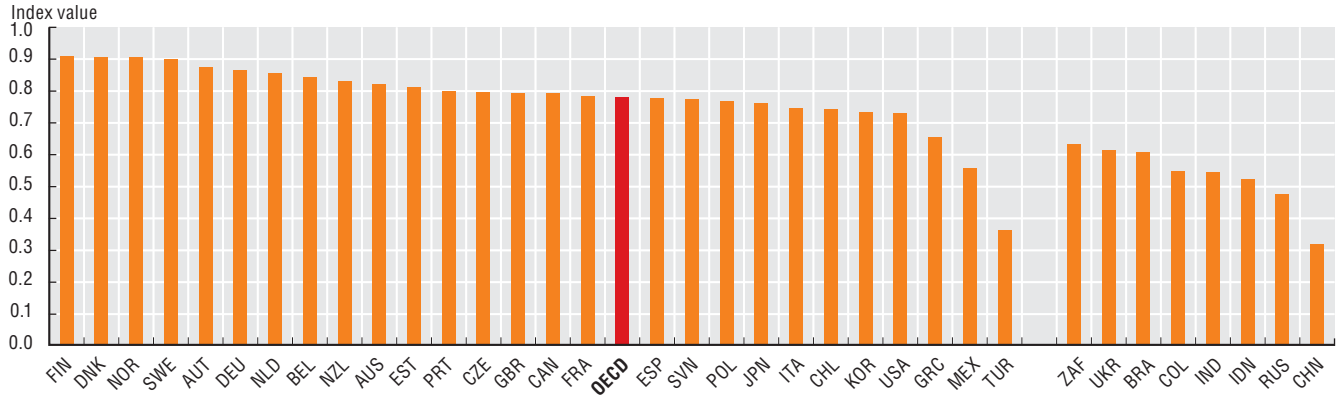
World Justice Project (2014), *Rule of Law Index 2014*. WJP, Washington. World Justice Project, Washington, DC, *http://worldjusticeproject.org/sites/default/files/wjp_rule_of_law_index_2014_report.pdf*.

## Figure notes

Data for Iceland, Ireland, Israel, Luxembourg, the Slovak Republic and Switzerland are not available. Data for Hungary are not displayed.

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

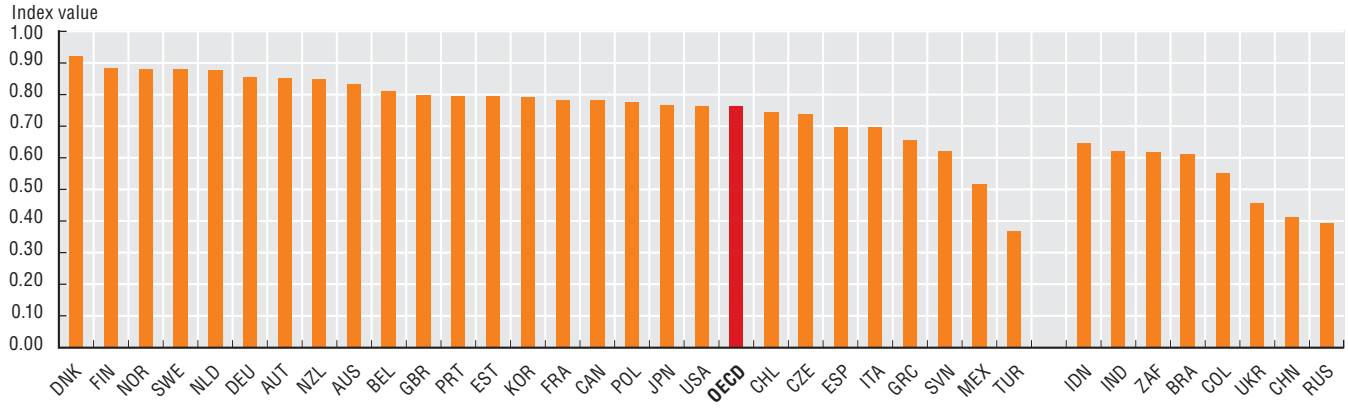
### 11.6. Limited government powers, 2015




*Source:* World Justice Project.

StatLink http://dx.doi.org/10.1787/888933249272

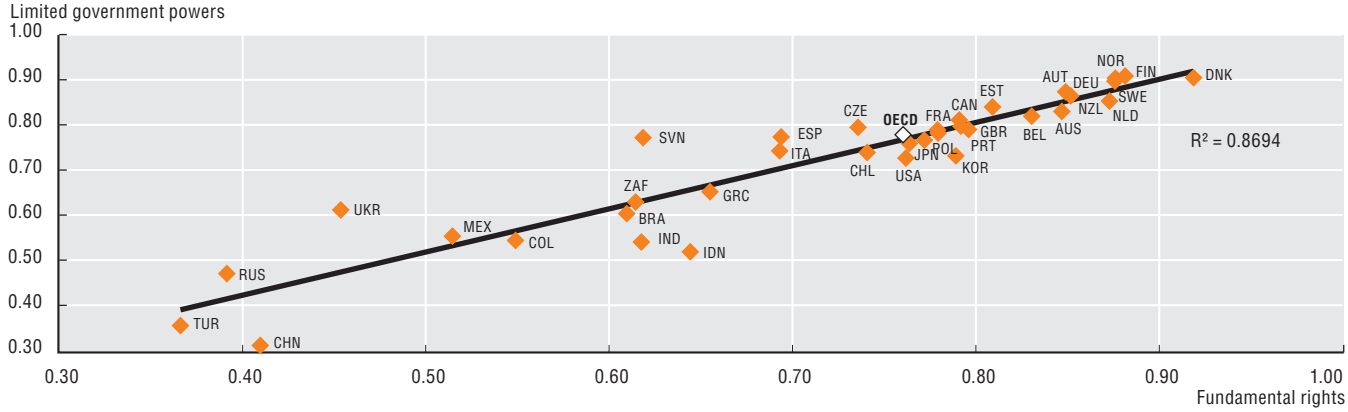
### 11.7. Fundamental rights, 2015




*Source:* World Justice Project.

StatLink http://dx.doi.org/10.1787/888933249287

### 11.8. Limited government powers versus fundamental rights, 2015




*Source:* World Justice Project.

StatLink http://dx.doi.org/10.1787/888933249294

# Public sector efficiency

The recent economic crisis has increased pressures on governments to achieve efficiency gains in delivering public services. Based on conventional economic theory, "efficiency" is defined as the relationship between one or more inputs (or factors of production) and one or more outputs.

## Efficiency in health care

Average length of stay (ALOS) in hospital is a commonly used indicator of efficiency in delivering hospital services. 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 length of stays may also cause adverse effects on health outcomes, or reduce the comfort and recovery of the patient.

In 2012, the ALOS in hospitals for all causes of hospitalisation combined was just over seven days on average across OECD countries. Mexico and Turkey had the shortest ALOS, with patients spending on average only four days in hospitals. Hospital stays were highest in Japan, reaching about 18 days, followed by Korea (over sixteen days). Both Japan and Korea have "social admissions" in hospital, that is, a significant number of hospital beds are devoted to long-term care with patients staying for very long periods. In most countries, ALOS has fallen over the past decade, from an average of just over eight days in 2002 to just over seven days in 2012. 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).

## Efficiency in tax administration

The share of administrative cost is often used to measure the efficiency in tax collection, comparing the annual costs of administration with the total revenues collected. A reduction of this ratio can be interpreted as evidence of a reduction in administrative costs (the numerator) and/or an increase in tax revenues through greater compliance (assuming that there are no other factors that may influence the cost/revenue relationship, such as economic growth or changes in tax rates). In most countries, between 2007 and 2010, the share of administrative cost in tax collection has increased due to the deterioration in tax revenues. From 2010 to 2013 the ratio has generally decreased as the tax revenue bases of countries recovered and/or taking account of government expenditure reduction efforts.

Comparisons of the efficiency of tax administrations must be made with caution. There are various factors that affect one or more elements of the ratio's computation and which hinder direct comparability across countries. In general, differences in tax rates, in the range and structure of taxes collected, in macroeconomic conditions affecting tax receipts, as well as differences in the institutional arrangements for tax collection (e.g. multiple bodies involved in revenue administration, as in Italy), and/or the conduct of non-tax functions (e.g. social contributions) may affect the administrative cost ratio.

### *Methodology and definitions*

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.

Data on tax administration are provided by surveyed revenue bodies or extracted from official country reports. Tax administration expenditures include three categories: administrative, salary and IT costs. IT expenditure was defined as the total costs of providing IT support for all administrative operations (both tax and non-tax related). For comparison purposes, efforts have been made to separately identify the resources used and the costs of tax and non-tax related functions. For more information regarding the underlying data please consult the OECD Tax Administration 2015 report.

## Further reading

OECD (2013), Health at a Glance 2013: OECD, Indicators, OECD, Paris, *http://dx.doi.org/10.1787/health_glance-2013-en*.

OECD (2015, forthcoming), Tax Administration 2015, OECD, Paris.

## Figure notes

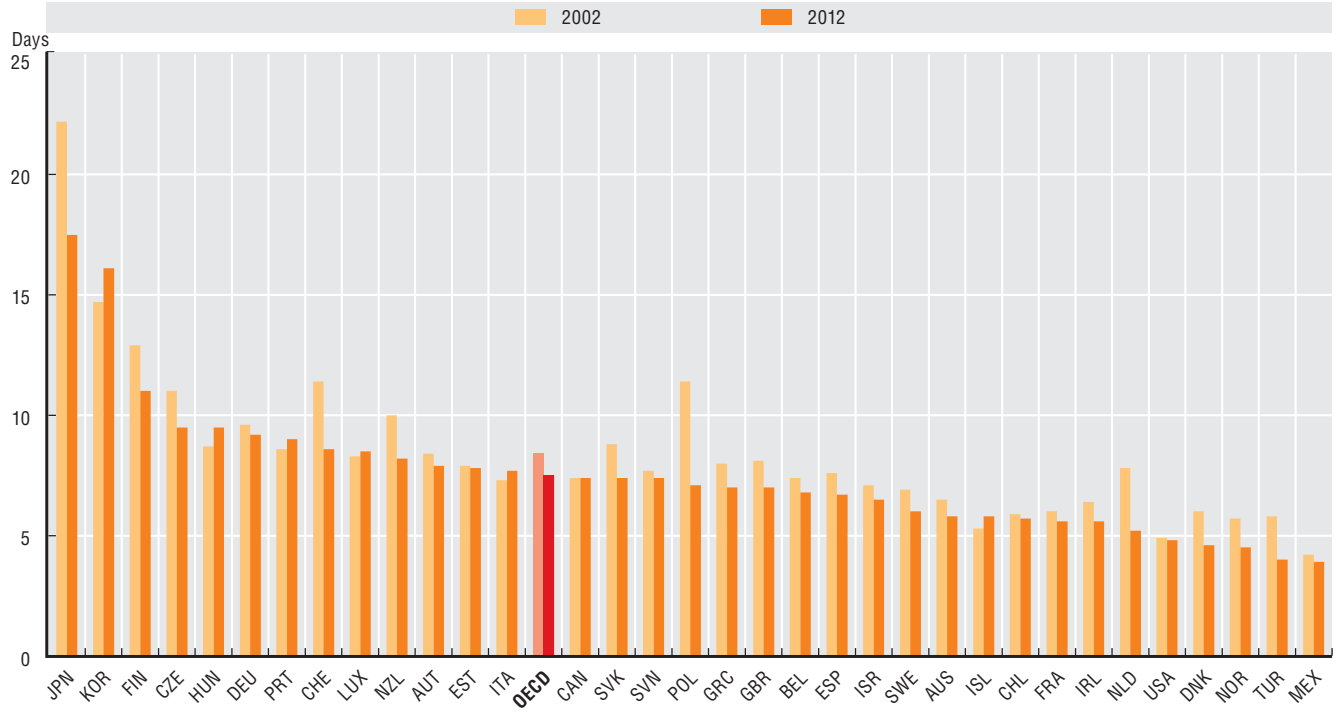
11.9: Data for Japan refer to average length of stay for acute care (excluding long-term care beds in hospitals).

Data for Slovenia are for 2004 rather than 2002. Data for Greece are for 2007 rather than 2012. Data for Iceland are for 2009 rather than 2012. Data for Denmark, Norway, Sweden and the United States are for 2010 rather than 2012. Data for Australia, Belgium, Canada, Chile and the United Kingdom are for 2011 rather than 2012. Data for Korea are for 2013 rather than 2012.

11.10: Estonia: Ratios for 2005 to 2007 include customs operations but not for subsequent years. Italy: The computed ratios for these years significantly understate the true ratio as they do not take account of expenditure incurred on tax-related work carried out by other agencies (e.g. tax fraud work of the Guardia di Finanza and enforced debt collection undertaken by Equitalia spa) that have not been quantified. United States: Ratios indicated vary from IRS-published ratios owing to use of "net" and not "gross" revenue collections as the denominator.

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

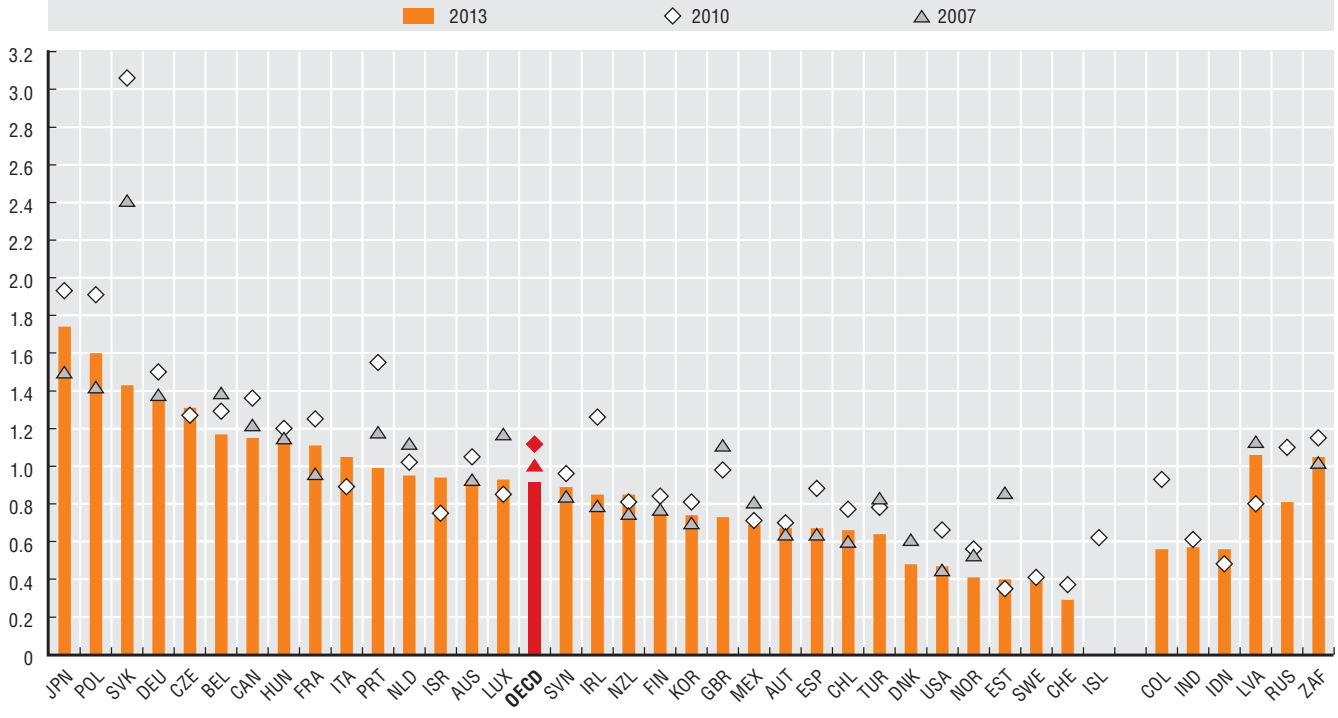
### 11.9. Average length of stay in hospital for all conditions, 2002 and 2012




*Source:* OECD (2014), *Health Statistics* (database).

StatLink http://dx.doi.org/10.1787/888933249301

### 11.10. Ratio of tax administration costs as a share of tax revenues, 2007, 2010 and 2013




*Source:* OECD (2015), Tax Administration 2015, OECD, Paris.

*Note:* International comparison of cost of collection ratios need to be made with care. There are various factors that hinder direct comparability which are highlighted in the OECD Tax Administration 2015 publication.

StatLink http://dx.doi.org/10.1787/888933249318

# Public sector cost effectiveness

Public sector cost effectiveness can be measured by looking at the relationship between inputs and broader outcomes in each sector. 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 socioeconomic background of the population and individual behavioural factors.

## Health care

Measuring the outcomes of health care activities and spending is important not only because this matters directly to patients, but also because, since health expenditure represents a significant and growing share of public spending, there is a need for governments and health care providers to demonstrate that these expenditures are put to good use. Life expectancy at birth is one of the most widely used measures of health outcomes, but it has the disadvantage of only measuring the length of life and not the health-related quality of life of people alive. It is also affected by many other factors beyond health care activities and spending (e.g. the living and working conditions of people, the physical environment, behavioural factors such as smoking alcohol consumption, nutrition, etc.).

There is a positive relationship between total health expenditure per capita and life expectancy, suggesting that higher health spending tends to be associated with longer lives, although the relationship generally becomes weaker as health spending increases. Japan, Iceland, Italy and Spain have relatively high life expectancy relative to their expenditure. On the other hand, Hungary, Mexico, the Slovak Republic and the United States have a lower life expectancy than what might be "predicted" given their level of health spending.

Similar results are also found if only public spending on health is taken into account rather than total expenditure, which include also private spending. However, the extent to which Mexico and the United States have a relatively low life expectancy compared to the OECD average is reduced when only public spending on health care is taken into account, because a greater share of spending in these two countries comes from private sources (about half of all spending).

## Education

Every three years, the OECD Programme for International Student Assessment (PISA) measures the performance of 15 years-old students in three domains: reading, mathematics and 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 an aggregate measure of the cost effectiveness of education systems.

PISA scores in reading and mathematics are positively correlated to expenditures although the relationship seems to hold particularly for low levels of cumulative expenditures per student. 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 backgrounds of students and school management practices, among others. Countries such as Korea, Canada and New Zealand spend less than the OECD average per student, but achieve better performances. On the other hand, Austria, Norway and Luxembourg have higher per student expenditures although their scores in reading and mathematics tests 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 expenditure on health measures the final consumption of health goods and services (i.e. current expenditure), plus 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 refer to the 2011 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 both 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 2012 PISA assessments of 15-year olds in reading and mathematics.

Figure 11.13, Life expectancy at birth and total public expenditure on health per capita (2012), is available on line at *http://dx.doi.org/10.1787/888933249340*.

## Further reading

OECD (2013), *Health at a Glance 2013*, OECD, Paris, *http://dx.doi.org/10.1787/health_glance-2013-en*.

OECD (2014), *Education at a Glance 2014*, OECD, Paris, *http://dx.doi.org/10.1787/eag-2014-en*.

OECD (2014), *PISA 2012 Results: What Students Know and Can Do – Student Performance in Mathematics, Reading and Science* (Volume I), OECD, Paris, *http://dx.doi.org/10.1787/9789264208780-en*.

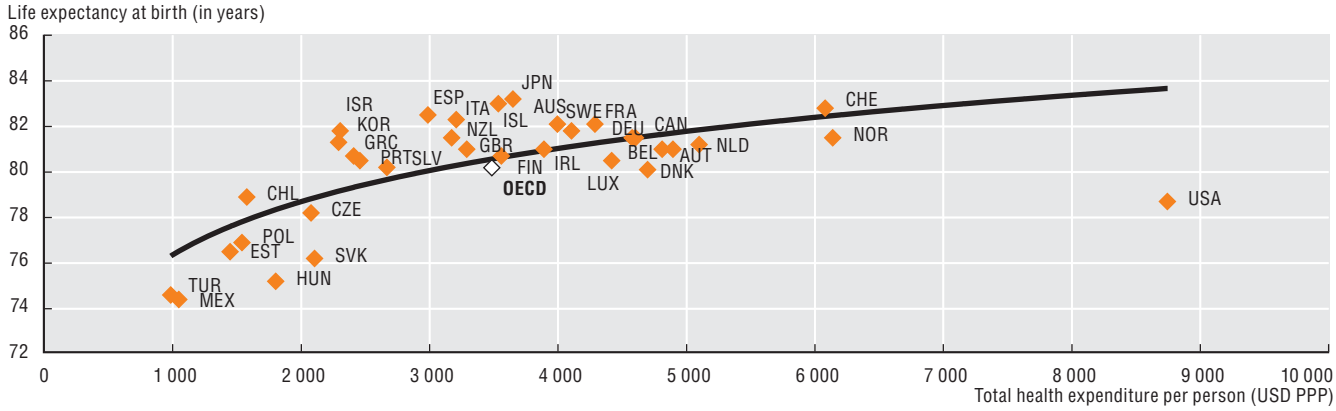
## Figure notes

11.11: Data on health expenditure for Belgium, the Netherlands, New Zealand and Portugal excludes investment (current expenditure only). Data for Australia and New Zealand are for 2011 rather than 2012. Data for Chile, Finland, Germany, Iceland, Italy, Korea, the Netherland and Norway are for 2013 rather than 2012. Data on life expectancy for Canada and the United States are for 2011 rather than 2012. Data for Mexico are for 2013 rather than 2012.

11.12: Data on cumulative expenditure for Greece are not available.

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

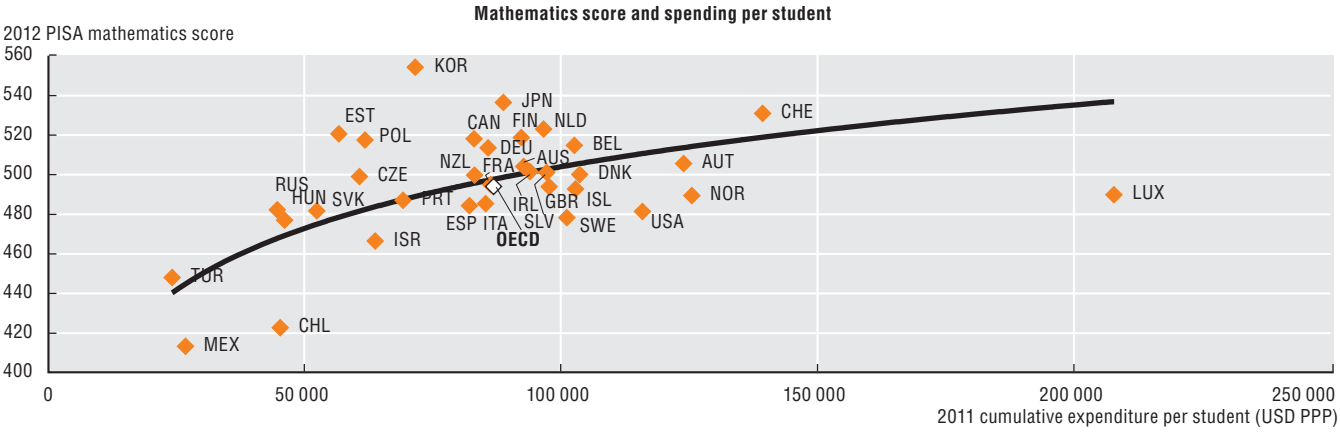
### 11.11. Life expectancy at birth and total expenditure on health per capita, 2012

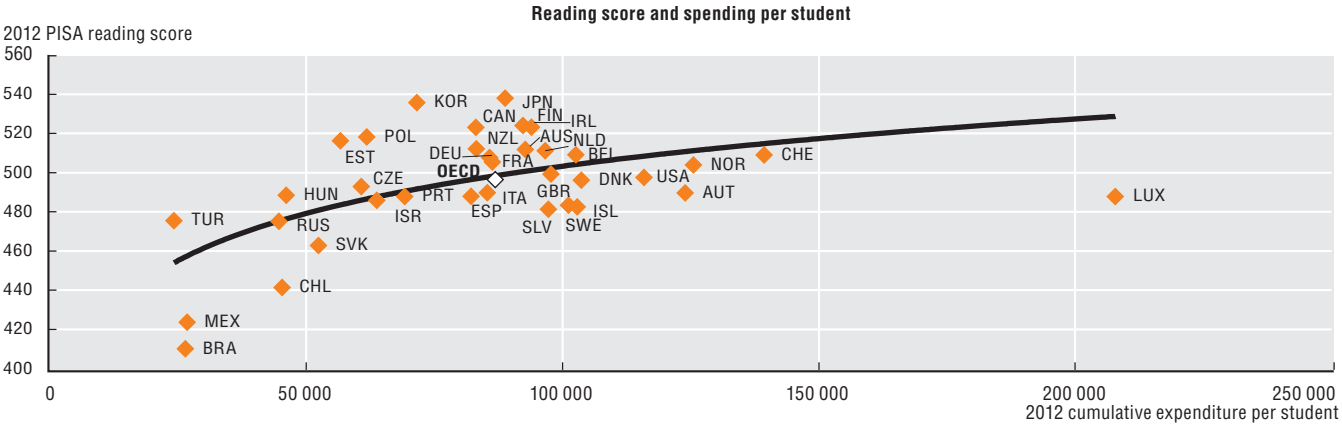



*Source:* OECD (2014), *Health Statistics* (database).

