# Government at a Glance 2019

OECD

# Government at a Glance 2019

OECD

BETTER POLICIES FOR BETTER LIVES

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

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.

**Please cite this publication as:**
OECD (2019), *Government at a Glance 2019*, OECD Publishing, Paris, *https://doi.org/10.1787/8ccf5c38-en*.

ISBN 978-92-64-35156-1 (print)
ISBN 978-92-64-60081-2 (pdf)
ISBN 978-92-64-35133-2 (HTML)
ISBN 978-92-64-63652-1 (epub)

Government at a Glance
ISSN 2221-4380 (print)
ISSN 2221-4399 (online)

**Photo credits:** Illustration Cover © Jeffrey Fisher.

Corrigenda to publications may be found on line at: *www.oecd.org/about/publishing/corrigenda.htm*.

© OECD 2019

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at *http://www.oecd.org/termsandconditions*.

# *Foreword*

*More than a decade after the financial crisis, OECD countries are still experiencing relatively slow economic growth. They are also saddled with a large debt burden, and facing challenges related to ageing populations and rapid technological change. At the same time, people's trust in public institutions and the their perception of the responsiveness, integrity and efficiency of the public sector have yet to fully recover from the crisis, limiting the capacity of governments to implement necessary reforms. In this context, taking a people-centric approach to policy making and service delivery becomes urgent. Such an approach entails governments better taking the needs and expectations expressed by the people into account when designing, implementing and evaluating public policies and services.*

Government at a Glance 2019, *the sixth edition of the flagship publication of the OECD Public Governance Committee, focuses on progress made by OECD countries in achieving people-centricity in their public management and governance practices and in service delivery. Data show that countries are improving service provision, which is reflected in the levels of public satisfaction with key public services, making headway in the use of people-centric public governance practices.*

*The major objective of the* Government at a Glance *series is to provide reliable, internationally comparative data on government activities in OECD countries, accession countries, and other major economies. These data can be used to benchmark governments' performance, track national and international developments over time, and provide evidence for policy making.*

*As in every edition, there are indicators on the entire government production process from inputs through processes to outcomes. A unique feature of the publication is that data on public management and governance practices are collected by OECD survey instruments from government officials, validated by OECD experts. This edition contains chapters on the roles and responsibilities of selected institutions, budgeting practices and procedures, human resources management, regulatory governance, public procurement and open and digital government. Input data focus on public finance and employment, while outcome data include indicators on core government results – such as trust in government, political efficacy, role of the government in reducing income inequalities – as well as indicators on access, responsiveness, service quality and citizen satisfaction in education, health and justice services.*

*The indicators in* Government at a Glance *are unique, and have been developed to monitor countries' progress with OECD principles and recommendations on various public governance practices. As a result, they are a recognised benchmark in many fields of public governance, allowing for more informed, evidence-based policy discussions worldwide.*

# *Acknowledgements*

*Government at a Glance 2019* was prepared by the OECD Directorate for Public Governance, under the leadership of Marcos Bonturi, Director. The work was led by Zsuzsanna Lonti, under the direction of Irène Hors and Monica Brezzi. The publication was drafted by Barbara Baredes, Santiago Gonzalez, Alessandro Lupi, and Minjoo Son. Clara Delcourt provided research assistance. Major contributions were received from Daniel Gerson, Donal Mulligan and Pinar Guven (Chapter 3: Public Employment); Stephane Jacobzone, Claire Salama, Diego Millan (Chapter 4: Institutions); Andrew Blazey, Delphine Moretti, Juliana Jansen, Anne Keller, Sherie Nicol, Ana-Maria Ruiz (Chapter 5: Budgeting practices and procedures); Daniel Gerson and Donal Mulligan (Chapter 6: Human resources management); Christiane Arndt-Bascle, Benjamin Gerloff, Rebecca Schultz (Chapter 7: Regulatory government); Janos Bertok, Paulo Magina, Matthieu Cahen, Antoine Comps, Fleur D'Souza, Tessa Cullen (Chapter 8: Public Procurement); Barbara Ubaldi, Reginald Dadzie, Jacob Arturo Riviera Perez, Joao Vasconcelos, Zina Akrout, Cecilia Emilsson (Chapter 9: Open and Digital government). We thank Janos Bertok, Andrew Blazey, Eva Beuselinck, Stéphane Jacobzone, Edwin Lau and Barbara Ubaldi for their valuable comments to Chapter 1. We also thank Andrea Uhrhammer for editorial support, as well as Julie Harris and Joelle Palmieri for their help in preparing the document for publication. Translation in French was made possible thanks to Maia Kirilovski, Frederic Berri and Maria Eiguren.

The publication is the result of contributions from a wide range of sources and expertise. It benefited from inputs by the OECD Public Governance Committee; the Government at a Glance Steering Group (details in Annex G); the Committee on Statistics and Statistical Policy (CSSP) ; the Public Employment and Management Working Party; the Working Party of Senior Budget Officials; the Working Party of Senior Digital Government Officials (E-Leaders); the Working Party of Leading Practitioners on Public Procurement; and the OECD Expert Group on Open Data. Valuable comments were received from Gaetan Lafortune, Chris James and Maxime Ladaique of the OECD Directorate for Employment, Labour and Social Affairs; Corinne Heckman, Daniel Sanchez Serra and Camila Demoraes of the OECD Directorate of Education and Skills; Carlotta Balestra of the OECD Statistics and Data Directorate; and Oliver Petzold from the OECD Centre for Tax Policy and Administration.

# *Table of contents*

**Combatting disillusionment with governments calls for people-centric public policies and services** . . . . . 9

**Executive summary** . . . . . 11

**Reader's guide** . . . . . 15

**Introduction** . . . . . 19

*Chapter 1.* **Towards people-centric public services** . . . . . 25

Introduction . . . . . 26
1. What are people-centric public services? . . . . . 27
2. Achieving and measuring people centricity in public services . . . . . 28
3. People-centric policy making . . . . . 35
Conclusion . . . . . 46

*Chapter 2.* **Public finance and economics** . . . . . 51

General government fiscal balance . . . . . 52
General government net saving . . . . . 54
General government structural balance . . . . . 56
General government gross debt . . . . . 58
Financial net worth of general government . . . . . 60
Fiscal balance and debt by level of government . . . . . 62
General government revenues . . . . . 64
Structure of government revenues . . . . . 66
General government expenditures . . . . . 68
Government expenditures by function (COFOG) . . . . . 70
Structure of government expenditures by economic transaction . . . . . 72
Revenue and expenditure structure by level of government . . . . . 74
Government investment spending . . . . . 76
Production costs and outsourcing of general government . . . . . 78
Special feature: Government expenditures by functions of social protection and health (COFOG) . . . . . 80

*Chapter 3.* **Public employment** . . . . . 83

Employment in general government . . . . . 84
General government employment across levels of government . . . . . 86
Gender equality in public sector employment . . . . . 88
Gender equality in politics . . . . . 90
Gender equality in the judiciary . . . . . 92

*Chapter 4.* **Institutions** . . . . . 95

Roles and responsibilities of the centres of government. . . . . 96
Role of the centre of government in open government. . . . . 98
Institutionalisation of policy evaluation systems. . . . . 100
Promoting the use of policy evaluations . . . . . 102

*Chapter 5.* **Budgeting practices and procedures**. . . . . 105

Capital budgeting and infrastructure . . . . . 106
Fiscal risks management . . . . . 108
Gender budgeting . . . . . 110
Budget transparency . . . . . 112
Budgeting for environmental and sustainable development . . . . . 114

*Chapter 6.* **Human resources management** . . . . . 117

Employment conditions of civil servants and other public employees. . . . . 118
Learning and development in the civil service . . . . . 120
Performance management of senior leaders in the public service . . . . . 122

*Chapter 7.* **Regulatory governance** . . . . . 125

Stakeholder engagement for developing regulations . . . . . 126
Regulatory impact assessment . . . . . 128
*Ex post* evaluation of regulation. . . . . 130

*Chapter 8.* **Public procurement** . . . . . 133

Size of public procurement . . . . . 134
Strategic public procurement . . . . . 136
Digital transformation of public procurement . . . . . 138
Public procurement capacity and performance . . . . . 140
Managing risks in public procurement. . . . . 142

*Chapter 9.* **Digital government and open government data** . . . . . 145

Digital government . . . . . 146
Open government data: Enabling policy maturity and sustainability . . . . . 148
Data availability: Policy frameworks, stakeholder engagement and data release. . . . . 150
Data accessibility: Open, free and accessible formats . . . . . 152
Engaging users: Promoting awareness and re-use of open government data . . . . . 154

*Chapter 10.* **Core government results**. . . . . 157

Trust in government . . . . . 158
Perception of government responsiveness: External political efficacy . . . . . 160
Redistribution of income and wealth . . . . . 162
Rule of law . . . . . 164
Public sector efficiency . . . . . 166
Cost effectiveness of public policies . . . . . 168

*Chapter 11.* **Serving citizens** . . . . . 171

Serving Citizens Scorecards . . . . . 172
Citizen satisfaction with public services and institutions . . . . . 176

Financial and geographic access to care . . . . . 178
Financial access to education . . . . . 180
Access to legal and justice services . . . . . 182
Responsiveness of health systems to patient needs . . . . . 184
Responsiveness of education systems to special needs . . . . . 186
Timeliness of civil justice services . . . . . 188
Quality of health care . . . . . 190
Student performance and equity in education . . . . . 192
Effectiveness and fairness of the justice system . . . . . 194

*Annex A.* **Reporting systems and sources of countries for government in the National Accounts Statistics** . . . . . 197

*Annex B.* **Methodology for revenue aggregates** . . . . . 199

*Annex C.* **Classification of the Functions of Government (COFOG)** . . . . . 200

*Annex D.* **Classification and definition of occupations** . . . . . 202

*Annex E.* **Methodology for composite indexes on Gender Budgeting, Regulatory Policy and Governance, and Open Useful Re-usable data** . . . . 204

*Annex F.* **Additional figures accessible online** . . . . . 206

*Annex G.* **Members of the steering group** . . . . . 208

**Glossary** . . . . . 209

**Follow OECD Publications on:**

*http://twitter.com/OECD_Pubs*

*http://www.facebook.com/OECDPublications*

*http://www.linkedin.com/groups/OECD-Publications-4645871*

*http://www.youtube.com/oecdilibrary*

*http://www.oecd.org/oecddirect/*

**This book has...**

StatLinks
A service that delivers Excel® files from the printed page!