StatLink http://dx.doi.org/10.1787/888933249324

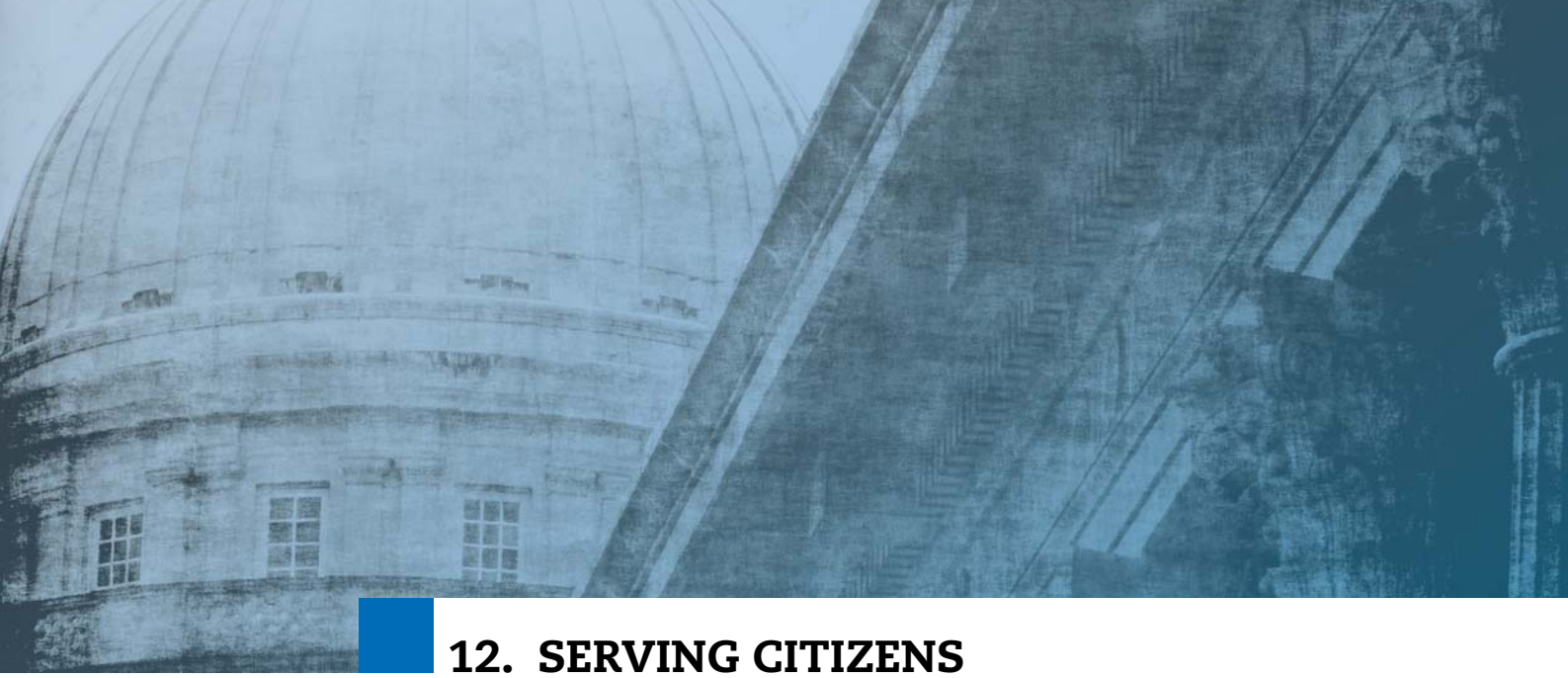
### 11.12. Performance in 2012 PISA scores and cumulative expenditure per student between 6 and 15 years old on education, 2011




*Source:* OECD (2014), *Education at a Glance*, 2014, OECD, Paris; *PISA 2012 Results: What Students Know and Can Do – Student Performance in Mathematics, Reading and Science* (Volume I), OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933249332



# 12. SERVING CITIZENS

The OECD serving citizens' framework

Citizen satisfaction with public services

Financial and geographic access to health care

Access to education

Access to judicial systems and legal information

Responsiveness of health systems to patient needs

Responsiveness of schools to student needs

Responsiveness of judicial systems to citizen needs

Quality of health care and patient safety

Student performance and equity in education

Effectiveness and fairness of judicial systems

# The OECD serving citizens' framework

Governments are responsible for providing a wide range of public services that should meet the expectations of their citizens in terms of access, responsiveness and reliability/quality. The direct experience of citizens with front-line public services in health care, education, transport, justice, employment, tax administration and other services greatly affects their satisfaction with these services and more broadly their trust in public institutions. When citizens cannot afford some essential services, when their geographic or electronic access to services and information is difficult, when the services provided do not respond to their needs and are of poor quality, citizens will naturally tend to report lower satisfaction with these services and with public institutions and governments.

Developed in close collaboration with other OECD directorates, this chapter presents a set of indicators on public services in three key areas: health, education and justice. Based on a framework outlined for the first time in *Government at a Glance 2013*, this chapter begins by presenting data on citizens' overall satisfaction with public services in these three areas, followed by more specific information on the level of access, responsiveness and reliability/quality of these services, based on administrative and survey data.

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 school 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.

Although still incomplete, the set of indicators presented for each dimension of the framework is more comprehensive than in the previous edition and provides a broader picture of the level of access, responsiveness and reliability/quality of the services delivered to citizens in OECD countries in these three areas.

### 12.1. Framework for measuring public services to citizens

*Including key indicators in the areas of health, education and justice*

| ACCESS | RESPONSIVENESS | RELIABILITY/QUALITY |
|---|---|---|
| Affordability | Citizen centred approach (courtesy, treatment and integrated services) | Effective delivery of services and outcomes |
| Unmet care needs for financial reasons by income level (health)<br>Out of pocket medical expenditure as a percentage of final household consumption (health)<br>Share of private expenditure on educational institutions (education)<br>Entry rate in tertiary type education (education)<br>Number of first instance cases granted with legal aid (justice) | Patient experience with ambulatory care (health)<br>Patients reporting having contacted their regular doctor/practice for medical concern via e-mail (health)<br>Time spent by school principals interacting with parents or guardians (education)<br>School principals reporting high level co-operation between their school and local community (education)<br>Use of ICT in courts for case management and to communicate with citizens and parties (justice) | Cancer survival rate (health)<br>Mortality rate for cardiovascular diseases (heart attacks) (health)<br>Evolution of PISA mean score (education)<br>Effective enforcement of civil justice |
| Geographic proximity | Match of services to special needs | Consistency in service delivery and outcomes |
| Physician density in urban and rural regions (health) | Teachers' needs for professional development in teaching students with special needs (education)<br>Specific arrangements' mechanisms in courts for vulnerable people (e.g. ethnic groups, children, disabled) (justice) | Variance in maths PISA score explained by socio economic background (education)<br>Civil justice is free of improper government influence |
| Accessibility of information | Timeliness | Security (safety) |
| Accessibility of legal information on court procedures for citizens (justice) | Waiting times for a specialist appointment (health)<br>Waiting times for a doctor and nurse appointment (health)<br>Disposition time in days for litigious civil and commercial first instance cases (justice) | Appropriate use of antibiotics (health)<br>People do not resort to violence to redress personal grievances (justice)<br>Crime is effectively controlled (justice) |

# Citizen satisfaction with public services

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.

A vast majority of people in most OECD countries are satisfied with the availability of quality health services in the area where they live. On average across OECD countries, 71% of people reported being satisfied with their health care system in 2014. However, there are wide variations across countries. In Austria, Belgium, Luxembourg and Switzerland, about 9 citizens out of 10 reported being satisfied with their health care system. This proportion was much lower in Chile and Greece where less than 4 citizens out of 10 reported such satisfaction. In these two countries, the satisfaction with the health care system has decreased substantially since 2007. 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). Public satisfaction with the health care system generally tends to be lower in other major economies, notably in Ukraine, Brazil and Russia.

A majority of citizens in OECD countries are also satisfied with their education system. On average across OECD countries, about 67% of citizens reported being satisfied with their educational system and schools in 2014. Citizens in Belgium, Finland, Iceland, Ireland, Norway and Switzerland reported the highest level of satisfaction with their education system and schools at above 80%, whereas less than half of the population in Greece reported being satisfied with their education system. The satisfaction level with the education system in other major economies was generally higher than for the health care system, although it was fairly low in Brazil, Colombia, Russia and Ukraine and declining in the case of Brazil and Colombia.

The reported level of confidence with the judicial system and the courts is generally below the satisfaction levels with health and education systems. On average across OECD countries, just over half (54%) of citizens reported having confidence in their country's judicial system and courts. There are significant differences across OECD countries, with more than 80% of citizens in Denmark, Norway and Switzerland reporting having confidence in their judicial system and courts, whereas less than 20% of the population in Chile expressed such confidence. Confidence in the judicial system has mainly decreased in Turkey and Italy since 2007. Among other major economies, the level of confidence with the judicial system in 2014 was particularly low in Ukraine but also in Colombia and Latvia.

### *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?".

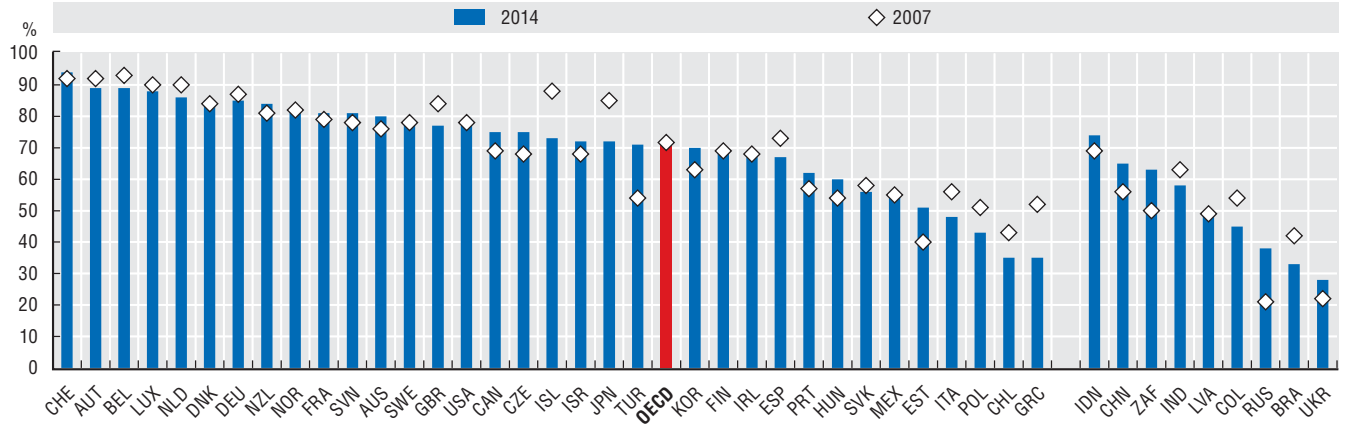
## Figure notes

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 Australia, Canada, Chile, Hungary, Iceland, Japan and Korea are for 2013 rather than 2014. Data for China, Latvia and South Africa are for 2013 rather than 2014.

12.4: Data for China are not available.

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

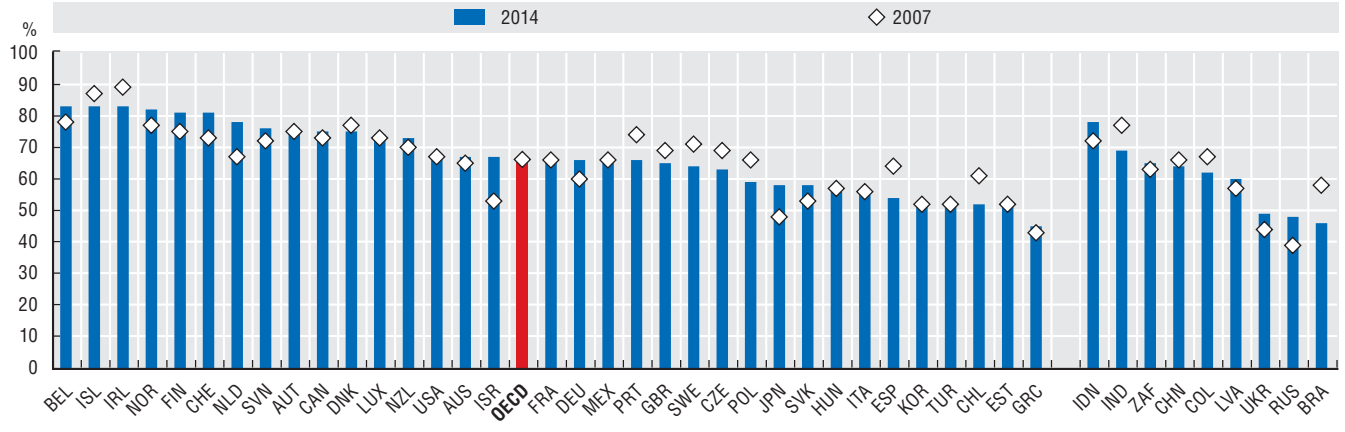
### 12.2. Citizen satisfaction with the health care system, 2007 and 2014




*Source:* Gallup World Poll.

StatLink http://dx.doi.org/10.1787/888933249354

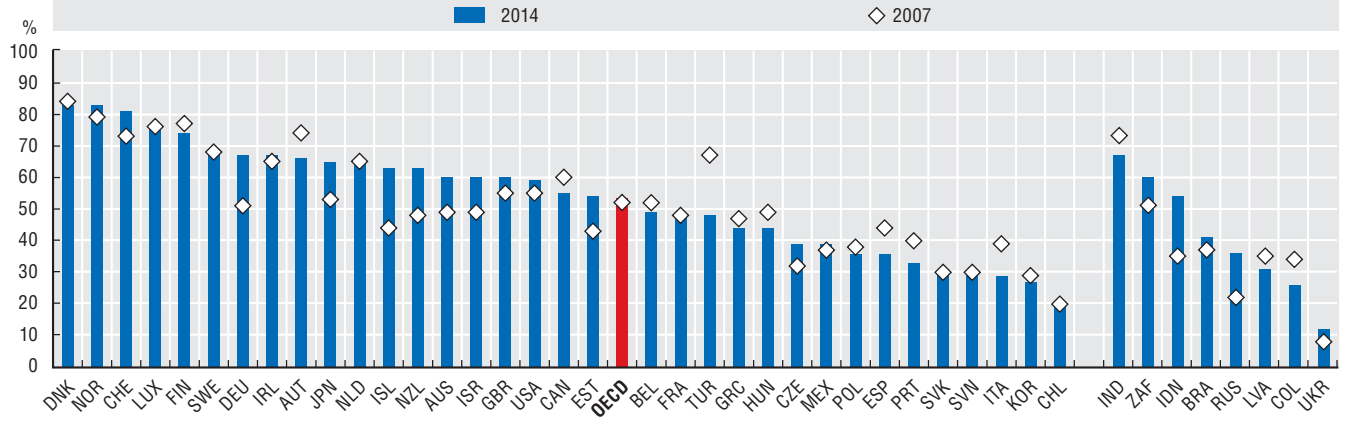
### 12.3. Citizen satisfaction with the education system, 2007 and 2014




*Source:* Gallup World Poll.

StatLink http://dx.doi.org/10.1787/888933249368

### 12.4. Citizen confidence with the judicial system, 2007 and 2014




*Source:* Gallup World Poll.

StatLink http://dx.doi.org/10.1787/888933249375

# Financial and geographic access to health care

Unmet health care needs, as reported in population-based surveys, are a good way of assessing any access problems for certain population groups. A European-wide survey (EU-SILC), conducted on an annual basis, provides information on the proportion of people reporting unmet care needs for medical examination for financial, geographic or other reasons.

In all European countries covered by this survey, low-income people were more likely in 2013 to report unmet care needs than people with high incomes. The gap was particularly large in Hungary, Italy and Greece. The most common reason reported by low-income people for unmet needs for medical examination is cost while the main reasons reported by high-income people are lack of time and a willingness to see if the problem would go away on its own.

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. If the financing of health care becomes more dependent on OOP payments, the burden shifts, in theory, towards those who uses services more and possibly from high to low income households that often have greater health care needs.

In 2012, about 3% of total household consumption was dedicated to medical spending on average in OECD countries. In some countries which have been hit particularly hard by the crisis and where public coverage for certain health services and goods has been reduced, the share of OOP spending has increased in recent years (Hungary and Ireland).

Health systems in OECD countries differ 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.

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.

In all OECD countries, the density of physicians is greater in urban regions, reflecting the concentration of specialised services such as surgery and physicians' preferences to practise in urban settings. Differences in the density of doctors between predominantly urban and rural regions in 2011 were highest in the Slovak Republic, Czech Republic and Greece. This was driven to a large extent by the strong concentration of doctors in the national capital region. The geographic distribution of physicians was more equal in Japan and Korea.

In many OECD countries, different types of financial incentives have been provided to doctors to attract and retain them in underserved areas, including one-time subsidies to help them set up their practice and recurrent payments such as income guarantees and bonus payments. In Germany, the number of practice permits for new ambulatory care physicians providing services to statutory health insurance patients in each region is regulated, based on a national service delivery quota. In France, new multidisciplinary medical homes were introduced in underserved areas, allowing physicians and other health professionals to work in the same location while remaining self-employed.

### *Methodology and definitions*

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 any reason.

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. current health spending less expenditure for the health part of long-term care) is presented here.

The data for most countries refer to the number of practising physicians, defined as the number of physicians who are providing care directly to patients. Countries are ranked based on the difference between the density of physicians in urban and rural areas. The OECD classifies regions in two territorial levels. The higher level (territorial Level 2) consists of large regions corresponding generally to national administrative regions. These broad regions may contain a mixture of urban, intermediate and rural areas. The lower level (territorial Level 3) is composed of smaller regions that are classified as predominantly urban, intermediate or predominantly rural regions (OECD, 2013).

## Further reading

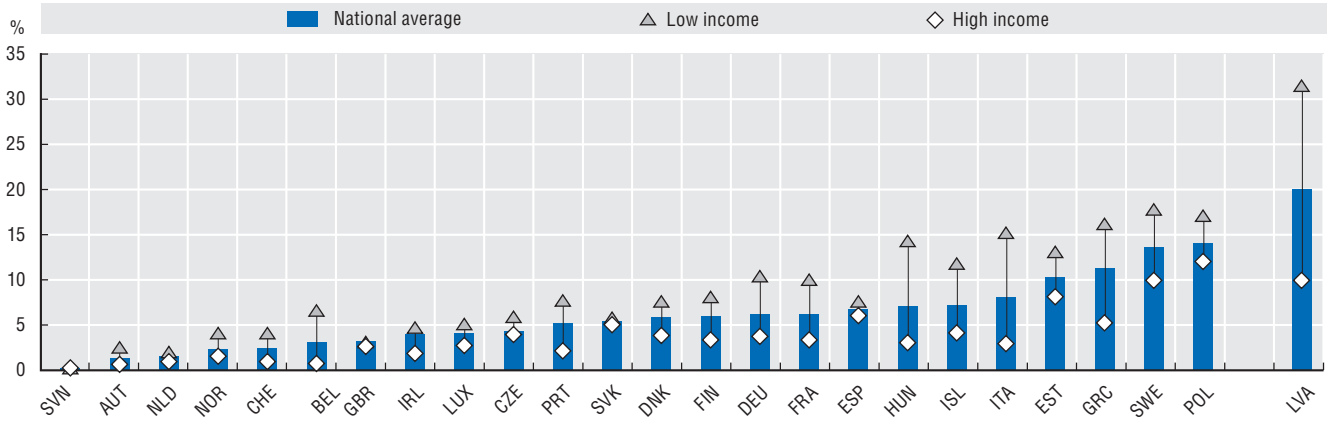
OECD (2013), Regions at a Glance, OECD, Paris, *http://dx.doi.org/10.1787/reg_glance-2013-en*.

## Figure notes

12.6: Data for Greece, Spain and Turkey are for 2009 rather than 2007. Data for Australia, Canada, Japan, New Zealand, Norway, Portugal and Switzerland are for 2011 rather than 2012. Data for Israel are for 2010 rather than 2012.

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

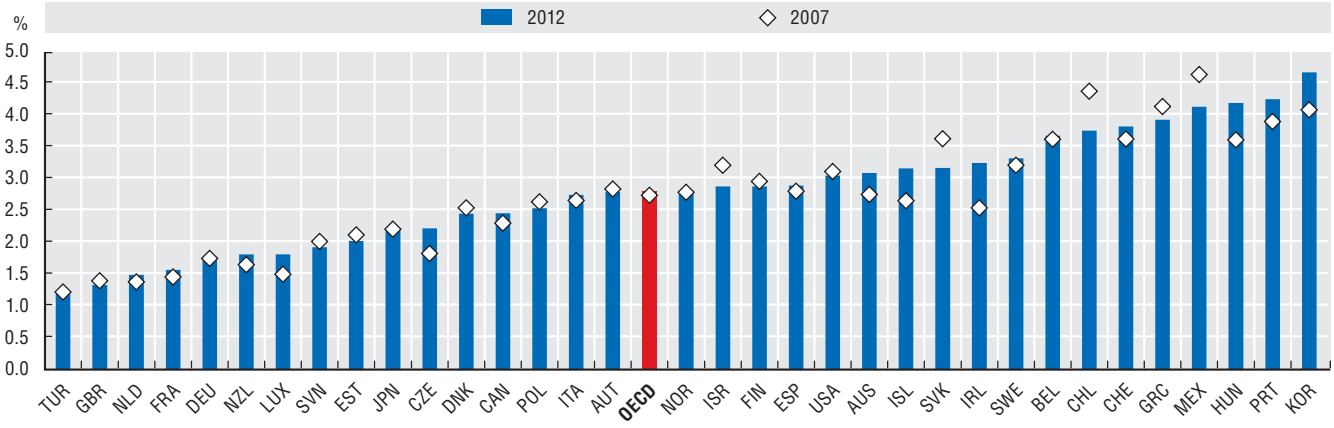
### 12.5. Unmet care needs for medical examination by income level, 2013




*Source:* EU Survey on income and living conditions (EU-SILC), 2013.