Look for the *StatLinks* at the bottom of the tables or graphs in this book. To download the matching Excel® spreadsheet, just type the link into your Internet browser, starting with the *http://dx.doi.org* prefix, or click on the link from the e-book edition.

# *Combatting disillusionment with governments calls for people-centric public policies and services*

Today, the worst consequences of the 2008 financial crisis may be behind us. Yet, most OECD countries are still saddled with high debt loads that, on average, amounted to 110% of GDP in 2017. Such high debt levels reduce governments' ability to stimulate economic growth and address imperative challenges, including rising inequalities and a sense of insecurity induced by rapid technological advancements that are making many people feel insecure about the future of their work. Redistribution through taxes and transfers has fallen. There is also less money available for investment, while the urgency to renew ailing infrastructure is becoming increasingly apparent.

These trends, and others, have led to increasing discontent with governments and democratic institutions. People in many countries are questioning whether their governments serve the interest of the majority or just the select few. In fact, in 2016, only 37% of people in OECD countries considered that they had a say in what their government does. Such discontent is often reflected in political narratives and election outcomes. Overall, this data shows that further action is needed to strengthen trust in governments and public institutions.

Public institutions have tools at their disposal that allow them to reconnect with citizens and improve the effectiveness of public policy. Key among these are people-centred approaches to policy-making and delivering services. Such approaches allow governments to consult citizens about their needs, encouraging direct participation in designing and implementing policies. They also allow them to evaluate their impacts on society.

*Government at a Glance 2019* presents indicators and analysis on how far OECD countries have come in achieving a people-centric approach in their public management and governance practices. It showcases comparative results across the 36 OECD countries in numerous governance areas.

The results show that countries are starting to adopt people-centric public services. The access, responsiveness and quality of services – in areas such as education, health and justice – are improving in the majority of countries. In 2018, for example, an average of 70% of OECD citizens were satisfied with the availability of healthcare, 66% were satisfied with the education system and 56% had confidence in the judicial system and courts.

Public management and governance are also moving in the same direction. In their efforts to improve the transparency, responsiveness, accountability and the efficiency of the public sector, OECD countries are increasingly making data from public bodies available in open, free and accessible formats. Additionally, a growing number of countries are focusing on the impact of budgetary decisions on key population groups and policy areas. For example, the number of OECD countries carrying out gender budgeting increased from 12 in 2016, to 17 in 2018. Stakeholder consultations on draft laws and regulations are now

a widespread practice, although their timing and feedback mechanisms must be further improved. Investments in the civil service are also becoming a priority: in 2019, 24 OECD countries placed a high priority on executive leadership training and coaching. In spite of this, only 17 countries prioritised training in IT and digital skills.

*Government at a Glance 2019* demonstrates how governance indicators can become a critical tool in helping us to understand new developments in public governance, and to foster and multiply good practices. As such, it is a critical resource for policymakers, practitioners, researchers and citizens.

Yours sincerely,

Angel Gurría

# Executive summary

*Government at a Glance 2019* presents a dashboard of key indicators of public sector performance and policies that governments are implementing to reconnect with their people, improve equality and spur more inclusive growth. The policy chapter focuses on how "people-centric" public services are performing in terms of access, responsiveness and quality. The report provides outcome indicators on education, health and justice, complemented with measures of how people perceive those public services. The publication also reviews, through internationally comparable indicators, public governance practices and reforms from the perspective of people-centricity, for example in budgeting, regulatory governance, public procurement and the use of open government data.

## Key findings

### Persistently high debt levels reduce governments' ability to react to economic shocks

- The average fiscal deficit has steadily improved since 2009, reaching 2.2% of GDP in 2017, although still below pre-crisis levels of 1.7%.
- Average gross government debt in 2017 reached 110% of GDP in OECD countries, reducing countries' room for manoeuvre.
- General government expenditure on social protection and health, combined, accounted for over 21% GDP in OECD countries in 2017. Both showed an increase since 2007, primarily due to an aging population: 1.5 percentage points for social protection and 1.1 percentage points for health.
- Public investment on average represented 3.1% of GDP in 2017 and is still 0.5 percentage points lower than in 2007. There is a need to reduce the investment gap; increasing public investment can contribute to economic growth and provide needed capital for tackling climate change and implementing the sustainable development goals (SDGs).

### While public employment has been generally steady over time, not all public employees are treated equally

- Employment in general government is around 18% of total employment across OECD countries, unchanged compared to 2007.
- There are persistant gender gaps in the public sector workforce. For example, men are over-represented in higher-level court judges (67% of total) and in politics. On average, women account for 30% of seats in lower/single houses of parliaments in OECD countries and about one-third of ministerial positions in central government in 2019.

- In the central government, statutory civil servants make up, on average, 68% of the workforce and have more job security, better career advancement and more rigorous recruitment processes than other public employees.

## A growing number of countries are pursuing budget practices that focus on the impact of budgetary decisions on key population groups and policy areas

- In 2018, close to half of OECD countries surveyed have implemented gender budgeting and about one-quarter have enacted gender budgeting into legislation.
- In 2018, around one-quarter of OECD countries surveyed published the environmental and climate impact of budget measures; a similar number of countries have provided information on the effects of the budget on societal well-being, and only 25% of countries have reflected the Sustainable Development Goals in performance budgeting systems.

## Stakeholder consultation on draft laws and regulations is widespread in OECD countries, yet it usually occurs late in the process and stakeholders are seldom provided with feedback about the impact of their comments

- All surveyed OECD countries require stakeholder engagement for the development of at least some regulations.
- In twenty-eight OECD countries in 2016, the centre of government consulted directly with stakeholders on policies.
- Compared to 2014, countries have slightly improved their stakeholder engagement practices, more for primary laws - up from a score of 2 (on a scale from 1 to 4) in 2014 to 2.2 in 2017 - than for subordinate regulations (from 2 to 2.1).

## Governments are increasingly using public procurement to advance sustainability goals.

- Public procurement accounted on average for 12% of GDP in OECD countries in 2017.
- All OECD countries had implemented green public procurement strategies in 2018, with an increasing number using public procurement to promote inclusive growth (29 countries), innovation (26 countries), and responsible business conduct (22 countries).

## OECD countries continue to show progress in making data from public bodies available to all in open, free and accessible formats

- Thirty out of 33 OECD countries require government data to be available free of charge, twenty-nine require data to be available with open licence, and thirty-one require data to be provided in machine-readable formats. Twenty-one countries prioritise building skills and capacities within the public administration to reuse data.
- The Open, Useful and Re-usable (OURdata) Index, which benchmarks open government data policies and their implementation, increased in 2017 compared to 2014. Such an increase reflects improvements in all the underlying indicators: data availability, accessibility, and government support for reuse. Previously low-performing countries are catching up to frontrunners such as Korea, France and Japan.
- In 2016, in twenty-one OECD countries, the centre of government was involved in designing open government strategies and initiatives, and in twenty countries in implementing them as well.

## While trust in government has returned to pre-crisis levels, people's sense of political efficacy remains low

- People's trust in their government, a measure that has deteriorated since 2007, has recovered back to 45% in the OECD area, a value similar to the pre-crisis level. Trust in government has increased in 16 countries such as Germany, Japan, Korea, Poland and Switzerland.
- On average, in 2016, only 37 percent of people in OECD countries felt they had an influence in what the government does, with this share dropping to 20% or less in Italy and Slovenia.

## On average, citizen satisfaction with health and education and confidence in the judiciary have slightly increased in the OECD, but inequalities persist among population groups

- In 2018, 70% of citizens were satisfied with the availability of health care, 66% of citizens were satisfied with the education system and schools, and 56% had confidence in the judicial system and courts across OECD countries.
- Access, responsiveness and quality of services (education, health and justice) is improving in most countries. For example, the percentage of youth not in education, employment nor training (NEET) has decreased from 6.9 in 2012 to 5.2 in 2018.
- There are persisting inequalities among population groups. For example, unmet care needs for medical examination were 3.2 percentage points higher among low-income than among high-income individuals in 2017

# *Reader's guide*

In order to accurately interpret the data included in *Government at a Glance 2019*, readers need to be familiar with the following methodological considerations that cut across a number of indicators.

Starting with Chapter 2, individual indicators are presented in a standard format 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. This 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 a "Further reading" section, which lists useful background literature providing context to the data displayed. The second page showcases the data. 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 Classification of the Functions of Government (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 24 June 2019.

## Country coverage

*Government at a Glance 2019* includes data for all 36 OECD countries based on available information. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

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

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

## Country Abbreviations

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

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

## OECD averages and totals

### *Averages*

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

If a figure depicts information for one or more years, the OECD average includes all OECD countries with available data. For instance, an OECD average for 2007 published in this edition includes all current OECD countries with available information for that year, even if at that time they were not members of the OECD.

In the case of *National Accounts* data, OECD averages refer to the weighted average, unless otherwise indicated. Moreover, OECD averages are calculated through 2017 as not all OECD countries (mainly OECD non-European countries) have data available for 2018.