StatLink http://dx.doi.org/10.1787/888933249388

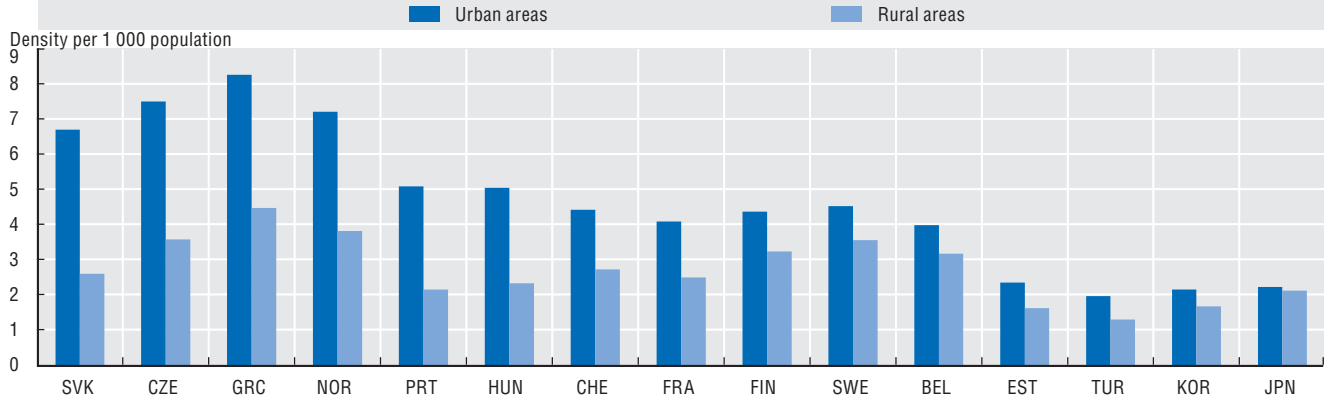
### 12.6. Out-of-pocket (OOP) medical expenditure as a share of final household consumption, 2007 and 2012




*Source:* OECD (2014), *Health Statistics*.

StatLink http://dx.doi.org/10.1787/888933249395

### 12.7. Physician density in predominantly urban and rural regions, 2011




*Source:* OECD (2013), *Regions at a Glance 2013*, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933249403

# Access to education

In OECD countries, the education systems generally provide universal access to primary and secondary schools for children aged 5-14 years, although some parents may decide to send their children to private schools for various reasons. Access to tertiary education depends on the successful completion of secondary education, the mix of public and private costs for this higher level of education and other reasons.

In all OECD countries, 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 2011, with the remaining 9% coming from private sources (mainly direct household expenditure).

Still, there are important variations across countries. Private expenditure on primary, secondary and post-secondary (non-tertiary) educational institutions in Chile (22%), Korea (19%) and Mexico (17%) are relatively higher whereas private expenditure represented less than 1% of total spending for these educational levels in Finland and Estonia. In general, households in Anglo-Saxon countries (Australia, New Zealand, the United Kingdom and the United States) tend to spend more for those educational institutions because more students are enrolled in private schools (around 10% on average), whereas households in Nordic countries tend to spend less given that very few students go to private schools.

Tertiary institutions and, to a lesser extent, pre-primary institutions obtain the largest proportions of funds from private sources: 31% and 19%, respectively. High private returns to tertiary education justify a greater contribution of individuals (or their families) to related costs, but 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 Chile, Korea, the United Kingdom, Japan and the United States. By contrast, this share of private funding remains relatively low in Nordic countries where tuition fees charged by tertiary institutions are low or negligible.

The proportion of young people entering tertiary type A education is relatively high in some Nordic countries (Iceland, Norway, Denmark) and in Poland and Slovenia, where private expenditures on tertiary education are lower. But entry rates to tertiary education are also high in other countries like Australia and New Zealand where private households bear a greater share of tertiary-level expenditure. In the two latter countries the share of international students entering university is much higher than in other OECD countries. When excluding international students, the share of students entering tertiary type A education drops from 102% to 76% in Australia and from 78% to 61% in New Zealand (OECD, 2014).

On average in OECD countries between 2000 and 2012, there has been a 10 percentage point increase in entry rates in tertiary type A education (58% in 2012). With the exception of Hungary, New Zealand (where entry rates can drastically fluctuate from one year to another due to the high number of international students), Sweden and Finland (where entry rates were already very high leaving only small room for expansion) entry rates have increased in all other OECD countries for which trend data are available. The increase was particularly strong in Czech Republic, Germany and Turkey.

### *Methodology and definitions*

Data for both figures come from the Unesco-OECD-Eurostat (UOE) data collection on education statistics.

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. For more details see: *www.oecd.org/edu/eag.html*.

Entry rates represent the percentage of an age cohort that is expected to enter a tertiary programme over a lifetime. This estimate is based on the number of new entrants in 2012 and the age distribution of this group. Therefore, the entry rates are based on a synthetic cohort assumption, according to which the current pattern of entry constitutes the best estimate of the behaviour of today's young adults over their lifetimes. Entry rates are sensitive to changes in the education system, such as the introduction of new programmes or a variation in the number of international students. Entry rates can be very high, and even greater than 100% (thus clearly indicating that the synthetic cohort assumption is implausible), during a period when there are unexpected entries. For more details see: *www.oecd.org/edu/eag.html*.

## Further reading

OECD (2014), Education at a Glance 2014. OECD, Paris, *http://dx.doi.org/10.1787/eag-2014-en*.

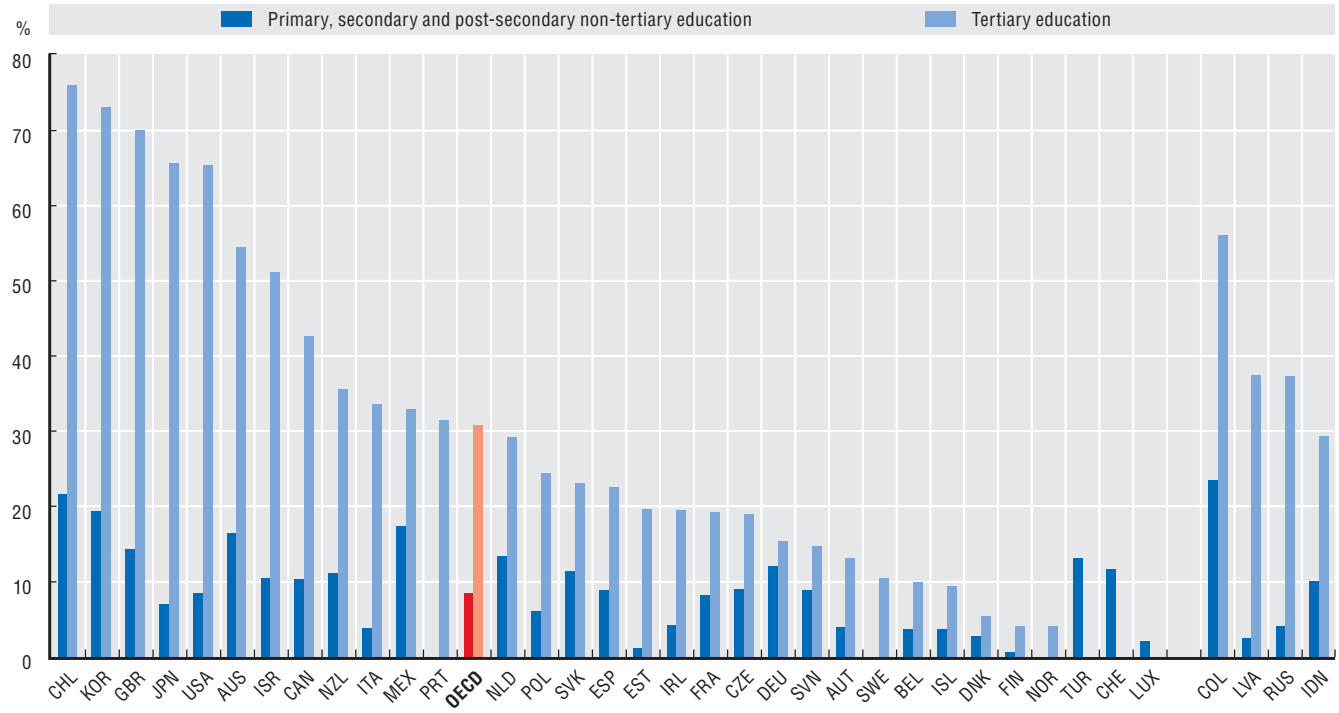
## Figure notes

12.8: Some levels of education are included with others for Japan, Canada, the Slovak Republic and Denmark.

12.9: For the United States entry rates for tertiary-type A programmes include tertiary-type B programmes. For Germany, there is a break in time series between 2008 and 2009 due to a partial realisation of vocational programmes. For Belgium, data refer to 2001 rather than 2000.

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

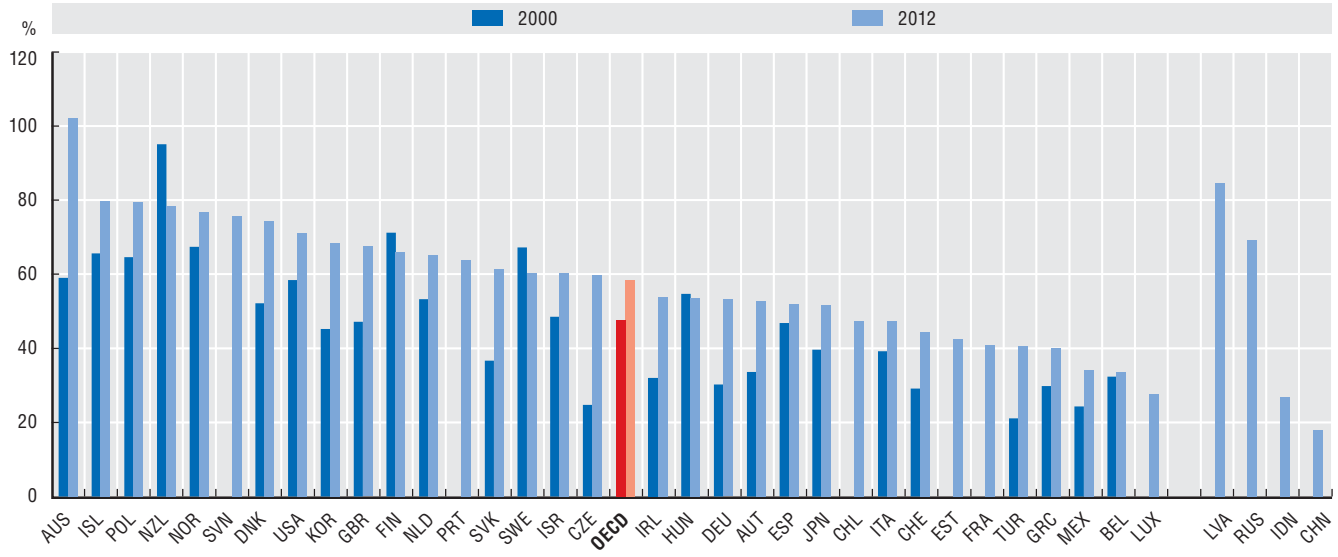
### 12.8. Share of private expenditure on educational institutions, 2011




*Source:* OECD (2014), *Education at a Glance 2014*, Indicator B3, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933249415

### 12.9. Entry rates into tertiary-type A education (university), 2000 and 2012




*Source:* OECD (2014), *Education at a Glance 2014*, Indicator C3, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933249424

# Access to judicial systems and legal information

Equal access to justice is an essential element of the proper functioning of the rule of law. Affordability of legal procedures for all citizens as well as access to legal information that is easily understandable are two key dimensions to assessing the degree of accessibility of judicial systems in OECD countries.

## Affordability of legal procedures

Most OECD countries provide some form of legal aid to people below a certain income threshold and other population groups considered to be disadvantaged to guarantee equal access to justice. Comparing legal aid provision across OECD countries is difficult however, given differences in the scope and coverage of legal services. Differences in the functioning and financing of the justice system also affect the need for legal aid provision in different countries.

According to the 2014 Evaluation of Judicial Systems carried out by the European Commission for the Efficiency of Justice (CEPEJ), legal aid was provided in about 9% of all first instance cases in the group of European OECD countries reporting such data. Legal aid is more often provided in Norway, the Netherlands, the United Kingdom and France, whereas it is provided in only a very small percentage of first instance cases in Denmark (data only refer to non-criminal cases rather than all cases), the Slovak Republic (data only refer to non-criminal cases rather than all cases), Slovenia, Hungary and Austria.

For the reasons noted above, this does not necessarily mean, that there are financial barriers to the legal system in this latter group of countries. More comprehensive efforts to reform the justice system may facilitate access to justice, particularly for individuals who are not granted legal aid, by raising the availability of private legal expense insurance or through administrative simplification (CEPEJ, 2014).

## Access and understandability of information on laws and legal procedures

Ensuring access for layman citizens to legal information and procedures is crucial to empower them in exercising their legal rights. According to the 2013Eurobarometer, only about one-fifth of people (22%) in OECD-EU countries felt highly informed about judicial procedures. This ranged from more than 30% in Slovenia, Finland and Italy to only 15% in France and 16% in Hungary, Spain and Estonia. Most people in the countries surveyed felt well informed about how to find a lawyer, but less informed on many other aspects (including what to do if they need to go to court, the cost of legal procedures and their right to legal aid).

People with a higher level of education felt generally better informed than those with lower level of education. Similarly, self-employed people are the most likely to feel well informed about legal procedures, while manual workers feel the least well informed (European Commission, 2013). While most OECD countries have developed Internet portals to access legal texts, case law of higher courts and other legal documents, there seems to be a persisting need to communicate more about legal proceedings -including alternatives to court, such as mediation.

### *Methodology and definitions*

Data on legal aid come from the European Commission for the Efficiency of Justice (CEPEJ) 2014 report. Legal aid, is defined as aid given by the state to persons who do not have sufficient financial means to defend themselves before a court or to initiate court proceedings. Data refer to the percentage of all first instance cases provided with legal aid. Data only cover European countries. For more details on the methodology underlying the data, please see: *www.coe.int/t/dghl/cooperation/cepej/evaluation/default_en.asp*.

Data come from the European Commission's 2013 Eurobarometer No. 385 on Justice in the EU. The survey was carried in the 28 states of the European Union between 30 September and 2 October 2013. Some 26 581 respondents from different social and demographic groups were interviewed via telephone on behalf of the European Commission, Directorate-General for Justice. The methodology used is that of Eurobarometer surveys. Data refer to the Eurobarometer Information Index, which measures self-reported level of information about the right to legal aid, the alternatives to court (e.g. mediation), what to do if you need to go to court, how to find a lawyer and the costs of proceedings. For more details on the methodology underlying the data, please see: *http://ec.europa.eu/public_opinion/flash/fl_385_en.pdf*.

## Further reading

CEPEJ. (2014), *Evaluation of European Judicial Systems*, 5th Report, Council of Europe Publishing, Strasbourg.

European Commission (2013), *Justice in the EU*, Flash Eurobarometer 385, European Commission Publishing, Brussels.

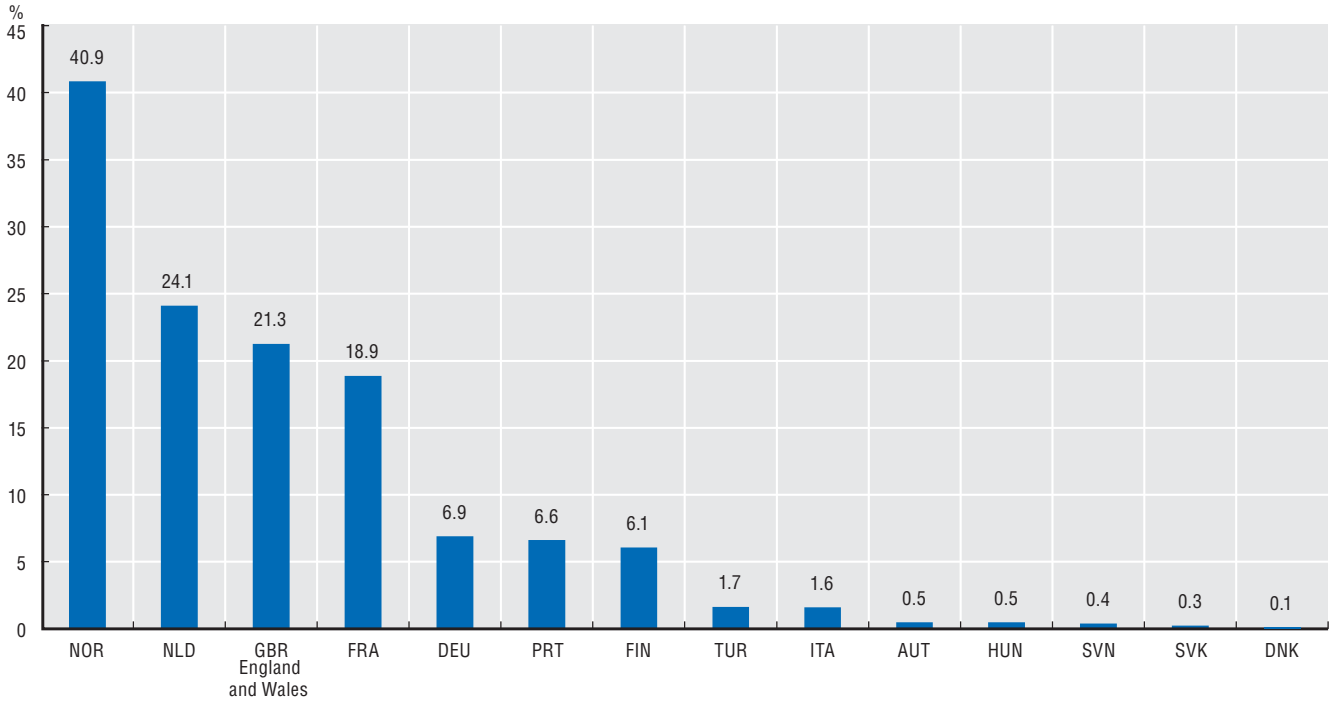
## Figure notes

12.10: Data for Denmark and the Slovak Republic only refer to non-criminal cases. Data for OECD non European countries are not available. Data for the United Kingdom refer only to England and Wales.

12.11: Data for OECD non-EU countries are not available.

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

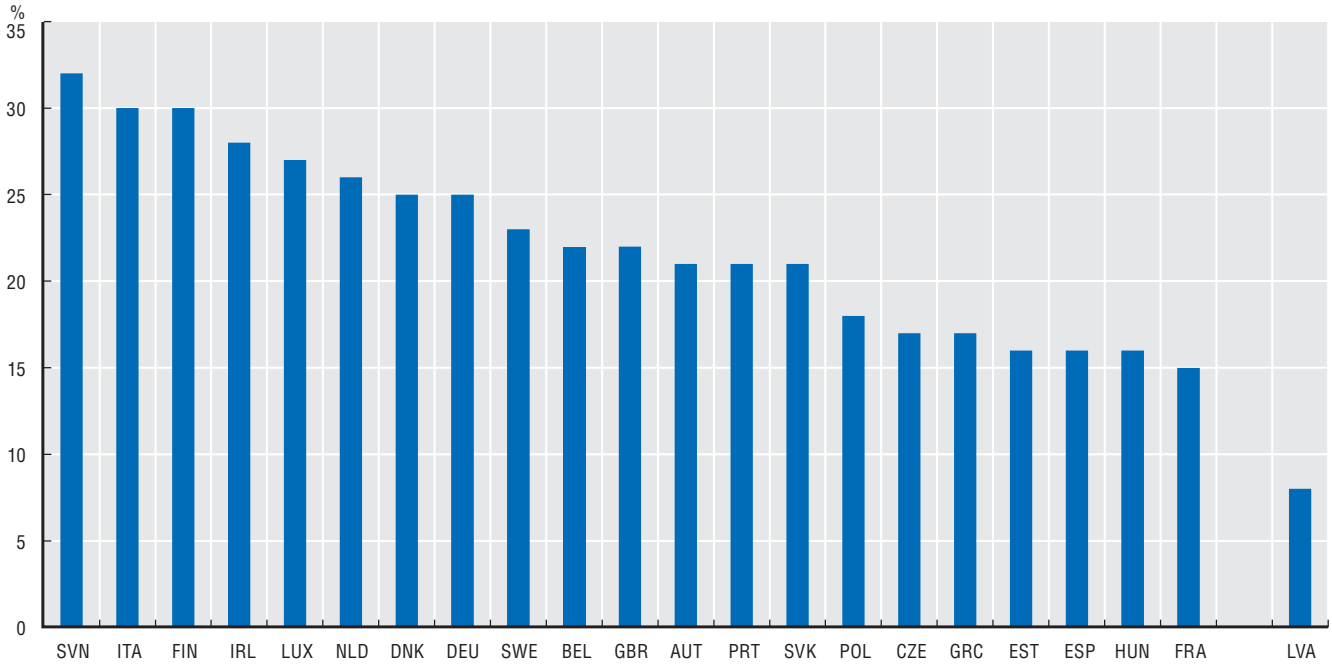
**12.10. Percentage of first instance cases granted with legal aid, 2012**




*Source:* The European Commission for the Efficiency of Justice (CEPEJ) (2014), European judicial systems (database); and OECD calculations.

StatLink http://dx.doi.org/10.1787/888933249431

**12.11. Percentage of people who feel highly informed about legal procedures, 2013**




*Source:* European Commission (2013), Justice in the EU, Flash Eurobarometer 385, European Commission Publishing, Brussels

StatLink http://dx.doi.org/10.1787/888933249447

# Responsiveness of health systems to patient needs

Responsive and patient-centred health systems involve providing patients with access to health services within reasonable waiting times and treating them with respect and dignity.

## Waiting times to see a doctor or nurse and to get a specialist appointment

Long waiting times to receive health services is an important policy issue in many OECD countries. Long waiting times can generate dissatisfaction for patients and may result in adverse health outcomes when needed care is delayed. Such waiting times may 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 organisation to respond to demands for health care (*Siciliani* et al., *2013*).

Among the OECD countries that participated in the 2013 Commonwealth Fund International Health Policy Survey, around three-quarters of people in Germany and New Zealand reported that they were able to get an appointment with a doctor or nurse when they felt they needed care on the same day or the next day. This proportion fell to less than half of people in Canada and the United States. In Canada, one-third of the population reported that they had to wait six days or more to get a doctor or nurse appointment, while this proportion reached more than a quarter of the population in the United States. One consequence of this longer waiting time is that more people end up using emergency departments in hospitals (Commonwealth Fund, 2013). This suggests a need to increase the number and improve the geographic distribution of generalist doctors and nurse practitioners working outside hospitals in these countries and/or to have contractual requirements that primary care practices provide arrangements for after-hours care.

Waiting times to get an appointment with a specialist doctor also vary widely across countries. While 80% of the population in Switzerland and the United Kingdom reported in 2013 that they were able to get an appointment with a specialist in less than a month, this was the case for less than 50% of the population in Canada and Norway. In these two latter countries, over a quarter of the population reported having to wait more than two months to get an appointment with a specialist. Such waiting times may result in delays in establishing clearer diagnosis and beginning any needed treatments.

## Patient experience with ambulatory care

A major trend in many OECD countries is to promote greater interactions between doctors and patients, so that patients can be more involved in the management of their health problems and in decisions about treatment options reflecting their preferences.

Among the OECD countries participating in the 2013 Commonwealth Fund Survey, patients generally reported positively on the communication and explanations they were given by their doctors, and their involvement in care and treatment decisions. 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.

The use of Internet and e-mail have transformed the way people interact with public service providers in many sectors and could, in theory, be implemented in medical practice to enhance the practitioner-patient relationship. However, the use of those online means of communication remains limited due to legal concerns and other reasons. Among the OECD countries that participated in the 2013 Commonwealth Fund Survey, only about 8% of patients reported having communicated at least one medical concern to their regular doctor/practice via e-mail over the past two years.

The uptake is generally higher in countries where regular doctors/practices inform more their patients about the possibility to raise their concerns via e-mail such as in the Netherlands and Switzerland. In the Netherlands, general practitioners have a financial incentive to provide e-mail consultations because most of them receive a fixed payment for each patient registered with them (regardless of whether they provide them with face-to-face consultations, phone consultations or e-mail consultations), while others are paid based on fees for services with email consultations being paid about half the rate of face-to-face consultations.

### *Methodology and definitions*

Data for the four figures come from the 2013 Commonwealth Fund International Health Policy Surveys collecting patient experience data every three years since 1998. For Figure 12.15, regular practice includes doctor's group, health centre or clinic but excludes hospital emergency departments. More information is available at: *www.commonwealthfund.org*.

## Further reading

Commonwealth Fund (2013), "2013 International Health Policy Survey in Eleven Countries", November 2013.

OECD (2013), *Health at a Glance 2013: OECD Indicators*, OECD, Paris, *http://dx.doi.org/10.1787/health_glance-2013-en*.

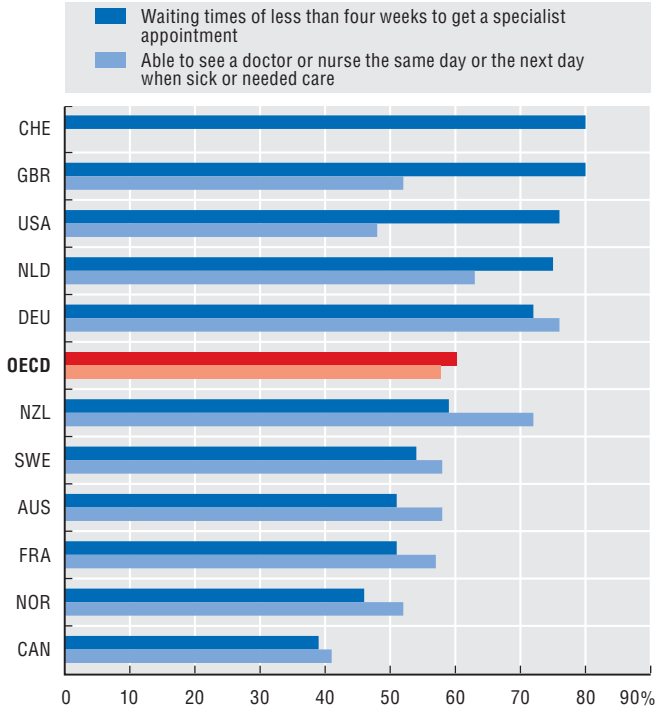
Siciliani, L., M. Borowitz and V. Moran (2013), *Waiting Time Policies in the Health Sector: What Works?*, OECD Health Policy Studies, OECD, Paris.

## Figure notes

12.12: The question on waiting times for a doctor or nurse appointment was asked differently in Switzerland.

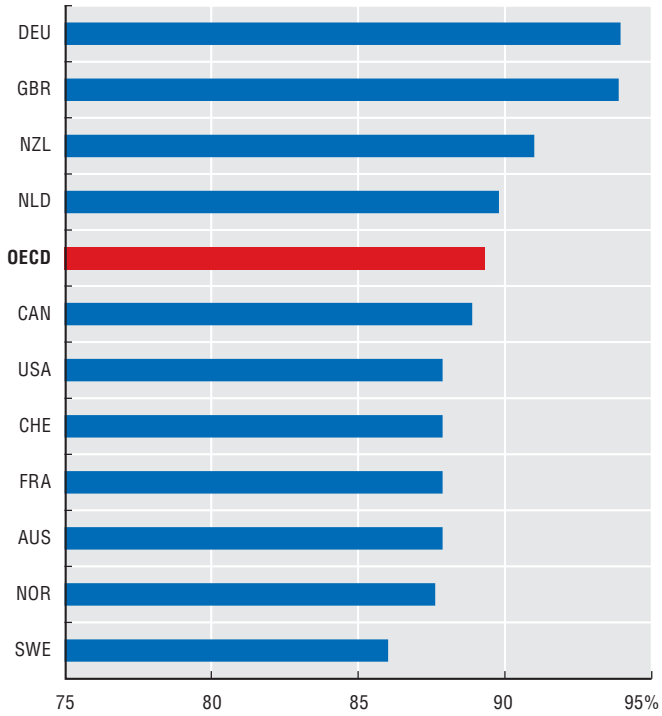
Information on data for Israel: *http://dx.doi.org/10.1787/888932315602*.

### 12.12. Waiting times for a doctor or nurse appointment and a specialist appointment, 2013



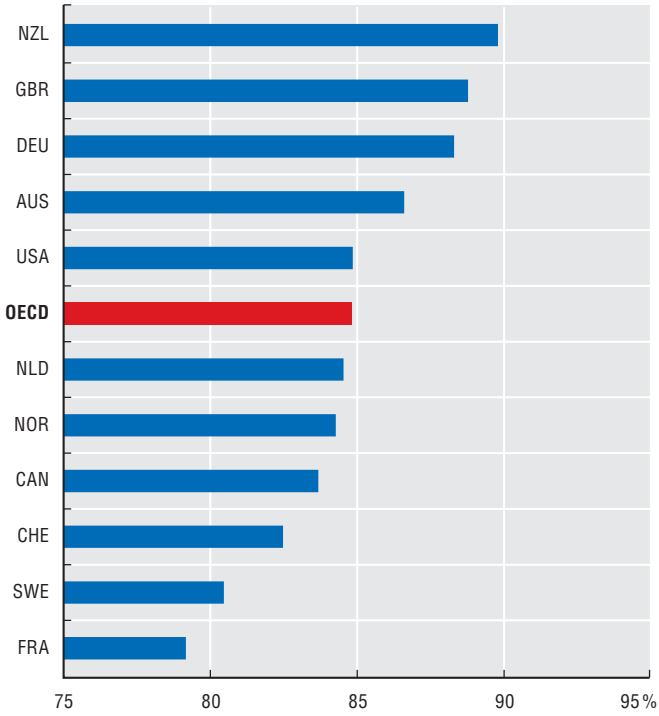

*Source:* Commonwealth Fund International Health Policy Survey 2013.
StatLink http://dx.doi.org/10.1787/888933249453

### 12.13. Regular doctor providing easy-to-understand explanations, 2013



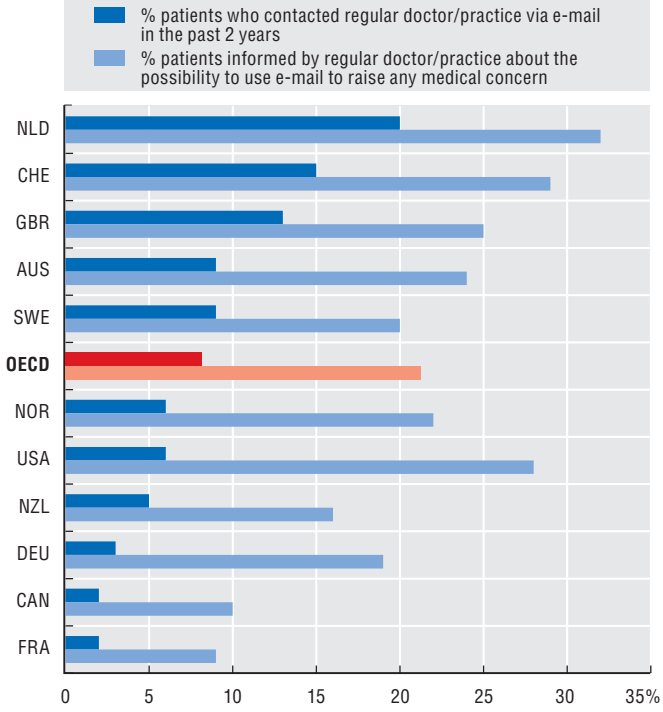

*Source:* Commonwealth Fund International Health Policy Survey 2013.
StatLink http://dx.doi.org/10.1787/888933249463

### 12.14. Regular doctor involving patient in decisions about care and treatment, 2013




*Source:* Commonwealth Fund International Health Policy Survey 2013
StatLink http://dx.doi.org/10.1787/888933249472

### 12.15. Use of e-mail to communicate with regular doctor/practice for any type of medical concern, 2013




*Source:* Commonwealth Fund International Health Policy Survey 2013.
StatLink http://dx.doi.org/10.1787/888933249481

# Responsiveness of schools to student needs

Responsiveness in education involves adapting teaching methods to the needs of different students, but also maintaining good communication with parents (or guardians of children) and interactions with community groups that might also provide support to the successful completion of basic education for all children.

## Teaching students with special needs

Providing more responsive and student-centred education requires that teachers not only have the pedagogical skills to manage their classes generally, but also that they have the specific competencies to effectively deal with students with special needs. This is one of the area where teachers themselves report the greatest need for further professional development.

In the TALIS survey of 2013, about one in five lower secondary teachers on average across participating countries reported that they did not feel fully prepared to respond to these challenges, compared to about one in ten only reporting a need for further professional development for managing classes more generally. Teachers in Mexico (47%) and Japan (41%) were more likely to report greater training needs for teaching students with special needs, while this proportion was lower in the Flanders (Belgium) (5%) and in England, (United Kingdom) (6%).

Caution is required in interpreting these data, as a bigger percentage might reflect, for instance, greater integration of special needs' students in regular classrooms or relatively higher expectations of teachers in terms of quality and adapted education. The definition of a student with special needs might also differ from one country to another.

## Interactions between schools and parents (or guardians)

Student success can be enhanced when the efforts of teachers are complemented by strong, ongoing support from parents. School principals often play a critical role in maintaining proper communications between the schools, students and their parents or guardians.

On average across OECD countries that participated in TALIS in 2013, school principals reported spending 11% of their time interacting with parents or guardians of their students. School principals in Italy, Chile and Spain (about 14%) reported spending a relatively bigger share of their time with parents or guardians, whereas principals in Czech Republic, the Netherlands and Estonia spent less than 10% of their time doing so.

On average, among all participating countries to TALIS, about two third of school principals (66%) reported providing parents or guardians with information on students school performance. In countries where school principals reported low interactions with parents or guardians, it is possible that the responsibility for communicating with parents lies more with teachers or with other school representatives.

## Interaction between schools and the local community

High levels of interactions between schools and groups in the local community can also contribute to the reduction of the number of early school leavers and improve the transition to post-secondary education or to the labour market. On average across OECD countries that participated in the 2013 TALIS, about 71% of teachers worked in schools in which principals reported high levels of co-operation between their school and the local community (local businesses, NGOs and other associations). This percentage is relatively higher in some countries such as Korea (91%) whereas it is lower (below 50%) in most Nordic countries (Denmark, Norway and Sweden) as well as in the Netherlands (21%).

### *Methodology and definitions*

Data for the three indicators come from the OECD 2013 Teaching And Learning International Survey (TALIS). TALIS is an international, large-scale survey that focuses on the working conditions of teachers and the learning environment in schools. There are four subnational entities participating in TALIS 2013: Alberta (Canada), Flanders (Belgium), England (United Kingdom) and Abu Dhabi (United Arab Emirates).

Data refer to the percentage of lower secondary education teachers who call for a high level of need for professional development in teaching students with special needs. Special needs students cover those for whom a special learning need has been formally identified because they are mentally, physically or emotionally disadvantaged. Often, special needs students will be those for whom additional resources (personnel, material or financial) have been provided to support their education. Gifted students are not considered to have special needs under this definition.

Data refer to the average proportion of time lower secondary education school principals report spending on interactions with parents or guardians (including both formal and informal interactions).

Data refer to principals reporting that they "agree" and "strongly agree" with the statement "There is a high level of co-operation between the school and the local community".

## Further reading

OECD (2014), *TALIS 2013 Results: An International Perspective on Teaching and Learning*, OECD, Paris, *http://dx.doi.org/10.1787/9789264196261-en*.

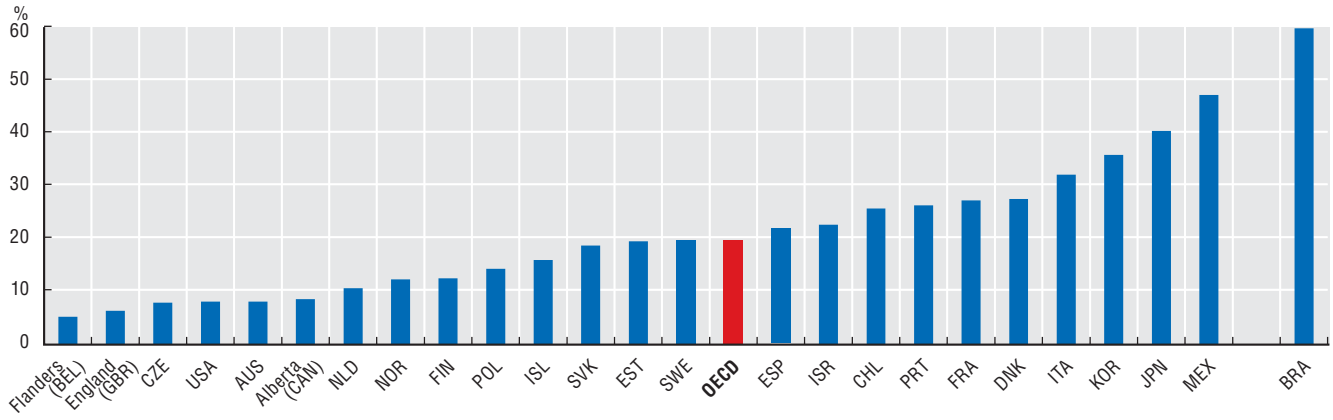
## Figure notes

In all three figures, the United States is excluded from the OECD average because it did not meet the international standards for participation rates.

12.17: A translation issue led to the removal of the data for Norway.

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

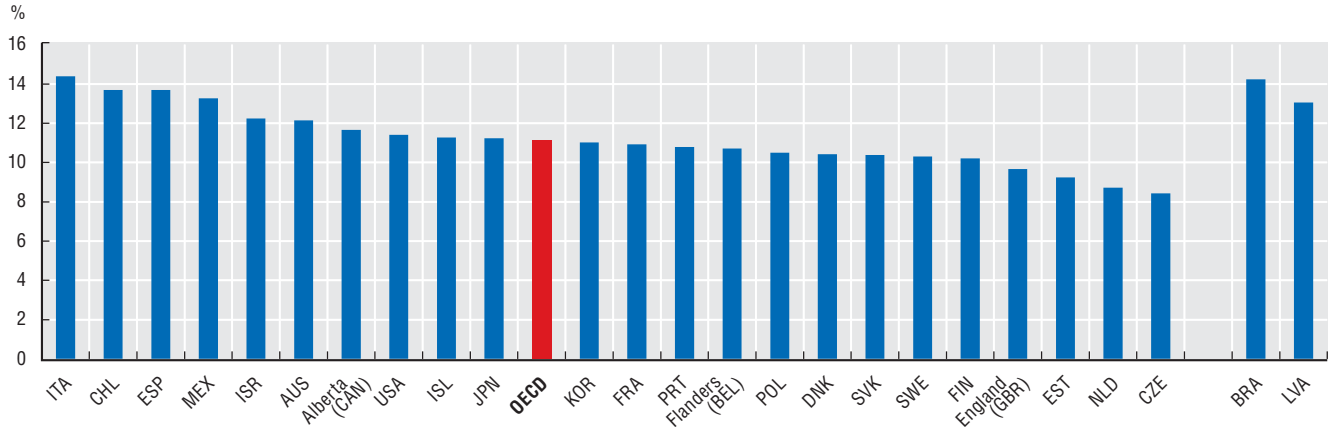
**12.16. Lower secondary education teachers' needs for professional development for teaching students with special needs, 2013**




*Source:* OECD (2013), *TALIS Database*, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933249497

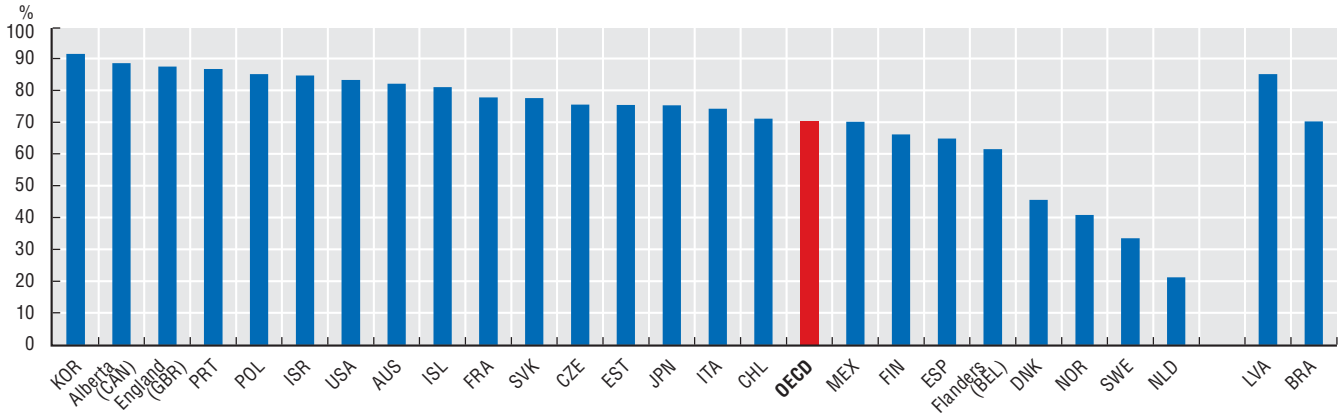
**12.17. Average proportion of time that lower secondary schools' principals spend interacting with parents or guardians, 2013**




*Source:* OECD (2013), *TALIS Database*, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933249507

**12.18. Percentage of lower secondary education teachers whose school principal reports a high level of co-operation between the school and local community, 2013**




*Source:* OECD (2013), *TALIS Database*, OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933249517

# Responsiveness of judicial systems to citizen needs

Citizens expect judicial procedures to be implemented without unreasonable delays. In a study carried out by the OECD economic department in 2013, the authors estimated that a 10% increase in the length of trials is associated with around 2 percentage point decrease in the probability to have confidence in the justice system (Palumbo et al., 2013).

## Timeliness of judicial proceedings

Disposition time (DT) is a commonly used indicator to estimate the timeframe of a judicial system for solving a case (CEPEJ, 2014). Starting from the prospective capacity of judicial 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. DT offers valuable information on the estimated length of proceedings.

The average DT of first instance civil and commercial litigious cases among European OECD countries for which data are available ranged from 590 days in Italy to less than 90 days in Luxembourg for 2013. Countries such as France (311), Finland (325), Portugal (369), Slovenia (405), the Republic Slovak (437), Greece (469) and Italiy (590) reported DT above 300 days.

Conclusions should be drawn with caution. DT does not provide a clear estimate of the time needed to process each case. Case level data from functional ICT systems would be needed to make a full analysis. Also, procedural differences across legal systems (including case load) and the organisation of the justice system (including for instance staffing and human resource management policies) can have an impact on DT. It should also be emphasised that very rapid proceedings do not always translate into good justice and certain expedited procedures (where speed takes priority) may be detrimental to the quality of justice.

To reduce delays in the treatment of cases and better interact with parties and citizens, many countries are moving towards more technology driven judicial systems. Almost all courts in European OECD countries are currently using electronic case and court management systems. Some countries also report that a high proportion of law courts allow for electronic submission of claims, online follow-up of cases and electronic processing of small claims. The use of ICT by law courts is particularly developed in countries like Austria, Estonia, Portugal, Finland and Sweden.

## The use of special arrangement mechanisms for vulnerable persons

In 2012 all European OECD countries reported having arrangements mechanisms during judicial procedures for at least one category of vulnerable people, which include in the CEPEJ methodology: victims of rape, terrorism, children witnesses/victims, victims of domestic violence, ethnic minorities, disabled persons and juvenile offenders. Some countries provide some type of special arrangements mechanisms to all seven categories of vulnerable groups. Those special arrangements mechanisms correspond to the existence of special information mechanisms for those groups during judicial proceedings (specific telephone hotlines, Internet portals, leaflets, etc.) and/or specific hearings modalities (for instance the use of videoconferencing in courts) to protect and strengthen the rights of those people.

### *Methodology and definitions*

Data for the 3 figures come from the 2014 European Commission for the Efficiency of Justice (CEPEJ) evaluation of judicial systems.

Disposition time in days, determines the maximum estimated number of days necessary for a pending civil and commercial litigious case to be solved in a court. For example, if a court is able to resolve 50 cases in 365 days and has 10 cases as backlog at the end of the year (i.e. pending cases) the DT is equal to 20% of these 365 days [(10/50) × 100] or more simply put the average timeframe for solving a pending case can be estimated between 0 and 73 days. The exact formula used is: (Number of unresolved cases at the end of a period/ Number of resolved cases in a period) × 365.

"All courts" refers to countries that answered that 100% of their law courts were equipped with the corresponding computer facility. "Some courts" refer to countries who answered more than 50% and less than 50% (but more than 10%). "Few courts" refer to countries who answered less than 10%. No courts refer to countries who answered 0%.

"Special arrangements" category refers to specific and adapted information mechanisms on procedural steps for certain groups and to the existence of special arrangements in court hearings. "Ethnic minorities" does not concern foreigners involved in a judicial procedure. This question does not concern the police investigation phase of the procedure and does not concern compensation mechanisms for victims of criminal offences.

## Further reading

CEPEJ (2014), *Evaluation of European Judicial Systems*, 5th Report, Council of Europe Publishing, Strasbourg.

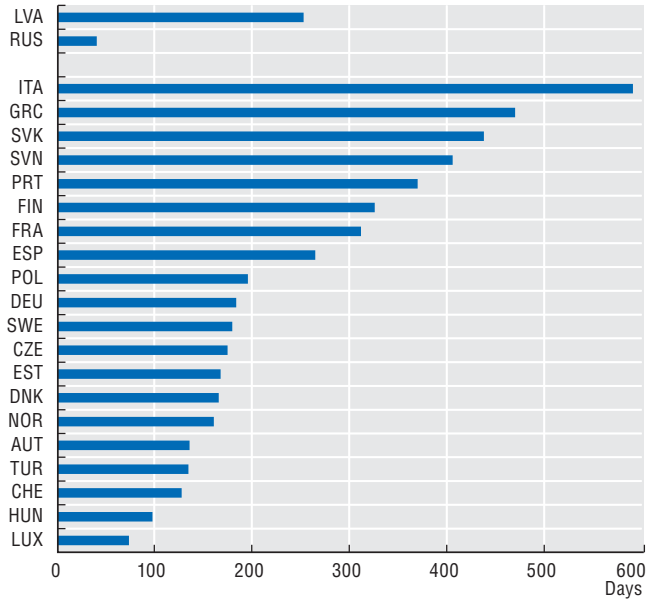
Palumbo, G., et al. (2013), "Judicial Performance and Its Determinants: A Cross-country Perspective", *OECD Economic Policy Papers*, OECD, Paris, *http://dx.doi.org/10.1787/5k44x00md5g8-en*.

## Figure notes

Data for all 3 figures are not available for OECD non-European countries.

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

### 12.19. Disposition time in days for first instance civil and commercial litigious cases, 2012




*Source:* The European Commission for the Efficiency of Justice (CEPEJ) (2014), European judicial systems (database).