### *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 for whom data are not available are listed.

## Online supplements

For several indicators, additional tables and figures presenting country-specific data or annexes with complementary information on the indicator methodology can be found online. When available, these are noted in the "Methodology and definitions" section of the indicator. *Government at a Glance 2019* also offers access to StatLinks, a service that allows readers to download the featured data's corresponding Excel files. 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 *https://www.oecd.org/gov/govataglance.htm*:

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

## Per capita indicators

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

## Purchasing power parities

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

PPPs for current and historical series are produced and updated by the OECD with a specific procedure. PPPs for a given year T are published in five steps:

1. At T+2 months: first PPP estimates, for GDP only
2. At T+6 months: second PPP estimates, based on detailed extrapolations, for GDP, households' actual individual consumption (AIC) and individual household consumption (IHC)
3. At T+12 months: third PPP estimates, incorporating all price and expenditure data for year T

4. At T+24 months: fourth PPP estimates, incorporating updated expenditure estimates
5. At T+36 months: final PPP estimates for year T

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

Additional information is also available at *www.oecd.org/std/prices-ppp*

## Composite indicators

This publication includes several descriptive composite indices in narrowly defined areas related to gender budgeting, regulatory governance 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 methodology used to construct the composite indicators are available in Annex E. While the composite indicators were developed in co-operation with OECD countries and are based on theory and/or best practices, the variables included in the indexes and their relative weights are based on expert judgments and, as a result, may change over time.

## Signs and acronyms

| Sign/acronym | Meaning |
|---|---|
| . . | Missing values |
| x | Not applicable (unless otherwise stated) |
| ADR | Alternative dispute resolutions |
| CBA | Central budget authority |
| COFOG | Classification of the functions of government |
| CIO | Chief information officer |
| CPA | Central public administration |
| GDP | Gross domestic product |
| GFS | Government Financial Statistics |
| GFSM | Government Finance Statistics Manual |
| HR | Human resources |
| HRM | Human resources management |
| ICT | Information and communication technology |
| ILO | International Labour Organization |
| IMF | International Monetary Fund |
| IODC | International Open Data Charter |
| ISO | International Organisation for Standardisation |
| IT | Information technology |
| OCSC | Office of the Civil Service Commission |
| OGD | Open government data |
| PBO | Parliamentary budget offices |
| PISA | Programme for International Student Assessment |
| p.p. | Percentage points |
| PPPs | Purchasing power parities / private-public partnerships |
| PR | Proportional representation |
| PRP | Performance-related pay |
| R&D | Research and development |
| SCS | Senior civil servants |
| SDGs | Sustainable Development Goals |
| SDRs | Special drawing rights |
| SHRM | Strategic human resources management |
| SMEs | Small and medium-sized enterprises |
| SNA | System of National Accounts |
| VAT | Value-added tax |
| WEO | World Economic Outlook |
| WJP | World Justice Project |

# *Introduction*

The *Government at a Glance* series aims to provide reliable, internationally comparable 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, track domestic and international developments over time and provide evidence of the impact of their public policies. The indicators in *Government at a Glance* are becoming themselves a measuring standard in many fields of public governance and have extended beyond the OECD to cover countries in Latin America and Southeast Asia. In addition to the core indicators that constitute the trademark of the publication, this sixth edition includes a selection of new indicators and additional data sources, allowing for a more complete picture of the work and results of public administrations across OECD countries. In the current edition, about two-fifths of the indicators presented are based on primary evidence collected directly from government officials through OECD survey instruments. The remainder comes from secondary sources and is based, either on administrative records (e.g. public finances) or household surveys (e.g. trust, satisfaction with services) or to a lesser extent on expert assessment collected by other organisations (e.g. the World Justice Project's Rule of Law Index).

## What's new in Government at a Glance 2019?

The 2019 edition of *Government at a Glance* provides a mix of core chapters that remain stable in every edition, and new features.

The core chapters of *Government at a Glance* present the newest data on indicators on: public finance and economics (Chapter 2); public employment (Chapter 3); budgeting practices and procedures (Chapter 5); human resources management (Chapter 6); regulatory government (Chapter 7); public procurement (Chapter 8); core government results (Chapter 10); and serving citizens (Chapter 11).

### *New indicators*

Many of the core chapters of *Government at a Glance 2019* present new indicators:

- Chapter 5 on budget practices and procedures presents topical aspects of the budget process in areas where new trends and shared practices across OECD countries are emerging or consolidating. Accordingly, it includes indicators on capital budgeting and infrastructure, fiscal risks, gender budgeting, budget transparency and budget for sustainable development.
- New indicators in Chapter 6 on human resources management cover the employment conditions of civil servants and other public employees in OECD countries, performance management of senior leaders in public service, and government approaches to civil service learning and development.

- Chapter 7 on regulatory governance includes the most recent update of the Indicators of Regulatory Policy and Governance (iREG) on stakeholder engagement, regulatory impact assessment and *ex post* evaluation. Given this new wave of measurement, it is possible to display time series and track the evolution of OECD countries and the European Union over time.
- In addition to the core indicators on public procurement included in Chapter 8, new data are included on public procurement capacity and performance, including the role of centralisation, as well as risk management in public procurement.
- To highlight the growing focus on outputs and outcomes, Chapter 10 on core government results includes a new indicator on the percentage of the population that considers having a say in what the government does.