StatLink http://dx.doi.org/10.1787/888933249522

### 12.20. Proportion of all law courts using computer facilities for case management and communication with parties and citizens, 2012

| | All courts | Some courts | Few courts (less than 10%) | No courts |
|---|---|---|---|---|
| Electronic submission of claims | AUT, CZE, EST, FIN, ISR, LVA, PRT, SVK, SWE, GBR (England and Wales) | HUN, ITA, SLV, CHE, TUR, DEU, GBR (Northern Ireland) | FRA, GRC, IRL, POL, RUS, ESP | BEL, DNK, ISL, LUX, NLD, NOR, GBR (Scotland) |
| Follow-up of cases online | AUT, CZE, EST, FIN, DEU, ISR, LVA, NLD, PRT, RUS, TUR, GBR (Northern Ireland), GBR (Scotland) | ITA, FRA, IRL, SLV, CHE, GBR (England and Wales) | GRE, POL, SVK, ESP | BEL, DNK, FIN, HUN, ISL, LUX, NOR, SWE |
| Electronic processing of small claims | AUT, CZE, EST, FIN, ISR, LVA, PRT, SWE, CHE, GBR (England and Wales), GBR (Northern Ireland) | IRL, ITA, FRA | DEU, GRC, POL | BEL, DNK, HUN, ISL, LUX, NLD, NOR, RUS, SVK, SLV, ESP, TUR, GBR (Scotland) |

*Source:* Adapted from the European Commission for the Efficiency of Justice (CEPEJ) (2014), European judicial systems (database).

StatLink http://dx.doi.org/10.1787/888933249531

### 12.21. Special arrangements mechanisms during judicial procedures for vulnerable groups, 2012

| | Victims of rape | Victims of terrorism | Children/Witnesses/ Victims | Victims of domestic violence | Ethnic minorities | Disabled persons | Juvenile offenders |
|---|---|---|---|---|---|---|---|
| Austria | ● | ● | ● | ● | ● | ● | ● |
| Belgium | ● | ❍ | ● | ● | ● | ❍ | ● |
| Czech Republic | ❍ | ❍ | ● | ❍ | ❍ | ❍ | ● |
| Denmark | ● | ❍ | ● | ● | ❍ | ● | ● |
| Estonia | ● | ● | ● | ● | ❍ | ● | ● |
| Finland | ● | ❍ | ● | ● | ● | ● | ● |
| France | ● | ● | ● | ● | ❍ | ● | ● |
| Germany | ● | ● | ● | ● | ❍ | ❍ | ● |
| Greece | ● | ● | ● | ● | ❍ | ❍ | ● |
| Hungary | ● | ❍ | ● | ● | ❍ | ● | ● |
| Iceland | ● | ● | ● | ● | ● | ● | ● |
| Ireland | ● | ❍ | ● | ● | ❍ | ● | ● |
| Israel | ● | ● | ● | ● | ● | ● | ● |
| Italy | ● | ● | ● | ❍ | ● | ● | ● |
| Luxembourg | ● | ❍ | ● | ❍ | ❍ | ❍ | ● |
| Netherlands | ● | ● | ● | ● | ● | ● | ● |
| Norway | ● | ● | ● | ● | ● | ● | ● |
| Poland | ● | ❍ | ● | ● | ❍ | ● | ❍ |
| Portugal | ● | ● | ● | ● | ❍ | ● | ● |
| Slovak Republic | ● | ● | ● | ● | ● | ● | ● |
| Slovenia | ● | ● | ● | ● | ❍ | ● | ● |
| Spain | ● | ● | ● | ● | ❍ | ● | ● |
| Sweden | ● | ● | ● | ● | ● | ● | ● |
| Switzerland | ● | ❍ | ● | ❍ | ❍ | ● | ● |
| Turkey | ● | ● | ● | ❍ | ❍ | ● | ● |
| GBR-England and Wales | ● | ● | ● | ● | ● | ● | ● |
| GBR-Northern Ireland | ● | ● | ● | ● | ● | ● | ● |
| GBR-Scotland | ● | ● | ● | ● | ● | ● | ❍ |
| Latvia | ● | ❍ | ● | ❍ | ● | ● | ● |
| Russia | ● | ● | ● | ● | ● | ● | ● |

● Yes.
❍ No.

*Source:* The European Commission for the Efficiency of Justice (CEPEJ) (2014), European judicial systems (database).

StatLink http://dx.doi.org/10.1787/888933249549

# Quality of health care and patient safety

The measurement and improvement of quality of care has become a crucial element of the governance of health systems in OECD countries, both at the hospital level and in primary care outside hospital, in response to growing public expectations for high quality and safe care. Quality of care can generally be measured through "process" measures (the appropriate use of interventions for patients with different health problems) and "outcome" measures (the extent to which health interventions reduce ill-health and mortality).

## Survival from cardiovascular diseases and cancer

In OECD countries, cardiovascular diseases and cancer are the two leading causes of death. However, substantial progress has been achieved in most OECD countries over the past decade in reducing mortality for people suffering from these life-threatening conditions.

Case-fatality rates for people admitted to hospital following an acute myocardial infarction (heart attack) have significantly decreased between 2001 and 2011 across the group of OECD countries with available data. Between 2006 and 2011, the rate of decline was particularly striking in Denmark, the Slovak Republic, Poland and Canada, where case-fatality rates fell by more than 30%. These improvements can at least be partially attributed to better and more reliable processes of care (OECD, 2013).

Survival rates for different types of cancer have also improved in most countries, reflecting earlier detection (often through organised screening programmes) and more effective treatments. Figure 12.23 shows the five year survival rate for cervical cancer, one of the leading causes of cancer mortality among women. While progress was achieved in most countries, there remain notable differences across countries. In the most recent period, cervical cancer survival ranged from over 70% in Korea, Norway and Israel to less than 60% in Poland and Ireland.

## Quality of prescriptions in primary care (appropriateness)

The overuse of antibiotics has become a major global public health issue in recent years, as there is a clear correlation between the volume of antibiotics prescribed and the prevalence of resistant bacterial strains (OECD, 2013). Infections caused by resistant microorganisms often fail to respond to conventional treatment, resulting in prolonged illness and greater risk of death as well as higher costs. Whilst an optimal level of prescribing is difficult to establish, variations in the volume of antibiotic prescription are a good indicator of the quality of prescriptions.

On average in OECD countries, there has been a slight increase in antibiotics prescription over the past ten years. The increase has been particularly significant in Greece, Belgium and Italy, which report the highest levels of consumption across the OECD in 2012 (despite significant reductions in Greece since 2007). By contrast, antibiotic consumption in Chile and the Netherlands was less than half the consumption in these high-prescription countries. It has also substantially come down over the past decade in France (which used to have the highest level of consumption), Portugal, the Slovak Republic, Israel and Hungary.

### *Methodology and definitions*

Data for the three figures come from the OECD Health Statistics database and was provided by national representatives based on administrative records.

The case-fatality rate following AMI is defined as the number of people aged 45 and over who die within 30 days of being admitted to hospital with an AMI. Rates were age-sex standardised to the 2010 OECD population aged 45+ admitted to hospital for AMI.

Cancer survival calculated through period analysis provides more up-to-date estimate using more recent incidence and follow-up periods than cohort analysis which uses survival information of a complete five-year follow-up period. In the United Kingdom, cohort analysis was used for 2001-06 data while 2006-11 data are calculated through period analysis. The reference periods vary slightly across countries. All the survival estimates presented here have been age-standardised using the International Cancer Survival Standard (ICSS) population.

Defined daily dose (DDD) is the assumed average maintenance dose per day for a drug used for its main indication in adults. For more detail, see: *www.whocc.no/atcddd*. Data generally refer to outpatient consumption except for Chile, Canada, Greece, Korea, Israel and Iceland where data also include consumption in hospitals.

## Further reading

OECD (2013), *Health at a Glance 2013: OECD Indicators*, OECD, Paris, *http://dx.doi.org/10.1787/health_glance-2013-en*.

## Figure notes

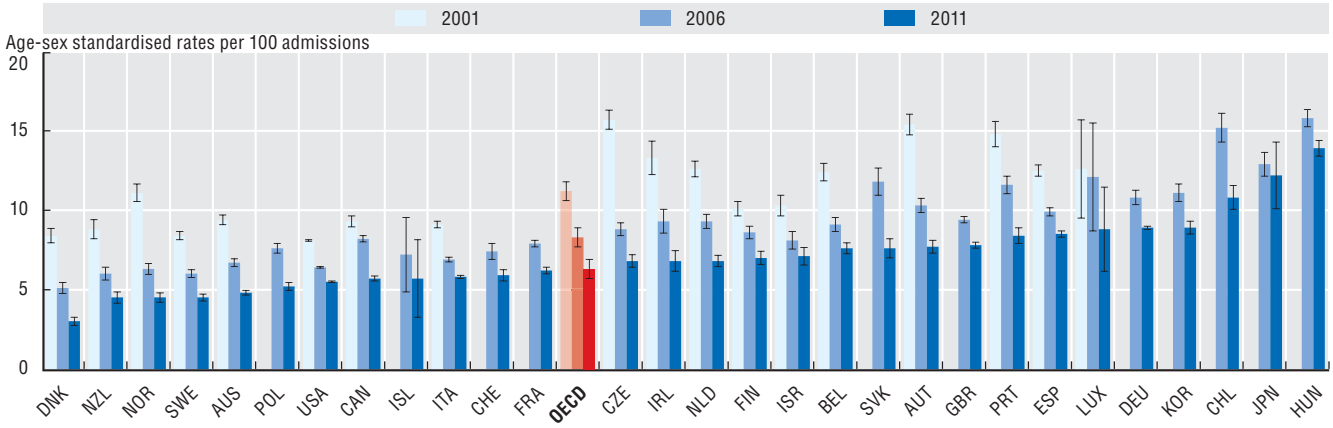
12.22: See StatLink for important country-specific notes. 95% confidence intervals represented by |-|.

12.23: 95% confidence intervals represented by |-|. Data refer to period analysis for Ireland, the United Kingdom, Germany, New Zealand, Finland, Slovenia, Belgium, Australia, Israel, Norway and Korea. Data refer to cohort analysis for Poland, Portugal, the United States, the Czech Republic, Canada, Denmark, the Netherlands, Sweden, Iceland, Austria and Japan. Data refer to three period average for Iceland.

12.24: Data for Chile, France, Greece, Ireland, the Netherlands, Norway and Poland is for 2011 rather than 2012. Data for Iceland, Italy, Luxembourg, Portugal, the Slovak Republic and Sweden is for 2013 rather than 2012. The OECD average excludes Chile, Austria, Canada and Korea.

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

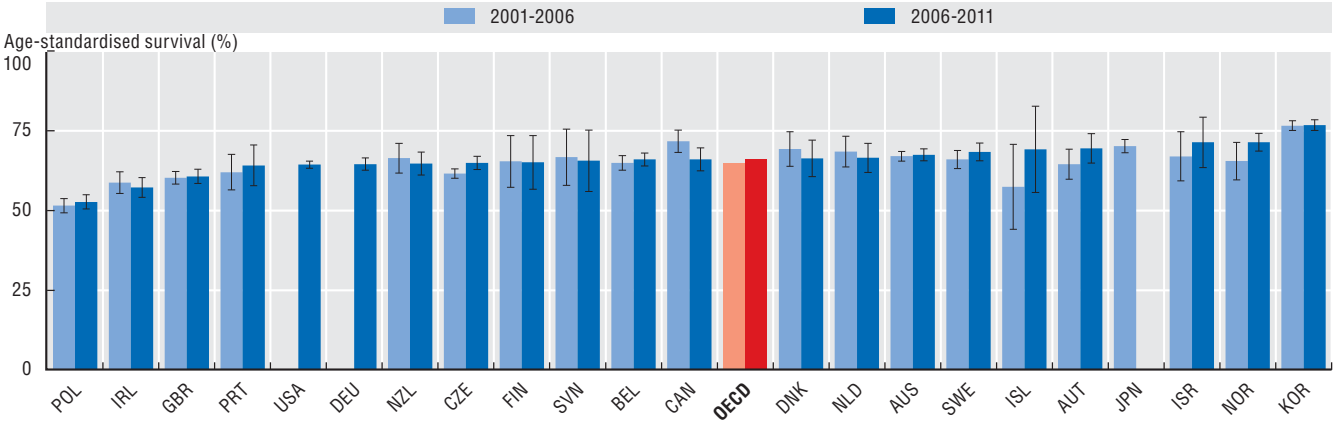
### 12.22. Reduction in admission-based (same hospital) case-fatality in adults aged 45 and over within 30 days after admission for AMI, 2001-11




*Source:* OECD (2014), *Health Statistics* (database).

StatLink http://dx.doi.org/10.1787/888933249552

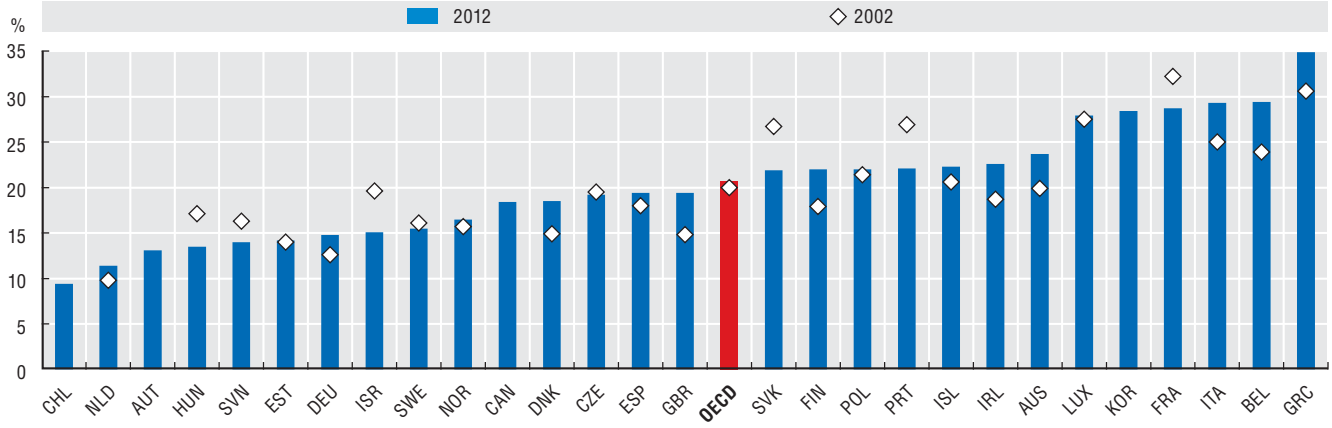
### 12.23. Cervical cancer five-year relative survival, 2001-06 and 2006-11




*Source:* OECD (2014), *Health Statistics* (database).

StatLink http://dx.doi.org/10.1787/888933249565

### 12.24. Overall volume of antibiotics prescribed, 2002 and 2012




*Source:* OECD (2014), *Health Statistics* (database).

StatLink http://dx.doi.org/10.1787/888933249573

# Student performance and equity in education

The quality of education and school systems is reflected in their ability to provide students with the knowledge and skills necessary to achieve their full potential. The PISA survey measures once every three years the performance of 15-year-old students in reading, mathematics and science in more than 60 countries. It allows a comparison not only of average national scores but also of the equity of the results among children and schools within each country (PISA, 2012). The last wave of the PISA survey in 2012 focussed particularly on assessing performance in mathematics.

In 2012, among OECD countries, the performance of 15 years old students in PISA in mathematics was the highest in Korea, Japan and Switzerland while students in Mexico, Chile and Turkey performed somewhat more poorly (PISA, 2012).

Between 2003 and 2012, the PISA mathematics scores on average across OECD countries have remained relatively stable. However, there have been some remarkable improvements in countries that started with relatively low scores in 2003 (e.g. Israel, Turkey, Mexico), which have closed to some extent the gaps with other OECD countries. Student performance in mathematics has also increased in countries with average scores like Germany, or below the OECD average like Poland, Italy and Portugal. By contrast, student performance in mathematics has decreased in some countries that started with high scores in 2003 (e.g. Sweden and Finland). Student performance in mathematics has also declined in Czech Republic, New Zealand and Australia.

PISA also shows how equitably participating countries are providing education opportunities and achieving education outcomes across students from different socio-economic background. On average across OECD countries, about 15% of the variation in students' mathematics performance can be explained by their socio-economic background. The countries where the variation in PISA mathematics performance can be explained to a larger extent by socio-economic background are the Slovak Republic, Chile, Hungary and France. By contrast, it is much less the case in Norway, Estonia, Iceland, Finland and Canada.

The performance of students in mathematics and other subjects is also affected by the school they attend. When there is substantial variation in performance between schools and less variation between students within schools, this means that students tend to be grouped in schools where other students perform at levels similar to their own. In Nordic countries, the share of the variance between schools is about one-tenth of the OECD average. Therefore, parents in these countries can be less concerned about school choice affecting their children's performance. By contrast, variation between schools is higher in countries like the Netherlands, Belgium, Hungary, Turkey, the Slovak Republic, Slovenia and Germany.

### *Methodology and definitions*

Data for both figures come from the 2012 Programme for International Student Assessment (PISA). It assessed the competencies of 15-year-olds in reading, mathematics and science (with a focus on mathematics) in 65 countries and economies. For more information on the underlying data see: *www.oecd.org/pisa/keyfindings/pisa-2012-results-volume-i.htm*.

The PISA index of economic, social and cultural status (ESCS) was derived from the following three indices: highest occupational status of parents, highest educational level of parents and home possessions. For more information on the underlying data and methodology see: *www.oecd.org/pisa/keyfindings/pisa-2012-results-volume-II.pdf*.

## Further reading

OECD (2014), *PISA 2012 Results: What Students Know and Can Do – Student Performance in Mathematics, Reading and Science*, Volume I, OECD, Paris, *http://dx.doi.org/10.1787/9789264208780-en*.

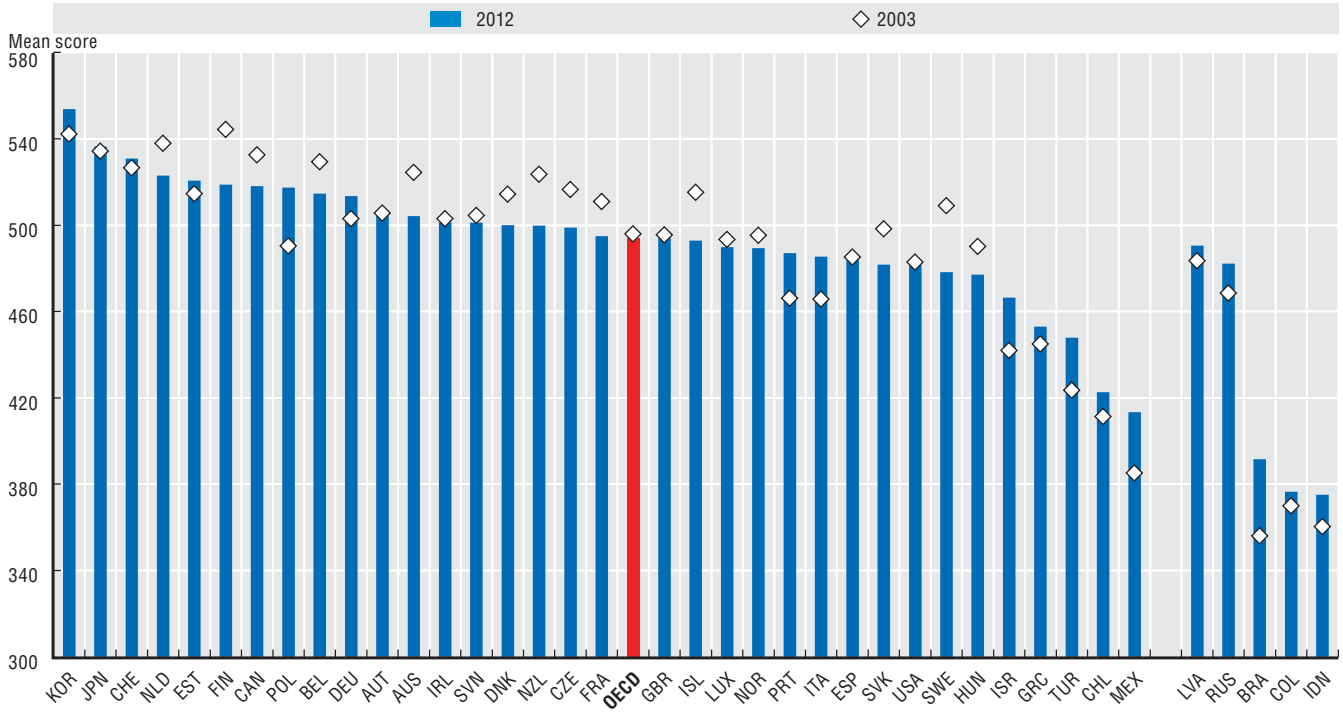
OECD (2013), *PISA 2012 Results: Excellence Through Equity: Giving Every Student the Chance to Succeed*, Volume II, OECD, Paris, *http://dx.doi.org/10.1787/9789264201132-en*.

## Figure notes

12.25: Data for Chile, Estonia, Israel, Slovenia and the United Kingdom are based on PISA 2006 rather than PISA 2003.

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

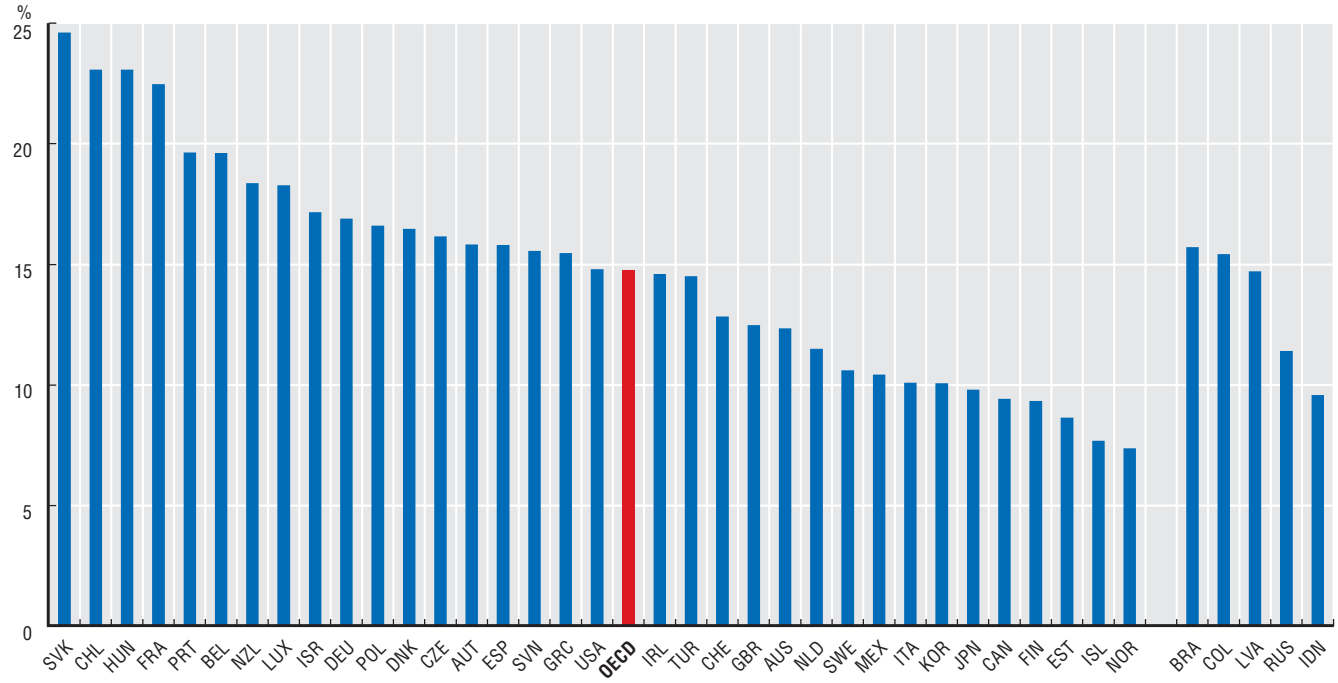
### 12.25. Evolution of PISA mean score in mathematics, 2003 and 2012




*Source:* OECD (2014), *PISA What Students Know and Can Do* (revised edition), OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933249588

### 12.26. Percentage of variance in PISA mathematics score explained by socio-economic background, 2012




*Source:* OECD (2014), *PISA What Students Know and Can Do* (revised edition), OECD, Paris.

StatLink http://dx.doi.org/10.1787/888933249591

# Effectiveness and fairness of judicial systems

Citizens expect court decisions to be implemented in an effective and fair manner. Well-functioning civil justice systems protect the rights of all citizens against infringement of the law by others, including by powerful parties and governments. An essential component of the rule of law is indeed based on effective and fair judicial systems to ensure that the laws are respected and appropriate sanctions are taken when they are violated. It is, however, very difficult to isolate the impact of well-functioning judicial systems on security outcomes and crime control from the involvement of other stakeholders such as the police and the correctional systems. Therefore this constitutes a major limitation in making causality links between those two.

## Effectiveness and independence in the implementation of civil justice decisions

The independence of civil justice requires a set of detailed rules and procedures to ensure that a dispute will be treated in a neutral way, without biases in favour of any party. According to data from the World Justice Report, there is, as expected, a strong correlation between people's perception that civil justice is effectively implemented and their perception that the system is not affected by external factors such as improper government influence. Citizens and justice experts in countries like Norway, the Netherlands, Sweden, Austria, Germany, Denmark, Finland and Australia reported both that their justice system was generally effective in enforcing laws and that there was low interference of their governments in the civil justice system.

## Effectiveness of criminal justice systems and citizens' 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. An assessment of such systems, however, should take into consideration the entire system, including police, lawyers, prosecutors, judges, and prison officers (Botero and Ponce, 2012).

In 2014, according to the data from the World Justice Report, countries where the criminal adjudication system (the act of a court in making an order, judgment, or decree) was perceived as timely and effective (i.e. where perpetrators of crimes were effectively prosecuted and punished) tend to report lower propensity of resorting to violence to redress personal grievances (such as personal intimidation and/or mob and riot violence against government). The relatively high correlation ($R^2 = 0.9$) between those two sub-dimensions of the WJP Rule of Law Index suggest that effective and timely criminal justice systems may be a fundamental element to maintain security and societal cohesion at the country level.

In 2014, the extent to which crime was effectively controlled was generally 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, this data apply only to the three major urban areas in each of the countries. They are perception-based and may be sensitive to very specific events that occurred when the data was collected. Further work is needed in the coming years to establish more clearly the links between effective judicial systems and their impacts on fairness, security and order in OECD and other countries.

### *Methodology and definitions*

Data for the three figures come 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 representative 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. For more information on the underlying data see: *worldjusticeproject.org/rule-of-law-index*.

The civil justice sub-indicator reflects perceptions on whether the civil justice is effectively enforced and free of improper government influence.

"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.

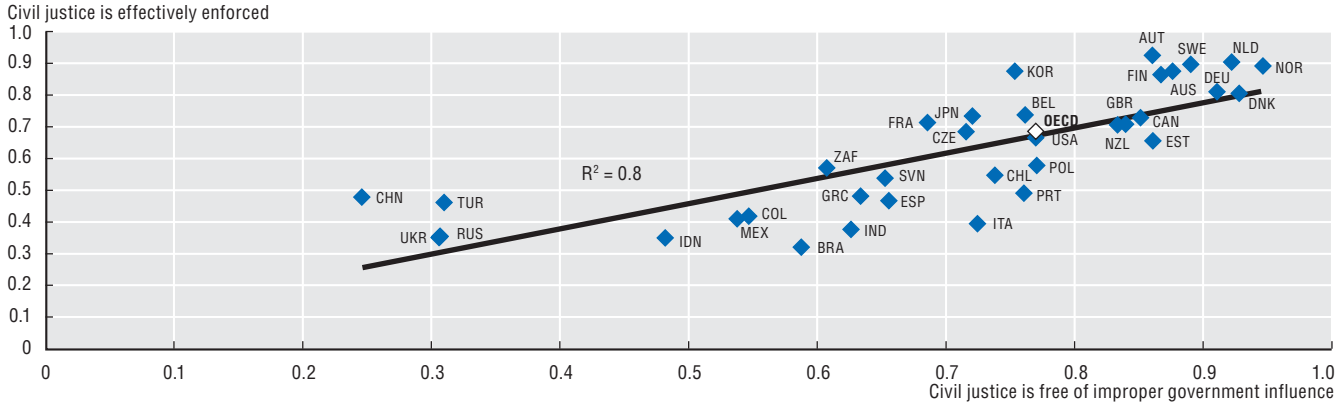
World Justice Project (2014), *The Rule of Law Index* 2014, World Justice Project, Washington, DC.

## Figure notes

Data for Iceland, Ireland, Israel, Luxembourg, the Slovak Republic and Switzerland are not available. Data for Hungary are not displayed.

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

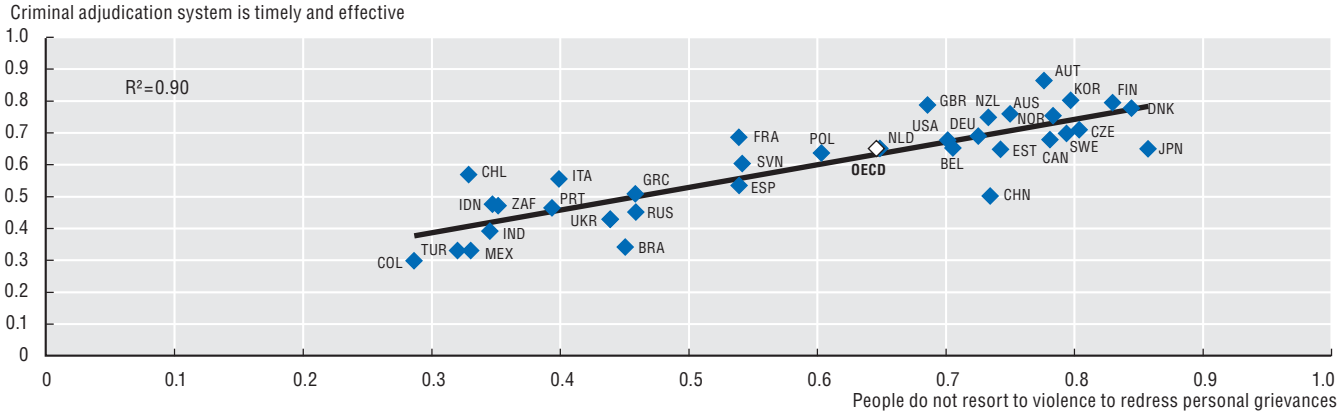
### 12.27. Effective enforcement of civil justice and freedom from improper government influence, 2015




*Source:* World Justice Project.

StatLink http://dx.doi.org/10.1787/888933249603

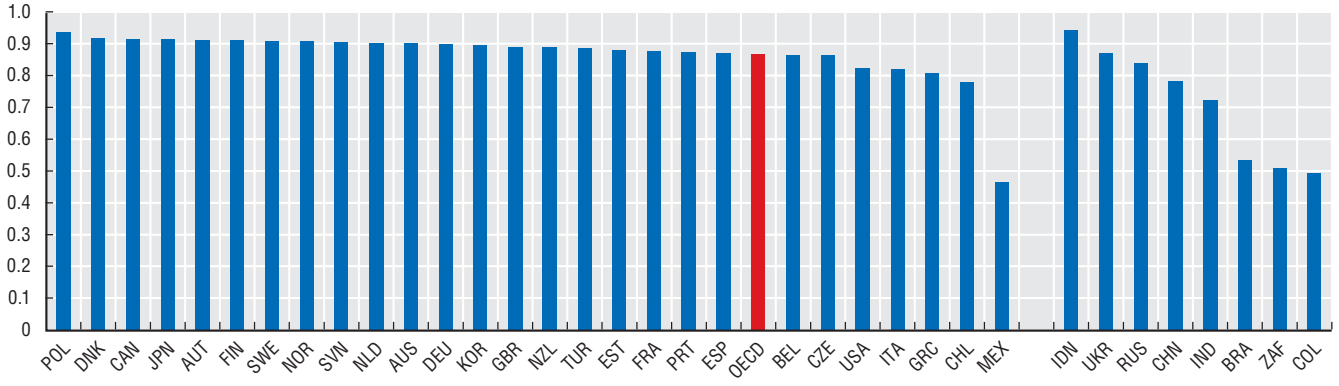
### 12.28. Effectiveness/timeliness of criminal justice courts adjudication system and the extent of the use of violence to redress personal grievances, 2015




*Source:* World Justice Project.

StatLink http://dx.doi.org/10.1787/888933249613

### 12.29. Crime is effectively controlled, 2015




*Source:* World Justice Project.

StatLink http://dx.doi.org/10.1787/888933249625

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ANNEX A

# *Implementation of the 2008 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. The *System of National Accounts* 1993 was prepared under the joint responsibility of the United Nations, the International Monetary Fund, the Commission of the European Communities, the OECD and the World Bank (OECD Glossary of Statistical Terms). In 2009, it was decided to amend the 1993 SNA by the 2008 *System of National Accounts*. 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 broadly consistent with the 1993 SNA with respect to the definitions, accounting rules and classifications. Its update called *European System of Accounts, 2010*, which has been recently finalised, covers the recommendations and clarifications agreed at the international level for the 2008 SNA.

The implementation of the 2008 SNA, and the ESA 2010, by the countries has followed a gradual process and at the end of 2014 most of OECD countries adopted the revised international standards. Such changes had, to a certain extent, an impact on the selected indicators presented in this publication as compared to the previous versions.

The Table A.1 illustrates the current status for the implementation of the 2008 SNA or ESA 2010 done by the countries in the two sets of government accounts.

## Table A.1. **Reporting system of the countries**

| | Non-financial government accounts | Financial government accounts |
|---|---|---|
| **OECD member countries** | | |
| Australia | SNA2008 | SNA2008 |
| Austria | ESA2010 | ESA2010 |
| Belgium | ESA2010 | ESA2010 |
| Canada | SNA2008 | SNA2008 |
| Chile | SNA1993 | SNA1993 |
| Czech Republic | ESA2010 | ESA2010* |
| Denmark | ESA2010 | ESA2010* |
| Estonia | ESA2010 | ESA2010* |
| Finland | ESA2010 | ESA2010* |
| France | ESA2010 | ESA2010* |
| Germany | ESA2010 | ESA2010* |
| Greece | ESA2010 | ESA2010* |
| Hungary | ESA2010 | ESA2010 |
| Iceland | SNA1993 | SNA2008 |
| Ireland | ESA2010 | ESA2010* |
| Israel | SNA2008 | SNA2008 |
| Italy | ESA2010 | ESA2010* |
| Japan | SNA1993 | SNA1993 |
| Korea | SNA2008 | SNA1993 |
| Luxembourg | ESA2010 | ESA2010* |
| Mexico | SNA2008 | SNA1993 |
| Netherlands | ESA2010 | ESA2010* |
| New Zealand | SNA2008 | - |
| Norway | SNA2008 | SNA2008 |
| Poland | ESA2010 | ESA2010* |
| Portugal | ESA2010 | ESA2010 |
| Slovak Republic | ESA2010 | ESA2010* |
| Slovenia | ESA2010 | ESA2010* |
| Spain | ESA2010 | ESA2010* |
| Sweden | ESA2010 | ESA2010 |
| Switzerland | SNA2008 | SNA2008 |
| Turkey | SNA1993 | SNA1993 |
| United Kingdom | ESA2010 | ESA2010 |
| United States | SNA2008 | SNA2008 |
| **OECD accession countries** | | |
| Colombia | SNA1993 | SNA1993 |
| Latvia | ESA2010 | ESA2010* |
| Russia | SNA1993 | SNA1993 (GFSM2001) |

* The source for the financial government accounts for these countries refers to the *Eurostat government finance statistics* (database) as it reflects the latest updated data (which are transmitted on a quarterly basis). For the other countries of the same domain the latest updated data are 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, and grants and other revenues presented in Chapter 2 "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 |
| **Grants and other revenues** | | |
| Current and capital grants | Other current transfers, receivable | GD7R |
| | Other capital transfers and investment grants, receivable | GD92R_D99R |
| Sales and fees | Market output and output for own final use | GP11_P12R |
| | Payments for other non-market output | GP131R |
| Property income | Property income, receivable | GD4R |
| Subsidies | Other subsidies on production, receivable | GD39R |
| **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 34 OECD member countries (according to time-series availability), second-level COFOG data are currently only available for 21 OECD European member countries plus Japan.*

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<br>• Foreign economic aid<br>• General services<br>• Basic research<br>• R&D general public services<br>• General public services n.e.c.<br>• Public debt transactions<br>• Transfers of a general character between different levels of government |
| Defence | • Military defence<br>• Civil defence<br>• Foreign military aid<br>• R&D defence<br>• Defence n.e.c. |
| Public order and safety | • Police services<br>• Fire-protection services<br>• Law courts<br>• Prisons<br>• R&D public order and safety<br>• Public order and safety n.e.c. |

* First-level COFOG expenditures data are not available for 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 comparable among countries because the SNA/UN guide and the International Monetary Fund Manual on Government Finance Statistics do not provide much practical information on the application of COFOG concepts. However, in 2005, Eurostat established a task force to develop a manual 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 Japan): Australia, Canada, Chile, Israel, Korea, Mexico, New Zealand and the United States. 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<br>• Agriculture, forestry, fishing and hunting<br>• Fuel and energy<br>• Mining, manufacturing and construction<br>• Transport<br>• Communication<br>• Other industries<br>• R&D economic affairs<br>• Economic affairs n.e.c. |
| Environmental protection | • Waste management<br>• Waste water management<br>• Pollution abatement<br>• Protection of biodiversity and landscape<br>• R&D environmental protection<br>• Environmental protection n.e.c. |
| Housing and community amenities | • Housing development<br>• Community development<br>• Water supply<br>• Street lighting<br>• R&D housing and community amenities<br>• Housing and community amenities n.e.c. |
| Health | • Medical products, appliances and equipment<br>• Outpatient services<br>• Hospital services<br>• Public health services<br>• R&D health<br>• Health n.e.c. |
| Recreation, culture and religion | • Recreational and sporting services<br>• Cultural services<br>• Broadcasting and publishing services<br>• Religious and other community services<br>• R&D recreation, culture and religion<br>• Recreation, culture and religion n.e.c. |
| Education | • Pre-primary and primary education<br>• Secondary education<br>• Post-secondary non-tertiary education<br>• Tertiary education<br>• Education not definable by level<br>• Subsidiary services to education<br>• R&D education<br>• Education n.e.c. |
| Social protection | • Sickness and disability<br>• Old age<br>• Survivors<br>• Family and children<br>• Unemployment<br>• Housing<br>• Social exclusion n.e.c.<br>• R&D social protection<br>• Social protection n.e.c |

n.e.c.: "not elsewhere classified".

ANNEX D

# *Detailed data on conflict of interest disclosure*

This annex provides data for each responding country on the types of private interests that they require central government decision makers to disclose as well as the level of transparency of these disclosures. The data underlie the summary of data presented in Figures 7.3 and 7.4.

When calculating an aggregate of the country specific data provided on the private interest disclosure in three branches of government and its level of public availability, all private interests and all positions were deemed equally important and were therefore assigned the same weights. To translate the country responses into a point system, the categories "Prohibited" and "Information is disclosed and publicly available online or print" were awarded with 100 points, the highest available. "Information is disclosed and publicly available upon request" was awarded with the second highest point, 67, and "Information is disclosed and not publicly available" was awarded with the third highest point, 33. No points were awarded to the category "Disclosure is not required". All private interests examined were weighted equally.

## Notes of Table D.1

In **Australia**, data regarding tax and customs officials refer to tax officials. Data regarding financial authorities refer to employees of the Australian Prudential Regulation Authority (APRA) and board members of the Australian Securities and Investments Commission (ASIC). In **Austria**, the disclosure requirement of private interests for political advisors depends on their previous employment. The information in the table reflects those who were civil servants before their engagement as political advisors. For those who worked in the private sector prior their function as political advisors, the disclosure requirement would depend on individual contracts. In **Estonia**, regular civil servants, tax officials, prosecutors, and procurement officials are generally not obliged to declare their private interests. Exceptions are possible if the head of their institutions has considered the obligation necessary (in case there are certain requirements fulfilled: no other means to prevent corruption, etc.). In case a post referred earlier is obliged to disclose their private interest, the disclosure requirements are the same with senior civil servants. In **Finland**, data regarding judges exclude lay judges. Political advisors/appointees and tax and Customs officials have the same requirements as civil servants/senior civil servants. In **France**, different rules on public availability of the declared information apply according to the positions and the declared information, the detailed rules of which are specified in law n. 2013-97 on transparency in public life. In **Germany**, the rules for political appointees depend on their legal status. Gifts above a certain amount need to be approved or are prohibited and the thresholds differ depending on the officials' position. Previous

employment, assets and liabilities (declaration of sound financial circumstance) of tax customs officers have to be disclosed before taking office. In **Hungary**, the act prescribes asset disclosure obligations for civil servants who have drafting, decision-making and control competences or occupies higher position. In **Israel**, political advisors fill out a conflict of interest form, including questions on substantial assets and liabilities as well as outside positions and occupations. Where there is a possibility of conflict of interest they are required to sign an agreement to ensure that conflict of interest situations are avoided and such agreements are made publicly available upon request. **Mexico's** data for legislative and judicial branches are from 2012 Survey on Managing Conflict of Interest. Prosecutors are not under judicial branch in **New Zealand** and the **United States**. **Norway's** data regarding judges exclude lay judges and judges in conciliation boards. In **Slovenia**, civil servants who participate in procurement procedures have higher disclosure requirements than civil servants in general. In the **United Kingdom**, relevant previous employment of Ministers and senior civil servants are declared and may be made public where relevant to their current post.

Table D.1. **Disclosure of selected private interests and public availability of disclosed information by country (2014)**