### *New features*

New features in this edition of *Government at a Glance* include:

- A series of indicators on aspects of public governance are included for the first time. While the chapter on institutions (Chapter 4) includes indicators on the role and functions of the centre of government (CoG) for the second time, it also includes a new feature on the role of CoG in open government policies. It also includes evidence on policy evaluation for the first time, including data on its institutional structures and its use and promotion.
- Chapter 9 on open data and digital government includes an update of the Open Useful Re-usable data (OURdata) Index on open government data, including a specific presentation of the sub-indices that aggregate to the main indicator. For the first time, this chapter also includes evidence from the new Survey on Digital Government, presenting data on the governance of digital government strategies, the co-ordination role of different actors, and policy levers.

## Definition of government

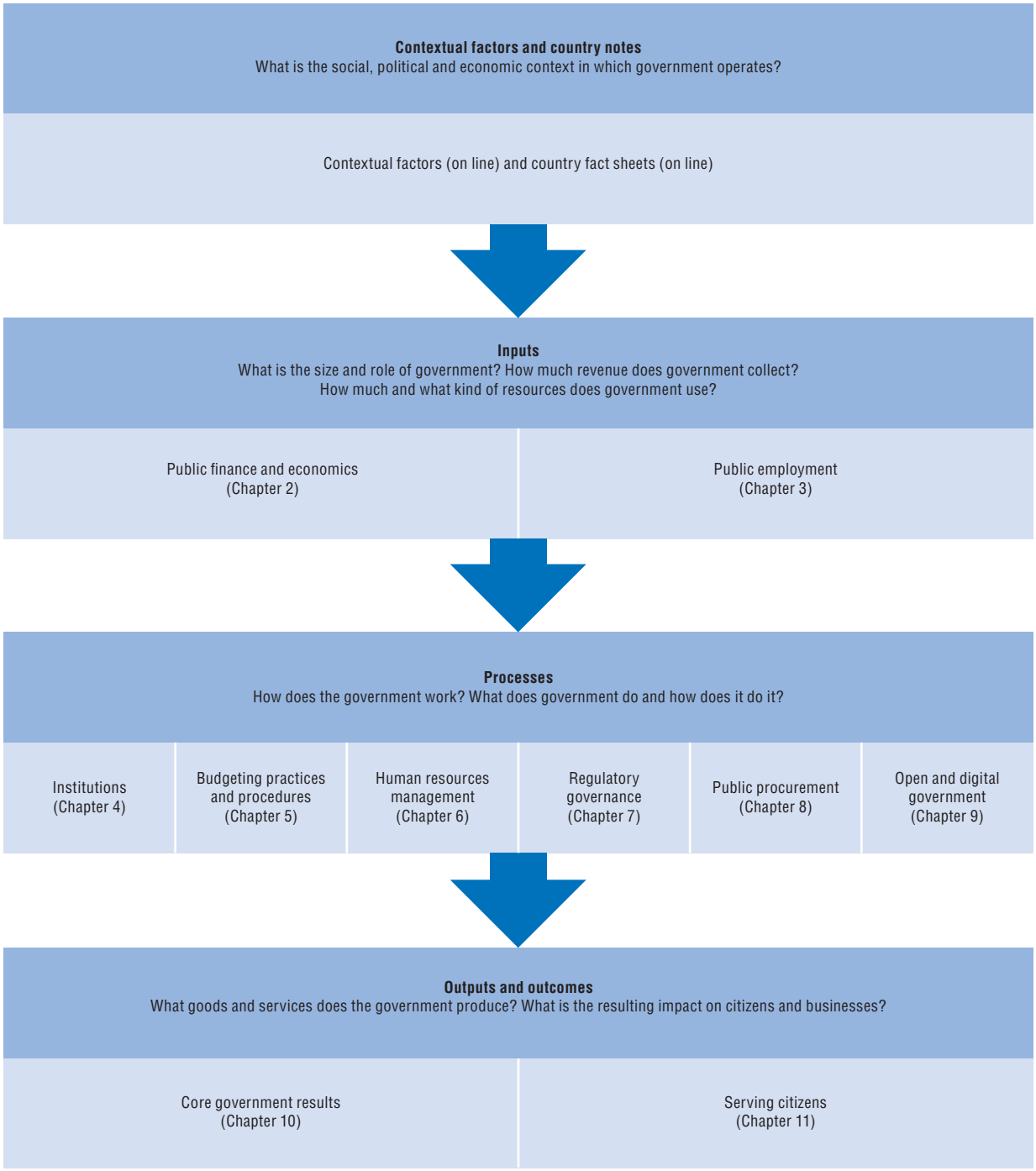
Data on public finances are based on the definition of the sector "general government" found in the *System of National Accounts* (SNA). Accordingly, general government comprises ministries/departments, agencies, offices and some non-profit institutions at the central, state and local level, as well 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. Data on employment also refer to general government, although data on employment by gender refer to the public sector, which covers both general government as well as publicly owned resident enterprises and companies. Finally, data on public management practices and processes refer to those practices and processes in the central level of government only.