| | | | AUS | AUT | BEL | CAN | CHL | CZE | EST | FIN | FRA | DEU | GRC | HUN | ISL | IRL | ISR | ITA | JPN | KOR | MEX | NLD | NZL | NOR | POL | PRT | SVK | SVN | ESP | SWE | CHE | TUR | GBR | USA | BRA | COL | LVA | RUS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| EXECUTIVE BRANCH | President | Assets | × | ❍ | × | × | ● | ❍ | ● | ❍ | ● | ❍ | ❍ | ◗ | ❍ | ❍ | × | × | × | ● | ✦ | × | × | × | ✦ | ● | ● | ✦ | × | × | × | ● | × | ● | ✦ | ✦ | ● | ● |
| | | Liabilities | × | ❍ | × | × | ● | ❍ | ● | ❍ | ● | ❍ | ❍ | ● | ❍ | ❍ | × | × | × | ● | ✦ | × | × | × | ✦ | ● | ● | ✦ | × | × | × | ● | × | ● | ✦ | ✦ | ● | ✦ |
| | | Income sources | × | ❍ | × | × | ❍ | ❍ | ● | ❍ | ● | ❍ | ❍ | ● | ❍ | ❍ | × | × | × | ● | ✦ | × | × | × | ✦ | ● | ● | ❍ | × | × | × | ● | × | ● | ✦ | ✦ | ● | ● |
| | | Income Amount | × | ❍ | × | × | ❍ | ❍ | ✦ | ❍ | ● | ❍ | ❍ | ● | ❍ | ❍ | × | × | × | ● | ✦ | × | × | × | ✦ | ● | ● | ❍ | × | × | × | ● | × | ● | ✦ | ✦ | ● | ● |
| | | Outside position: Paid | × | P | × | × | ● | ❍ | ● | ❍ | ❍ | P | ❍ | P | ❍ | ❍ | × | × | × | ◗ | ✦ | × | × | × | ✦ | P | ● | ✦ | × | × | × | P | × | ● | ✦ | ✦ | ● | ✦ |
| | | Outside position:Non-Paid | × | P | × | × | ● | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | P | ❍ | ❍ | × | × | × | ◗ | ✦ | × | × | × | ✦ | P | ● | ✦ | × | × | × | ● | × | ● | ✦ | ✦ | ● | ✦ |
| | | Gifts | × | P | × | × | ❍ | ❍ | ● | ❍ | ❍ | ❍ | ❍ | ● | ❍ | ❍ | × | × | × | ● | P | × | × | × | ❍ | ● | ❍ | ◗ | × | × | × | P | × | ● | ❍ | ❍ | ● | P |
| | | Previous Employment | × | ❍ | × | × | ❍ | ❍ | ● | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | × | × | × | ● | ✦ | × | × | × | ❍ | ● | ● | ✦ | × | × | × | ● | × | ● | ✦ | ● | ❍ | ✦ |
| | Prime Minister | Assets | ● | ✦ | ✦ | ● | × | ◗ | ● | ● | ● | ❍ | ● | ● | ● | ● | ✦ | ● | ◗ | ● | × | ✦ | ● | ◗ | ● | ● | ● | ✦ | ● | ◗ | ❍ | ✦ | ● | × | × | × | ● | ● |
| | | Liabilities | ● | ✦ | ❍ | ● | × | ◗ | ● | ● | ● | ❍ | ❍ | ● | ❍ | ❍ | ✦ | ❍ | ◗ | ● | × | ✦ | ● | ❍ | ● | ● | ● | ✦ | ● | ◗ | ❍ | ✦ | ● | × | × | × | ● | ✦ |
| | | Income sources | ● | ❍ | ❍ | ✦ | × | ◗ | ● | ● | ● | ❍ | ● | ● | ● | ● | ✦ | ❍ | ◗ | ● | × | ✦ | ● | ◗ | ● | ● | ● | ❍ | ✦ | ◗ | ❍ | ✦ | ● | × | × | × | ● | ● |
| | | Income Amount | ❍ | ❍ | ❍ | ✦ | × | ◗ | ✦ | ● | ● | ❍ | ● | ● | ❍ | ❍ | ✦ | ● | ◗ | ● | × | ✦ | ● | ◗ | ● | ● | ● | ❍ | ✦ | ◗ | ❍ | ✦ | ● | × | × | × | ● | ● |
| | | Outside position: Paid | ● | P | ● | P | × | ◗ | ● | ● | ● | P | ● | P | ● | P | P | P | P | ◗ | × | P | ● | ● | ● | P | ● | ✦ | ◗ | P | P | P | ● | × | × | × | ● | ✦ |
| | | Outside position:Non-Paid | ● | ✦ | ● | ● | × | ◗ | ❍ | ● | ❍ | ❍ | ● | P | ● | P | ❍ | P | ❍ | ◗ | × | P | ● | ● | ● | P | ● | ✦ | ◗ | P | P | ✦ | ● | × | × | × | ● | ✦ |
| | | Gifts | ● | P | P | ● | × | ◗ | ● | ● | ❍ | ✦ | ✦ | ● | ● | ● | P | ❍ | ◗ | ◗ | × | ● | ● | ● | ● | ● | ❍ | ◗ | ✦ | P | ❍ | P | ● | × | × | × | ● | P |
| | | Previous Employment | ❍ | ❍ | ❍ | ✦ | × | ❍ | ● | ❍ | ● | ❍ | ● | ❍ | ● | ❍ | ◗ | ❍ | ❍ | ◗ | × | ◗ | ❍ | ● | ❍ | ● | ● | ✦ | ◗ | ❍ | ❍ | ✦ | ❍ | × | × | × | ❍ | ✦ |
| | Ministers or Members of cabinet | Assets | ● | ✦ | ✦ | ● | ● | ◗ | ● | ● | ● | ❍ | ● | ● | ● | ● | ✦ | ● | ◗ | ● | ✦ | ✦ | ● | ◗ | ● | ● | ● | ✦ | ● | ◗ | ❍ | ✦ | ● | ◗ | ✦ | ✦ | ● | ● |
| | | Liabilities | ● | ✦ | ❍ | ● | ● | ◗ | ● | ● | ● | ❍ | ❍ | ● | ❍ | ❍ | ✦ | ❍ | ◗ | ● | ✦ | ✦ | ● | ❍ | ● | ● | ● | ✦ | ● | ◗ | ❍ | ✦ | ● | ◗ | ✦ | ✦ | ● | ✦ |
| | | Income sources | ● | ❍ | ❍ | ✦ | ❍ | ◗ | ● | ● | ● | ❍ | ● | ● | ● | ● | ✦ | ❍ | ❍ | ● | ✦ | ✦ | ● | ◗ | ● | ● | ● | ❍ | ✦ | ◗ | ❍ | ✦ | ● | ◗ | ✦ | ✦ | ● | ● |
| | | Income Amount | ❍ | ❍ | ❍ | ✦ | ❍ | ◗ | ✦ | ● | ● | ❍ | ● | ● | ❍ | ✦ | ✦ | ● | ❍ | ● | ✦ | ✦ | ● | ◗ | ● | ● | ● | ❍ | ✦ | ◗ | ❍ | ✦ | ● | ◗ | ✦ | ✦ | ● | ● |
| | | Outside position: Paid | ● | P | ● | P | ● | ◗ | ● | ● | ● | P | ● | P | ● | P | P | P | P | ◗ | ✦ | P | ● | ● | ● | P | ● | ✦ | ◗ | P | P | P | ● | ◗ | ✦ | ✦ | ● | ✦ |
| | | Outside position:Non-Paid | ● | ✦ | ● | ● | ● | ◗ | ❍ | ● | ❍ | ❍ | ● | P | ● | P | ❍ | P | ❍ | ◗ | ✦ | P | ● | ● | ● | P | ● | ✦ | ◗ | P | P | ✦ | ● | ◗ | ✦ | ✦ | ● | ✦ |
| | | Gifts | ● | P | P | ● | ● | ◗ | ● | ● | ❍ | ✦ | ✦ | ● | ● | ● | P | ❍ | ❍ | ◗ | P | ● | ● | ● | ● | ● | ❍ | ◗ | ✦ | P | ❍ | P | ● | ◗ | P | ❍ | ● | P |
| | | Previous Employment | ❍ | ❍ | ❍ | ✦ | ❍ | ❍ | ● | ❍ | ● | ❍ | ● | ❍ | ● | ❍ | ◗ | ❍ | ❍ | ◗ | ✦ | ◗ | ❍ | ● | ❍ | ● | ● | ✦ | ◗ | ❍ | ❍ | ✦ | ✦ | ◗ | ✦ | ● | ❍ | ✦ |
| | Political advisors/ appointees | Assets | ❍ | ❍ | ✦ | ● | ❍ | ❍ | ❍ | × | ● | × | ✦ | ✦ | ❍ | ● | ✦ | ✦ | ❍ | ● | ✦ | ❍ | ❍ | ◗ | .. | ❍ | ● | ❍ | ❍ | ◗ | ❍ | ✦ | ✦ | ◗ | ✦ | ✦ | ● | ● |
| | | Liabilities | ❍ | ❍ | ❍ | ● | ❍ | ❍ | ❍ | × | ● | × | ❍ | ✦ | ❍ | ❍ | ✦ | ❍ | ❍ | ● | ✦ | ❍ | ❍ | ❍ | .. | ❍ | ● | ❍ | ❍ | ◗ | ❍ | ✦ | ✦ | ◗ | ✦ | ✦ | ● | ✦ |
| | | Income sources | ❍ | ❍ | ❍ | ✦ | ❍ | ❍ | ❍ | × | ● | × | ✦ | ✦ | ❍ | ● | ✦ | ✦ | ❍ | ● | ✦ | ❍ | ❍ | ◗ | .. | ❍ | ● | ❍ | ❍ | ❍ | ❍ | ✦ | ✦ | ◗ | ✦ | ✦ | ● | ● |
| | | Income Amount | ❍ | ✦ | ❍ | ✦ | ❍ | ❍ | ❍ | × | ● | × | ✦ | ✦ | ❍ | ✦ | ✦ | ✦ | ❍ | ● | ✦ | ❍ | ❍ | ◗ | .. | ❍ | ● | ❍ | ❍ | ◗ | ❍ | ✦ | ✦ | ◗ | ✦ | ✦ | ● | ● |
| | | Outside position: Paid | ✦ | ✦ | ● | P | ❍ | ❍ | ❍ | × | ● | × | ✦ | P | ❍ | P | ◗ | ✦ | ❍ | ◗ | ✦ | ✦ | ✦ | ◗ | .. | ✦ | ● | ✦ | ❍ | ❍ | ● | P | ✦ | ◗ | ✦ | ✦ | ● | ✦ |
| | | Outside position:Non-Paid | ✦ | ✦ | ● | ● | ❍ | ❍ | ❍ | × | ❍ | × | ✦ | ❍ | ❍ | ✦ | ◗ | ✦ | ❍ | ◗ | ✦ | ✦ | ❍ | ◗ | .. | ✦ | ● | ✦ | ❍ | ❍ | ● | ✦ | ✦ | ◗ | ✦ | ✦ | ● | ✦ |
| | | Gifts | ❍ | P | P | ● | ❍ | ❍ | ❍ | × | ❍ | × | ❍ | P | ❍ | ● | P | ✦ | ❍ | ◗ | P | ✦ | ◗ | ◗ | .. | ❍ | ❍ | ◗ | ❍ | P | ❍ | P | ● | ◗ | P | ❍ | ● | P |
| | | Previous Employment | ❍ | ❍ | ❍ | ✦ | ❍ | ❍ | ❍ | × | ● | × | ✦ | ❍ | ❍ | ❍ | ✦ | ❍ | ❍ | ◗ | ✦ | ✦ | ✦ | ◗ | .. | ❍ | ● | ❍ | ❍ | ❍ | ❍ | ✦ | ✦ | ◗ | ✦ | ● | ❍ | ✦ |
| | Senior Civil Servants | Assets | ✦ | ❍ | ✦ | ● | ● | ◗ | ● | ✦ | ● | ❍ | ✦ | ✦ | ❍ | ✦ | ✦ | ✦ | ❍ | ● | ✦ | ✦ | ❍ | ◗ | ✦ | ❍ | ✦ | ✦ | ● | ◗ | ❍ | ✦ | ✦ | ◗ | ✦ | ✦ | ● | ● |
| | | Liabilities | ✦ | ❍ | ❍ | ● | ● | ◗ | ● | ✦ | ● | ❍ | ❍ | ✦ | ❍ | ❍ | ✦ | ❍ | ❍ | ● | ✦ | ✦ | ❍ | ❍ | ✦ | ❍ | ❍ | ✦ | ● | ◗ | ❍ | ✦ | ✦ | ◗ | ✦ | ✦ | ● | ✦ |
| | | Income sources | ✦ | ❍ | ❍ | ✦ | ❍ | ◗ | ● | ✦ | ● | ✦ | ✦ | ✦ | ❍ | ✦ | ✦ | ✦ | ✦ | ● | ✦ | ❍ | ❍ | ◗ | ❍ | ❍ | ❍ | ❍ | ✦ | ❍ | ❍ | ✦ | ✦ | ◗ | ✦ | ✦ | ● | ● |
| | | Income Amount | ✦ | ✦ | ❍ | ✦ | ❍ | ◗ | ✦ | ✦ | ● | ✦ | ✦ | ✦ | ❍ | ✦ | ✦ | ✦ | ✦ | ● | ✦ | ❍ | ● | ◗ | ❍ | ❍ | ❍ | ❍ | ✦ | ◗ | ❍ | ✦ | ✦ | ◗ | ✦ | ✦ | ● | ● |
| | | Outside position: Paid | ✦ | ✦ | ● | P | ● | ◗ | ✦ | ◗ | ● | ✦ | ✦ | P | ❍ | P | ◗ | ✦ | ✦ | ◗ | ✦ | ✦ | ✦ | ◗ | ◗ | ✦ | ❍ | ✦ | ◗ | ❍ | ✦ | P | ✦ | ◗ | ✦ | ✦ | ● | ✦ |
| | | Outside position:Non-Paid | ✦ | ✦ | ● | ● | ● | ◗ | ❍ | ❍ | ❍ | ✦ | ✦ | ❍ | ❍ | ✦ | ◗ | ✦ | ✦ | ◗ | ✦ | ✦ | ❍ | ◗ | ❍ | ✦ | ❍ | ✦ | ◗ | ❍ | ✦ | ✦ | ✦ | ◗ | ✦ | ✦ | ● | ✦ |
| | | Gifts | ✦ | P | P | ● | ● | ◗ | ● | ❍ | ❍ | ✦ | ❍ | P | ❍ | ✦ | P | ✦ | ◗ | ◗ | P | ✦ | ● | ◗ | ❍ | ❍ | ❍ | ◗ | ✦ | P | ◗ | P | ● | ◗ | P | ❍ | ● | P |
| | | Previous Employment | ❍ | ❍ | ❍ | ✦ | ❍ | ❍ | ● | ❍ | ● | ✦ | ✦ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ◗ | ✦ | ✦ | ✦ | ◗ | ❍ | ❍ | ❍ | ✦ | ◗ | ❍ | ✦ | ✦ | ✦ | ◗ | ✦ | ● | ❍ | ✦ |

Table D.1. **Disclosure of selected private interests and public availability of disclosed information by country (2014)**

| | | | AUS | AUT | BEL | CAN | CHL | CZE | EST | FIN | FRA | DEU | GRC | HUN | ISL | IRL | ISR | ITA | JPN | KOR | MEX | NLD | NZL | NOR | POL | PRT | SVK | SVN | ESP | SWE | CHE | TUR | GBR | USA | BRA | COL | LVA | RUS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| EXECUTIVE BRANCH | Civil Servants | Assets | ❍ | ❍ | ❍ | ✦ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ✦ | ❍ | ❍ | ✦ | ❍ | ❍ | ❍ | ◗ | ✦ | ❍ | ❍ | ◗ | ✦ | ❍ | ✦ | ❍ | ❍ | ◗ | ❍ | ✦ | ✦ | ❍ | ❍ | ✦ | ● | ● |
| | | Liabilities | ❍ | ❍ | ❍ | ✦ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ◗ | ✦ | ❍ | ❍ | ❍ | ✦ | ❍ | ❍ | ❍ | ❍ | ◗ | ❍ | ✦ | ✦ | ❍ | ❍ | ✦ | ● | ✦ |
| | | Income sources | ✦ | ❍ | ❍ | ✦ | ❍ | ❍ | ❍ | ❍ | ❍ | ✦ | ✦ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ◗ | ✦ | ❍ | ❍ | ◗ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ✦ | ✦ | ❍ | ❍ | ✦ | ● | ● |
| | | Income Amount | ❍ | ✦ | ❍ | ✦ | ❍ | ❍ | ✦ | ❍ | ❍ | ✦ | ✦ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ◗ | ✦ | ❍ | ❍ | ◗ | ❍ | ❍ | ❍ | ❍ | ❍ | ◗ | ❍ | ✦ | ✦ | ❍ | ❍ | ✦ | ● | ● |
| | | Outside position: Paid | ❍ | ✦ | ✦ | ✦ | ❍ | ❍ | ✦ | ◗ | ❍ | ✦ | ✦ | ❍ | ❍ | ✦ | ✦ | ✦ | ✦ | ◗ | ✦ | ✦ | ✦ | ◗ | ◗ | ✦ | ❍ | ✦ | ❍ | ❍ | ✦ | P | ✦ | ❍ | ❍ | ✦ | ● | ✦ |
| | | Outside position:Non-Paid | ❍ | ✦ | ✦ | ✦ | ❍ | ❍ | ❍ | ❍ | ❍ | ✦ | ✦ | ❍ | ❍ | ❍ | ◗ | ✦ | ✦ | ◗ | ✦ | ✦ | ❍ | ◗ | ❍ | ✦ | ❍ | ✦ | ❍ | ❍ | ✦ | ✦ | ✦ | ❍ | ❍ | ✦ | ● | ✦ |
| | | Gifts | ❍ | P | P | ✦ | ❍ | ❍ | ❍ | ❍ | ❍ | ✦ | ❍ | P | ❍ | ✦ | P | ✦ | ✦◗ | ◗ | P | ✦ | ◗ | ◗ | ❍ | ❍ | ❍ | ◗ | ❍ | P | ◗ | P | ✦ | ❍ | ❍ | ❍ | ● | P |
| | | Previous Employment | ❍ | ❍ | ❍ | ✦ | ❍ | ❍ | ❍ | ❍ | ❍ | ✦ | ✦ | ❍ | ❍ | ❍ | ✦ | ❍ | ❍ | ◗ | ✦ | ✦ | ✦ | ◗ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ✦ | ✦ | ✦ | ❍ | ❍ | ● | ❍ | ✦ |
| LEGISLATIVE BRANCH | Upper House Legislators | Assets | ● | ❍ | ✦ | ◗ | ● | ◗ | × | × | ◗ | × | × | × | × | ● | × | ◗ | ◗ | × | ✦ | ❍ | × | × | ● | × | × | ❍ | ✦ | × | ❍ | × | ● | ● | ◗ | ✦ | × | ● |
| | | Liabilities | ● | ❍ | ❍ | ◗ | ● | ◗ | × | × | ◗ | × | × | × | × | ❍ | × | ◗ | ◗ | × | ✦ | ❍ | × | × | ● | × | × | ❍ | ✦ | × | ❍ | × | ❍ | ● | ◗ | ✦ | × | ✦ |
| | | Income sources | ● | ● | ❍ | ◗ | ❍ | ◗ | × | × | ◗ | × | × | × | × | ● | × | ◗ | ◗ | × | ✦ | ❍ | × | × | ● | × | × | ❍ | ✦ | × | ❍ | × | ● | ● | ◗ | ✦ | × | ● |
| | | Income Amount | ❍ | ● | ❍ | ✦ | ❍ | ◗ | × | × | ◗ | × | × | × | × | ● | × | ◗ | ◗ | × | ✦ | ❍ | × | × | ● | × | × | ❍ | ✦ | × | ❍ | × | ● | ● | ◗ | ✦ | × | ● |
| | | Outside position: Paid | ● | ● | ● | ◗ | ● | ◗ | × | × | ● | × | × | × | × | ● | × | ◗ | ◗ | × | ✦ | ● | × | × | ● | × | × | ❍ | ● | × | ● | × | ● | ● | ◗ | ✦ | × | ✦ |
| | | Outside position:Non-Paid | ● | ✦ | ● | ◗ | ● | ◗ | × | × | ● | × | × | × | × | ❍ | × | ◗ | ❍ | × | ✦ | ● | × | × | ● | × | × | ❍ | ● | × | ● | × | ● | ● | ◗ | ✦ | × | ✦ |
| | | Gifts | ● | P | P | ◗ | ● | ◗ | × | × | ❍ | × | × | × | × | ● | × | P | ◗ | × | P | ● | × | × | ● | × | × | ◗ | ❍ | × | ❍ | × | ● | ● | ❍ | ❍ | × | P |
| | | Previous Employment | ❍ | ❍ | ❍ | ◗ | ❍ | ❍ | × | × | ● | × | × | × | × | ❍ | × | ◗ | ❍ | × | ✦ | ❍ | × | × | ❍ | × | × | ❍ | ● | × | ❍ | × | ❍ | ● | ◗ | ● | × | ✦ |
| | Lower House Legislators | Assets | ● | ❍ | ✦ | ● | ● | ◗ | ● | ❍ | ◗ | ❍ | ● | ● | ● | ● | ✦ | ◗ | ◗ | ● | ✦ | ❍ | ● | ◗ | ● | ● | ● | ✦ | ✦ | ◗ | ❍ | ✦ | ● | ● | ✦ | ✦ | ● | ● |
| | | Liabilities | ● | ❍ | ❍ | ● | ● | ◗ | ● | ❍ | ◗ | ❍ | ❍ | ● | ❍ | ❍ | ✦ | ◗ | ◗ | ● | ✦ | ❍ | ● | ❍ | ● | ● | ● | ✦ | ✦ | ❍ | ❍ | ✦ | ● | ● | ✦ | ✦ | ● | ✦ |
| | | Income sources | ● | ● | ❍ | ● | ❍ | ◗ | ● | ❍ | ◗ | ● | ● | ● | ● | ● | ✦ | ◗ | ◗ | ● | ✦ | ● | ● | ◗ | ● | ● | ● | ❍ | ✦ | ❍ | ❍ | ✦ | ● | ● | ✦ | ✦ | ● | ● |
| | | Income Amount | ❍ | ● | ❍ | ✦ | ❍ | ◗ | ✦ | ❍ | ◗ | ● | ● | ● | ❍ | ● | ✦ | ◗ | ◗ | ● | ✦ | ● | ● | ❍ | ● | ● | ● | ❍ | ✦ | ◗ | ❍ | ✦ | ● | ● | ✦ | ✦ | ● | ● |
| | | Outside position: Paid | ● | ● | ● | ● | ● | ◗ | ● | ❍ | ● | ● | ● | P | ● | ● | P | ◗ | ◗ | ◗ | ✦ | ● | ● | ◗ | ● | ● | ● | ✦ | ● | ◗ | ● | P | ● | ● | ✦ | ✦ | ● | ✦ |
| | | Outside position:Non-Paid | ● | ✦ | ● | ❍ | ● | ◗ | ❍ | ❍ | ● | ● | ● | P | ● | ❍ | P | ◗ | ❍ | ◗ | ✦ | ● | ● | ◗ | ● | ● | ● | ✦ | ● | ◗ | ● | ✦ | ❍ | ● | ✦ | ✦ | ● | ✦ |
| | | Gifts | ● | P | P | ● | ● | ◗ | ● | ❍ | ❍ | ✦ | ✦ | ● | ● | ● | P | P | ◗ | ◗ | P | ● | ● | ◗ | ● | ● | ❍ | ◗ | ❍ | P | ❍ | P | ● | ● | ❍ | ❍ | ● | P |
| | | Previous Employment | ❍ | ❍ | ❍ | ● | ❍ | ❍ | ● | ❍ | ● | ● | ● | ❍ | ● | ❍ | ❍ | ◗ | ❍ | ● | ✦ | ❍ | ❍ | ◗ | ❍ | ● | ● | ✦ | ● | ◗ | ❍ | ✦ | ❍ | ● | ✦ | ● | ❍ | ✦ |
| JUDICIAL BRANCH | Judges | Assets | ❍ | ❍ | .. | ❍ | ● | ❍ | ● | ✦ | ● | ❍ | ✦ | ✦ | ❍ | ❍ | ✦ | ◗ | ❍ | ● | ✦ | ❍ | ❍ | ❍ | ✦ | ❍ | ● | ✦ | ❍ | ◗ | ❍ | ✦ | ❍ | ◗ | ✦ | ✦ | ● | ● |
| | | Liabilities | ✦ | ❍ | .. | ❍ | ● | ❍ | ● | ✦ | ● | ❍ | ✦ | ✦ | ❍ | ❍ | ✦ | ◗ | ❍ | ● | ✦ | ❍ | ❍ | ❍ | ✦ | ❍ | ● | ✦ | ❍ | ❍ | ❍ | ✦ | ❍ | ◗ | ✦ | ✦ | ● | ✦ |
| | | Income sources | ❍ | ❍ | .. | ❍ | ❍ | ❍ | ● | ❍ | ● | ❍ | ✦ | ✦ | ✦ | ❍ | ✦ | ◗ | ✦ | ● | ✦ | ❍ | ❍ | ◗ | ✦ | ❍ | ● | ❍ | ❍ | ❍ | ❍ | ✦ | ❍ | ◗ | ✦ | ✦ | ● | ● |
| | | Income Amount | ❍ | ✦ | .. | ❍ | ❍ | ❍ | ✦ | ❍ | ● | ❍ | ✦ | ✦ | ❍ | ❍ | ✦ | ◗ | ✦ | ● | ✦ | ● | ❍ | ❍ | ✦ | ❍ | ● | ❍ | ❍ | ◗ | ❍ | ✦ | ❍ | ◗ | ✦ | ✦ | ● | ● |
| | | Outside position: Paid | ✦ | ✦ | .. | ❍ | ● | ❍ | ● | ◗ | ● | ✦ | ✦ | P | ✦ | ❍ | P | ◗ | ✦ | ◗ | ✦ | ● | ❍ | ◗ | ✦ | P | ● | ✦ | ✦ | ❍ | ✦ | P | P | ◗ | P | ✦ | ● | ✦ |
| | | Outside position:Non-Paid | ✦ | ✦ | .. | ❍ | ● | ❍ | ❍ | ◗ | ❍ | ✦ | ✦ | P | ❍ | ❍ | ✦ | ◗ | ✦ | ◗ | ✦ | ● | ❍ | ◗ | ✦ | P | ❍ | ✦ | ✦ | ❍ | ✦ | ✦ | ❍ | ◗ | P | ✦ | ● | ✦ |
| | | Gifts | ❍ | P | .. | ❍ | ❍ | ❍ | ● | ❍ | ❍ | P | P | ✦ | ❍ | ❍ | ✦ | P | ❍ | ◗ | P | P | ❍ | P | ❍ | P | ❍ | ◗ | ❍ | P | ❍ | P | ❍ | ◗ | ❍ | ❍ | ● | P |
| | | Previous Employment | ✦ | ✦ | .. | ❍ | ❍ | ❍ | ✦ | ❍ | ● | ✦ | ✦ | ❍ | ❍ | ❍ | ✦ | ◗ | ✦ | ◗ | ✦ | ❍ | ❍ | ◗ | ❍ | ❍ | ❍ | ✦ | ❍ | ❍ | ❍ | ✦ | ❍ | ◗ | ✦ | ● | ❍ | ✦ |
| | Prosecutors | Assets | ❍ | ❍ | .. | ✦ | ● | ❍ | ❍ | ◗ | ● | ❍ | ✦ | ✦ | ❍ | ✦ | ✦ | ◗ | ❍ | ● | ✦ | ❍ | × | ❍ | ✦ | ❍ | ● | ✦ | ❍ | ◗ | ❍ | ✦ | ❍ | × | ✦ | ✦ | ● | ● |
| | | Liabilities | ❍ | ❍ | .. | ✦ | ● | ❍ | ❍ | ❍ | ● | ❍ | ✦ | ✦ | ❍ | ❍ | ✦ | ◗ | ❍ | ● | ✦ | ❍ | × | ❍ | ✦ | ❍ | ❍ | ✦ | ❍ | ❍ | ❍ | ✦ | ❍ | × | ✦ | ✦ | ● | ✦ |
| | | Income sources | ❍ | ❍ | .. | ❍ | ❍ | ❍ | ❍ | ❍ | ● | ❍ | ✦ | ✦ | ✦ | ❍ | ✦ | ◗ | ✦ | ● | ✦ | ❍ | × | ❍ | ✦ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ✦ | ❍ | × | ✦ | ✦ | ● | ● |
| | | Income Amount | ❍ | ✦ | .. | ❍ | ❍ | ❍ | ❍ | ● | ● | ❍ | ✦ | ✦ | ❍ | ❍ | ✦ | ◗ | ✦ | ● | ✦ | ❍ | × | ❍ | ✦ | ❍ | ❍ | ❍ | ❍ | ◗ | ❍ | ✦ | ❍ | × | ✦ | ✦ | ● | ● |
| | | Outside position: Paid | ✦ | ✦ | .. | ✦ | ● | ❍ | ✦ | ◗ | ● | ✦ | ✦ | P | ✦ | ✦ | P | ◗ | ✦ | ◗ | ✦ | ● | × | ✦ | ✦ | P | ✦ | ✦ | ✦ | ❍ | ✦ | P | P | × | ✦ | ✦ | ● | ✦ |
| | | Outside position:Non-Paid | ✦ | ✦ | .. | ✦ | ● | ❍ | ✦ | ❍ | ❍ | ✦ | ✦ | P | ❍ | ❍ | ❍ | ◗ | ✦ | ◗ | ✦ | ● | × | ✦ | ✦ | P | ❍ | ✦ | ✦ | ❍ | ✦ | ✦ | ❍ | × | ✦ | ✦ | ● | ✦ |
| | | Gifts | ✦ | P | .. | ✦ | ● | ❍ | ❍ | ❍ | ❍ | P | P | ✦ | ❍ | ✦ | P | P | ◗ | ◗ | P | ✦ | × | P | ❍ | P | ❍ | ◗ | ❍ | P | ✦ | P | ❍ | × | ❍ | ❍ | ● | P |
| | | Previous Employment | ❍ | ✦ | .. | ❍ | ❍ | ❍ | ❍ | ❍ | ● | ✦ | ✦ | ❍ | ❍ | ❍ | ✦ | ◗ | ❍ | ◗ | ✦ | ● | × | ◗ | ❍ | ❍ | ❍ | ✦ | ❍ | ❍ | ❍ | ✦ | ❍ | × | ✦ | ● | ❍ | ✦ |