## Framework and structure of the publication

*Government at a Glance* covers the 36 OECD countries and includes data, when available, on accession countries (Colombia, Costa Rica and Russia) as well as other major economies such as Brazil, China, India, Indonesia and South Africa. These countries play a significant and increasing role in the world economy and international political structures.

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

Figure 0.1. **Conceptual framework for Government at a Glance 2019**




### *Context*

Contextual factors (on line) 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 among countries, and thereby help to identify comparators for benchmarking purposes. In addition, the country fact sheets (on line) provide a country-by-country storyline on how the data

provided in *Government at a Glance* 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 how they are mixed; these resources correspond to labour and capital. The chapters that describe these inputs are "Public finance and economics" (Chapter 2) and "Public employment" (Chapter 3), including indicators on government expenditures, production costs, employment and the composition of the public sector workforce. Differences in these indicators can help readers understand the different capacities of governments in producing and delivering public goods to citizens.

### *Processes*

Processes refer to the public management practices and procedures undertaken by governments to implement policies. These address the means used by public administrations to fulfil their duties and obtain their goals. In consequence, they are often essential for ensuring the rule of law, accountability, fairness and openness of government actions. Public sector reforms often target these processes; as such, they capture the public's attention. This edition includes information on government institutions, budget practices and procedures, human resources management, regulatory governance, public procurement, open government data and the governance of digital government strategies (Chapters 4-9).

### *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 2019*, measures of outputs and outcomes are provided in two distinct chapters:

- Chapter 10 on core government results focuses on whole-of-government aspects, such as the confidence of citizens in their national government, the rule of law, income redistribution and broad measures of public sector efficiency (output-based) and cost-effectiveness (outcome-based).
- Chapter 11 on serving citizens follows a sectoral approach to measuring the 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 justice 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, and 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 will continue to be strengthened to ensure the comparability of data across countries covered in *Government at a Glance*.

For future editions of the publication, the *Government at a Glance* plans to:

- update and expand the data collection on public finance and public expenditures by government function, especially beyond OECD EU member countries.
- work with national statistical offices to collect data on both government employment by levels of government and on their key individual characteristics – e.g. gender, age – through the SNA framework.
- develop new composite indicators measuring "intermediate outcomes", including in the areas of budgetary transparency, digital government, public procurement and risk management.
- provide new outcome indicators in areas closely related to major public governance principles or sectors that have a large impact on citizen well-being (e.g. diversity issues, workforce diversity).
- deepen the already existing work between the OECD Secretariat and other OECD directorates regarding the possible use of new methodologies for both data collection and analysis, such as text mining or big data.

## Regional editions of Government at a Glance

The first edition of the Southeast Asian *Government at a Glance* was published in September 2019. It includes data for the ten ASEAN (Association of Southeast Asian Nations)[1] member countries, as compared to the OECD average as well as Japan, Korea, Australia and New Zealand. The publication includes evidence on public finances and economics, public employment, budget practices and procedures, human resources management, digital and open government as well as a chapter on serving citizens.

In addition, the third edition of *Government at a Glance: Latin America and the Caribbean* is being prepared and is expected to be released in March 2020. The publication provides the latest available data on public administrations in the LAC region and compares it to OECD countries.

The first edition of a Western Balkans[2] *Government at a Glance* is also being prepared and is expected to be released in May 2020.

## All data and indicators on public governance are accessible on line

All data collected by the OECD Public Governance Directorate for the production of *Government at a Glance* (starting with the 2015 edition), and for other purposes, are available on line at *https://www.oecd.org/gov/govataglance.htm*.

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 on line.

The *Government at a Glance* statistical database includes both qualitative and quantitative indicators on public sector inputs, processes, outputs and outcomes and is regularly updated as new data are released.

### *Notes*

1. The ten members of ASEAN are Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Viet Nam.
2. The six countries included in this publication are Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia.

© OECD 2019

*Chapter 1*

# Towards people-centric public services

## Introduction

Along with debt accumulation and economic uncertainty, the 2008 economic crisis provoked discontent among citizens. People wonder whether governments are truly working for the public interest or only for just a few. Such disenchantment is eroding the foundations of democratic systems in OECD countries and beyond and requires urgent action to strengthen the legitimacy of public institutions. Although in many OECD countries, there are signs that people's trust in their government is finally improving after deteriorating since the crisis, in others, trust remains stubbornly lower than in 2007. This chapter argues that by taking a people-centric approach to policy making and service delivery, governments can rebuild trust in the public administration, improve the effectiveness of public action and better respond to the global and domestic challenges OECD countries face.

Population aging is modifying both the structure of the labour market and the demand for public services in many OECD countries. Prolonged life expectancy has resulted in longer periods of retirement: in 1970, a man would spend an average of 11 years, and a woman 15 years in retirement; by 2016 they would spend 18 and 22 years, respectively (OECD, 2017[1]). With fertility rates decreasing in most countries, pension expenditures are expected to increase and contributions to shrink. Most countries have enacted reforms to contain pressures on public finances, such as increasing retirement ages and limiting early retirements. However, costs are also expected to rise in other sectors, such as health care, where spending is expected to reach 10.2% of gross domestic product (GDP) by 2030 (Lorenzoni et al., 2019[2]), up from 7.8% in 2017.