Table D.1. **Disclosure of selected private interests and public availability of disclosed information by country (2014)**

| | | | AUS | AUT | BEL | CAN | CHL | CZE | EST | FIN | FRA | DEU | GRC | HUN | ISL | IRL | ISR | ITA | JPN | KOR | MEX | NLD | NZL | NOR | POL | PRT | SVK | SVN | ESP | SWE | CHE | TUR | GBR | USA | BRA | COL | LVA | RUS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| AT-RISK AREAS OFFICIALS | Tax and Customs Officials | Assets | ✦ | ❍ | ❍ | ✦ | ❍ | ◗ | ❍ | ❍ | ❍ | ✦ | ✦ | ✦ | ❍ | ✦ | ✦ | ❍ | ❍ | ● | ✦ | .. | ❍ | ❍ | ● | ❍ | ✦ | ❍ | ❍ | ✦ | ❍ | ✦ | ❍ | ✦ | ✦ | ✦ | ● | ● |
| | | Liabilities | ✦ | ❍ | ❍ | ✦ | ❍ | ◗ | ❍ | ❍ | ❍ | ✦ | ❍ | ✦ | ❍ | ❍ | ✦ | ❍ | ❍ | ● | ✦ | .. | ❍ | ❍ | ● | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ✦ | ❍ | ✦ | ✦ | ✦ | ● | ✦ |
| | | Income sources | ✦ | ❍ | ❍ | ❍ | ❍ | ◗ | ❍ | ❍ | ❍ | ✦ | ✦ | ✦ | ❍ | ❍ | ✦ | ◗ | ✦ | ● | ✦ | .. | ❍ | ❍ | ● | ❍ | ❍ | ❍ | ❍ | ❍ | ✦ | ✦ | ❍ | ✦ | ✦ | ✦ | ● | ● |
| | | Income Amount | ✦ | ❍ | ❍ | ❍ | ❍ | ◗ | ❍ | ❍ | ❍ | ✦ | ✦ | ✦ | ❍ | ❍ | ✦ | ◗ | ✦ | ● | ✦ | .. | ❍ | ❍ | ● | ❍ | ❍ | ❍ | ❍ | ✦ | ✦ | ✦ | ❍ | ❍ | ✦ | ✦ | ● | ● |
| | | Outside position: Paid | ✦ | ✦ | ✦ | ✦ | ● | ◗ | ✦ | ◗ | ❍ | ✦ | ✦ | P | ❍ | ✦ | P | ● | ✦ | ◗ | ✦ | .. | ✦ | ✦ | ● | ✦ | ✦ | ✦ | ✦ | ❍ | ✦ | P | P | ✦ | ❍ | ✦ | ● | ✦ |
| | | Outside position:Non-Paid | ✦ | ✦ | ✦ | ✦ | ● | ◗ | ✦ | ❍ | ❍ | ✦ | ✦ | ❍ | ❍ | ❍ | ❍ | ● | ✦ | ◗ | ✦ | .. | ❍ | ✦ | ❍ | ✦ | ❍ | ✦ | ✦ | ❍ | ❍ | ✦ | ❍ | ✦ | ❍ | ✦ | ● | ✦ |
| | | Gifts | ✦ | P | P | ✦ | ❍ | ◗ | ❍ | ❍ | ❍ | ✦ | P | P | ❍ | ✦ | P | P | ◗ | ◗ | P | .. | ◗ | ✦ | ❍ | P | ❍ | ◗ | ❍ | P | ✦ | P | ❍ | ✦ | ❍ | ❍ | ● | P |
| | | Previous Employment | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ✦ | ✦ | ❍ | ❍ | ❍ | ✦ | ● | ❍ | ◗ | ✦ | .. | ✦ | ✦ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ✦ | ❍ | ✦ | ❍ | ● | ❍ | ✦ |
| | Procurement Agents | Assets | × | ❍ | ❍ | ✦ | ❍ | ◗ | ❍ | × | ❍ | ❍ | ✦ | ✦ | ❍ | ✦ | ✦ | ✦ | ❍ | ● | ✦ | .. | ❍ | ❍ | ❍ | ❍ | ✦ | ❍ | ❍ | × | ❍ | ✦ | ❍ | ✦ | ✦ | ✦ | ● | ● |
| | | Liabilities | × | ❍ | ❍ | ✦ | ❍ | ◗ | ❍ | × | ❍ | ❍ | ❍ | ✦ | ❍ | ❍ | ✦ | ❍ | ❍ | ● | ✦ | .. | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | × | ❍ | ✦ | ❍ | ✦ | ✦ | ✦ | ● | ✦ |
| | | Income sources | × | ❍ | ❍ | ❍ | ❍ | ◗ | ❍ | × | ❍ | ✦ | ✦ | ✦ | ❍ | ❍ | ✦ | ✦ | ✦ | ● | ✦ | .. | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | × | ✦ | ✦ | ❍ | ✦ | ✦ | ✦ | ● | ● |
| | | Income Amount | × | ❍ | ❍ | ❍ | ❍ | ◗ | ❍ | × | ❍ | ✦ | ✦ | ✦ | ❍ | ❍ | ✦ | ✦ | ✦ | ● | ✦ | .. | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | × | ✦ | ✦ | ❍ | ❍ | ✦ | ✦ | ● | ● |
| | | Outside position: Paid | × | ✦ | ✦ | ✦ | ❍ | ◗ | ✦ | × | ❍ | ✦ | ✦ | P | ❍ | ✦ | P | ✦ | ✦ | ◗ | ✦ | .. | ✦ | ❍ | ❍ | ✦ | ✦ | ❍ | ✦ | × | ✦ | P | P | ✦ | ✦ | ✦ | ● | ✦ |
| | | Outside position:Non-Paid | × | ✦ | ✦ | ✦ | ❍ | ◗ | ✦ | × | ❍ | ✦ | ✦ | ❍ | ❍ | ❍ | ❍ | ✦ | ✦ | ◗ | ✦ | .. | ❍ | ❍ | ❍ | ✦ | ❍ | ❍ | ✦ | × | ❍ | ✦ | ❍ | ✦ | ✦ | ✦ | ● | ✦ |
| | | Gifts | × | P | P | ✦ | ❍ | ◗ | ❍ | × | ❍ | P | ❍ | P | ❍ | ✦ | P | ✦ | ◗ | ◗ | P | .. | ◗ | ❍ | ❍ | P | ❍ | ❍ | ❍ | × | ✦ | P | ❍ | ✦ | ❍ | ❍ | ● | P |
| | | Previous Employment | × | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | × | ❍ | ❍ | ✦ | ❍ | ❍ | ❍ | ✦ | ❍ | ❍ | ◗ | ✦ | .. | ✦ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | × | ❍ | ✦ | ❍ | ✦ | ✦ | ● | ❍ | ✦ |
| | Financial Authorities | Assets | ✦ | ❍ | ❍ | ✦ | ● | ◗ | ✦ | ✦ | ✦ | ❍ | ✦ | ✦ | ✦ | ✦ | ✦ | ✦ | ❍ | ● | ✦ | .. | ❍ | ✦ | ❍ | ❍ | ✦ | ❍ | ❍ | ✦ | ❍ | ✦ | ◗ | ✦ | ✦ | ✦ | ● | ● |
| | | Liabilities | ✦ | ❍ | ❍ | ✦ | ● | ◗ | ✦ | ✦ | ❍ | ❍ | ❍ | ✦ | ✦ | ❍ | ✦ | ✦ | ❍ | ● | ✦ | .. | ❍ | ✦ | ❍ | ❍ | ❍ | ❍ | ❍ | ✦ | ❍ | ✦ | ❍ | ✦ | ✦ | ✦ | ● | ✦ |
| | | Income sources | ❍ | ❍ | ❍ | ❍ | ❍ | ◗ | ❍ | ✦ | ❍ | ✦ | ✦ | ✦ | ✦ | ❍ | ✦ | ✦ | ✦ | ● | ✦ | .. | ❍ | ✦ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ✦ | ❍ | ✦ | ✦ | ✦ | ● | ● |
| | | Income Amount | ❍ | ❍ | ❍ | ❍ | ❍ | ◗ | ❍ | ✦ | ❍ | ✦ | ✦ | ✦ | ❍ | ❍ | ✦ | ✦ | ✦ | ● | ✦ | .. | ● | ✦ | ❍ | ❍ | ❍ | ❍ | ❍ | ✦ | ❍ | ✦ | ❍ | ❍ | ✦ | ✦ | ● | ● |
| | | Outside position: Paid | ✦ | ✦ | ✦ | ✦ | ● | ◗ | ❍ | ◗ | ✦ | ✦ | ✦ | P | ❍ | ✦ | P | ✦ | ✦ | ◗ | ✦ | .. | ✦ | ✦ | ❍ | ✦ | ✦ | ✦ | ✦ | ❍ | ✦ | P | ● | ✦ | P | ✦ | ● | ✦ |
| | | Outside position:Non-Paid | ✦ | ✦ | ✦ | ✦ | ● | ◗ | ❍ | .. | ✦ | P | ✦ | ❍ | ❍ | ❍ | ❍ | ❍ | ✦ | ◗ | ✦ | .. | ❍ | ❍ | ❍ | ✦ | ❍ | ✦ | ✦ | ❍ | ✦ | ✦ | ● | ✦ | ❍ | ✦ | ● | ✦ |
| | | Gifts | ✦ | P | P | ✦ | ● | ◗ | ✦ | ❍ | ✦ | P | P | P | ❍ | ✦ | P | P | ◗ | ◗ | P | .. | ◗ | P | ❍ | P | ❍ | ◗ | ❍ | P | P | P | ● | ✦ | P | ❍ | ● | P |
| | | Previous Employment | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ✦ | ❍ | ✦ | ❍ | ✦ | ❍ | ❍ | ❍ | ✦ | ✦ | ❍ | ◗ | ✦ | .. | ✦ | ✦ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ✦ | ✦ | ● | ✦ | ❍ | ● | ❍ | ✦ |

P Prohibited.
● Information is disclosed and publicly available online or print.
◗ Information is disclosed and publicly available upon request.
✦ Information is disclosed and not publicly available.
❍ Disclosure is not required.
× Not applicable (e.g. The country does not have such positions).
.. Data are missing.
For country-specific notes see Statlink.

StatLink http://dx.doi.org/10.1787/888933249637

ANNEX E

# *OUR Data Index: **O**pen, **U**seful, **R**eusable Government Data*

This annex provides data for each responding country on the efforts made by government to proactively disclose and support re-use of Open Government Data. The data underlie the summary of data presented in Figure 10.8.

Data used for the construction of the composite are derived from the 2014 OECD Survey on Open Government Data. Survey respondents were predominantly Chief Data Officers (CIO) in the Central/Federal government.

The narrowly defined composite indexes presented in *Government at a Glance* represent the best way of summarising discrete, qualitative information on key aspects of Open Government Data. "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. For this index, the only international agreement available – the G8 Open data Charter – was used as the main theoretical ground in combination to Working Papers produced by the Secretariat and approved by country delegates from the Public Governance Committee. The variables comprising the indexes were selected based on their relevance to the concept by a group of experts within the OECD. Further consultations with country delegates and relevant working parties will allow to further expand and improve the relevance of the index in future years.

In addition:

Various statistical tools, such as factor analysis, were employed to establish that the variables comprising each index are correlated and represent the same underlying concept.

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.

Sensitivity analysis using Monte Carlo simulations was carried out to establish the robustness of the indicators to different weighting options. Considering that this index is a pilot version equal weighting was provided for each variables and pillars.

The composite indexes presented in *Government at a Glance* are descriptive in nature, and have been given titles to reflect this. The survey questions used to create the indexes are the same across countries, ensuring that the indexes are comparable.

The OGD index does not purport to measure the overall quality of Open Government Data results in each country (to do so would require a much stronger conceptual foundation and normative assumptions) but rather the level of government efforts to implement some of the good principles internationally agreed in terms of data availability, accessibility and re-use support. The impact dimension is for instance not captured at all in the index.

While the composite index was based on best practices and/or theory developed in co-operation with member countries, the variables comprising the composites and their weights are offered for debate and, consequently, may evolve over time.

The composites were built according to the following methodology: From the G8 Open Data Charter and *OECD Working Paper* on Open Government Data (Ubaldi, 2013), three core dimensions of good Open Data practices were identified:

1. Data availability: Providing a wide range of data produced by the public sector in open format.
2. Data accessibility: Providing those data in a user-friendly way which includes the provision of metadata and machine readable format (e.g. CSV).
3. Pro-active support from the government to foster innovative re-use of the data and stakeholder's engagement.

To narrow-down the universe the focus for the 2 first pillars (availability and accessibility) is only on the Central/Federal Open Data Portal. Equal weights were given to the three dimensions as well as to the underlying variables. Principal Component Factor analysis was carried out to examine how a set of underlying variables (survey questions) are associated and whether they are correlated with each other in order to select those which capture the most of the underlying concept . Some variables were also kept based on experts' judgement. Some estimation was made on the missing values for Norway, Sweden, Spain, Ireland, the United States and Greece; All sub dimensions are weighted at 1/3 (33.3%). All variables constructing the sub-dimensions are equally weighted. Source: 2014 OECD Survey on Open Government Data Cronbach Alpha testing was done to ensure high correlation among underlying variables in each dimension: Overall Cronbach Alpha = 0.81.

## Table E.1. **Data availability on the national portal**

| | AUS | AUT | BEL | CAN | CHL | DNK | EST | FIN | FRA | DEU | GRC | IRL | ITA | JPN | KOR | MEX | NLD | NZL | NOR | POL | PRT | SVK | SVN | ESP | SWE | CHE | GBR | USA | COL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| National elections results | ● | ● | ● | ● | ❍ | ● | ❍ | ● | ● | ● | ● | ❍ | ❍ | ● | ● | ❍ | ● | ● | ● | ❍ | ● | ❍ | ❍ | ● | ❍ | ● | ❍ | ● | ❍ |
| National public expenditures | ● | ❍ | ● | ● | ● | ● | ❍ | ● | ● | ● | ● | ● | ❍ | ● | ● | ● | ❍ | ● | ❍ | ❍ | ● | ❍ | ● | ● | ❍ | ❍ | ● | ● | ● |
| Local public expenditures | ❍ | ● | ❍ | ❍ | ❍ | ❍ | ❍ | ● | ● | ● | ● | ❍ | ❍ | ❍ | ● | ❍ | ● | ● | ● | ❍ | ● | ❍ | ● | ● | ❍ | ❍ | ● | ● | ❍ |
| The most recent national census | ● | ● | ● | ● | ● | ● | ❍ | ● | ● | ● | ● | ● | ❍ | ● | ● | ❍ | ❍ | ● | ● | ❍ | ● | ❍ | ❍ | ❍ | ❍ | ❍ | ● | ● | ● |
| Applications re-using public data | ● | ● | ● | ● | ❍ | ❍ | ● | ❍ | ● | ● | ● | ❍ | ● | ● | ● | ❍ | ❍ | ● | ● | ❍ | ● | ❍ | ● | ● | ❍ | ● | ● | ❍ | ● |

● Yes.
❍ No.
.. Missing answer.

StatLink http://dx.doi.org/10.1787/888933249643

## Table E.2. **Data accessibility on the national portal**

| | AUS | AUT | BEL | CAN | CHL | DNK | EST | FIN | FRA | DEU | GRC | IRL | ITA | JPN | KOR | MEX | NLD | NZL | NOR | POL | PRT | SVK | SVN | ESP | SWE | CHE | GBR | USA | COL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Use of CSV format (machine readable) never (❍), rarely (◗), generally (●) | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ◗ | ● | ● | ● | ● | ● | ● | ● | ● | ◗ | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Systematic provision of metadata | ● | ● | ● | ● | ● | ❍ | ● | ❍ | ● | ❍ | ❍ | ❍ | ● | ● | ● | ● | ● | ❍ | ● | ● | ● | ● | ❍ | ● | ❍ | ● | ● | ● | ● |
| Features available: Geospatial tools | ● | ❍ | ❍ | ● | ● | ❍ | ● | ● | ● | ❍ | ❍ | ● | ❍ | ❍ | ● | ● | ❍ | ❍ | ● | ❍ | ● | ● | ● | ❍ | ❍ | ● | ● | ● | ❍ |
| Ranking of most popular datasets | ● | ❍ | ❍ | ● | ● | ● | ❍ | ● | ● | ❍ | ❍ | ❍ | ❍ | ❍ | ● | ● | ❍ | ❍ | ❍ | ❍ | ● | ● | ● | ● | ❍ | ❍ | ● | ● | ● |
| Voting button for visitors | ● | ❍ | ❍ | ● | ● | ● | ❍ | ❍ | ● | ● | ❍ | ❍ | ❍ | ❍ | ● | ● | ❍ | ❍ | ❍ | ❍ | ● | ❍ | ❍ | ● | ❍ | ❍ | ● | ❍ | ● |
| Receive notifications when datasets are added | ● | ● | ❍ | ❍ | ❍ | ● | ❍ | ❍ | ● | ❍ | ❍ | ❍ | ❍ | ● | ● | ❍ | ❍ | ● | ❍ | ❍ | ❍ | ❍ | ● | ● | ❍ | ● | ● | ❍ | ❍ |

● Yes.
❍ No.
.. Missing answer.

StatLink http://dx.doi.org/10.1787/888933249656

## Table E.3. **Government support to the reuse of data and stakeholders' engagement**

| | AUS | AUT | BEL | CAN | CHL | DNK | EST | FIN | FRA | DEU | GRC | IRL | ITA | JPN | KOR | MEX | NLD | NZL | NOR | POL | PRT | SVK | SVN | ESP | SWE | CHE | GBR | USA | COL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Regular consultations for the types of data released | ● | ● | ● | ● | ❍ | ❍ | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ❍ | ● | ● | ❍ | ● | ● | ❍ | ● | ● | ● | ● | ● | ● |
| Software development contests/prize (e.g. for apps, widgets, etc.) | ◗ | ● | ◗ | ● | ◗ | ◗ | ◗ | ● | ● | ◗ | ● | .. | ◗ | ◗ | ● | ● | ◗ | ❍ | ● | ❍ | ❍ | ◗ | ❍ | | .. | ❍ | ◗ | .. | ● |
| Info sessions for citizens and businesses | ◗ | ◗ | ◗ | ● | ◗ | ◗ | ◗ | ◗ | ◗ | ◗ | ● | .. | ● | ◗ | ● | ● | ◗ | ◗ | ◗ | ◗ | ◗ | ◗ | ◗ | ● | .. | ❍ | ◗ | .. | ◗ |
| Release of data and implementation of OGD policies considered part of performance indicators of organisations | ◗ | ◗ | ❍ | ● | ❍ | ❍ | ● | ◗ | ◗ | ❍ | .. | .. | ◗ | ◗ | ● | ● | ❍ | ❍ | ◗ | ❍ | ❍ | ❍ | ❍ | .. | .. | ❍ | ◗ | .. | ● |
| Organisation of co-creation type events (e.g. hackathons) | ◗ | ◗ | ◗ | ● | ● | ◗ | ◗ | ● | ● | ◗ | ● | .. | ● | ◗ | ● | ● | ◗ | ◗ | ● | ❍ | ◗ | ◗ | ❍ | ● | .. | ● | ◗ | .. | ● |
| Data promotion to journalists | ◗ | ◗ | ◗ | ◗ | ◗ | ❍ | ❍ | ◗ | ◗ | ❍ | ◗ | .. | ◗ | ◗ | ● | ◗ | ◗ | ◗ | ● | ❍ | ◗ | ❍ | ◗ | .. | .. | ◗ | ◗ | .. | ◗ |
| Data analytics teams in government | ◗ | ❍ | ◗ | ❍ | ❍ | ◗ | ❍ | ❍ | ● | ❍ | ● | .. | ❍ | ❍ | ◗ | ● | ◗ | ◗ | ◗ | ❍ | ◗ | ❍ | ❍ | .. | .. | ❍ | ● | .. | ❍ |
| Training for civil servants to build capacities | ● | ◗ | ◗ | ◗ | ◗ | ❍ | ❍ | ◗ | ◗ | ❍ | ◗ | .. | ◗ | ◗ | ● | ● | ❍ | ◗ | ◗ | ◗ | ◗ | ❍ | ◗ | .. | .. | ◗ | ● | .. | ◗ |

● Often.
◗ Sometimes.
❍ Never.
.. Missing answer.

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# ANNEX F

## *Members of the Steering Group*

| | Name | Title/position | Ministry |
|---|---|---|---|
| Austria | Mr Michael Kallinger | Director General | 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 Patricia Mosher | Senior Advisor Priorities and Planning | 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 Daniel Aunay | Senior Advisor for European and International Affairs | Secretariat-General for Government Modernization/Office of the Prime Minister |
| Hungary | Mr László Jobbágy | Head of Department/ Department for Public Administration Development | Prime Minister's Office |
| Italy | Mr Stefano Pizzicannella | Director International Relations | Department for Public Administration |
| Japan | Mr Irie Akifumi | First Secretary | Permanent Delegation of Japan to the OECD |
| Korea | Mr Yong Bum Choi | Minister-Counsellor | Delegation of Korea to the OECD |
| Mexico | Mr Adrian Franco Barrios | General Director/ Governance and Public Security Statistics | Governance and Public Security Statistics/ National Statistics Office |
| Netherlands | Mr Dick Hagoort | Head of the Department on Analysis/Labour Market and Macro Economic Counselling | Ministry of interior and Kingdom Relations |
| Norway | Ms Tone Smith-Meyer | Advisor | Norwegian Ministry of Public Administration |
| Slovenia | Ms Klaudija Korazija | Under-Secretary /European Affairs and International Cooperation Office | Ministry of the Interior |
| Sweden | Ms Susanne Johansson | Advisor | Swedish Agency for Public Management |
| United Kingdom | Ms Liz McKeown | Deputy Director, Analysis and Insight | Cabinet Office |

## Glossary

| Term | Use 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 budget 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.

Please refer to Annex A for more details regarding the recent revision of the SNA framework and its implementation made by the countries.

**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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*Government at a Glance 2015* provides the latest available data on public administrations in OECD countries. Where possible, it also reports data for Brazil, China, Colombia, India, Indonesia, Latvia, the Russian Federation, South Africa and Ukraine. This edition contains new indicators on public sector integrity, regulatory governance, the role of centres of government, digital government, budget practices and procedures, open government data, and a more comprehensive set of data on the level of access, responsiveness and quality of services to citizens. This edition also includes a special section on the impact of budget constraints on employment and compensation reforms in governments since 2009.

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Chapter 12. Serving citizens



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