A large share of the population is vulnerable to financial shocks (e.g. long illness or job loss). Income gaps have widened in most OECD countries in the past two decades, and there has been a reduction of redistribution through taxes and transfers (Causa, Browne and Vindics, 2019[3]). Across OECD countries, the wealthiest 10% of households hold 52% of total net wealth, while the 10% of people at the top of the income distribution hold 24% of total income (Balestra and Tonkin, 2018[4]). This entails that wealth concentration (e.g. ownership of economic capital, such as real estate) is now twice the level of income inequality, which indicates that the capacity to respond to financial shocks is unevenly distributed among the population.

Furthermore, digital technologies are changing social and civic communities and how people participate in, and experience, civic and political life (Welby, 2019[5]). These technologies, the growing availability and use of data, as well as services provided by the private sector that are considered as benchmarks, are transforming how public goods and services are produced and consumed at a global scale. This, in turn, affects people's expectations about how governments should work and provide services. Increasingly, people want to interact with their governments in more efficient ways, including through digital platforms, and they expect the same quality of service regardless of the channel chosen to access the service. Information and communication technologies (ICTs), when implemented appropriately, have helped simplify government processes, eliminate paper-based transactions and established single

points of access to the public administration. Yet, new expectations pressure governments to make service delivery more integrated and proactive while operating under fiscal constraints.

This chapter draws from evidence included in the rest of the publication to showcase outcomes and governance processes in place in OECD countries to focus on a people-centric approach to policy making and service delivery. It also discusses areas where further improvements are sought and provides examples of good practices. More detailed data on the different policy areas can be found in the remainder of the publication.

## 1. What are people-centric public services?

"People centricity" means taking the needs and voices of people into account when designing, delivering, implementing and evaluating public policies and services. Governments can do this by directly involving citizens in decision-making processes and by collecting and analysing data that can be used both to evaluate the performance of policies and services against people's needs and expectations and to anticipate these needs. Broadly, a people-centric approach is one where governments consult citizens about their needs and encourage their direct participation in policy making and service design and delivery.

People centricity also requires a civil service that is representative and inclusive of the society its policies and services target. A diverse and multi-faceted workforce integrates individuals from diverse backgrounds who bring talent, distinct skills and points of view associated with their experiences. When the various segments of the population are represented in the public sector, service delivery can be better tailored to their needs. Moreover, if managed constructively, the contrast of diverse perspectives can also enhance innovation (OECD, 2017[6]).As such, the notion of people centricity includes, but also goes beyond concepts such as "user centric" and "user driven", which focus on engaging with people (users/citizens) to develop services and policies. People centricity also considers the capacity and characteristics of the work force as a key lever for delivering services that are inclusive.

Designing and delivering people-centric public services and policies entails overcoming resistance to change and breaking down silos in public administrations. This implies working with a common objective of putting people at the centre, building and sharing collective knowledge, streamlining information flows and integrating data processes in order to collaborate and reach citizens wherever they are. In such an approach, the interactions between governments, people and relevant private sector agents are guided by the principles of access, transparency, integrity, responsiveness, accountability, equality and stakeholder participation. Governments make conscious efforts to engage citizens in policy making, which means giving them the opportunity and necessary resources (e.g. information, data and digital tools) to collaborate during all phases of the policy cycle, and in service design and delivery (OECD, 2017[7]). Thus, open government lies at the core of a people-centric service provision model.

Inclusive policy responses should also target groups such as youth, the elderly, the poor, and those with limited access to information and technology, and/or perceive themselves as being left behind. The next section presents evidence on the performance of some public services in OECD countries and explores the link between objective measures of service performance and citizen satisfaction. This is followed by a section on "People-centric policy making", which presents examples of best practices and actions that governments are taking to design and deliver people-centric public services.

## 2. Achieving and measuring people centricity in public services

This section analyses public services in OECD countries in terms of access, responsiveness, quality and citizen satisfaction, recognizing that higher satisfaction could lead to improved trust levels, a transmission mechanism referred to in the literature as the "micro-performance hypothesis" (Van de Walle and Bouckaert, 2003[8]); Yang and Holzer,M., 2006[9]) This chapter is based on the *Government at a Glance* Serving Citizens Framework, which provides a valuable lens for comparing performance across public services and countries. Along with evidence on key dimensions of the framework, it also includes satisfaction with services, a crucial measure of performance of public services.

### *2.1 The Serving Citizens Framework*

Everyone, throughout her or his life, interacts with public institutions. These interactions commonly take place through the provision of services such as obtaining an identity card or benefiting from the public goods provided by governments, using services provided by public schools and hospitals, or filing an online request to qualify for a social benefit or a complaint about a specific situation. The framework described below is applicable to all types of service and is applied, to date, to health, education and justice, as these are the dimensions for which more evidence is available and where consensus exists among the relevant policy communities on the indicators to measure each of them. Nevertheless, it could potentially be extended to other services over time.

The term "public services" encompasses a wide variety of goods and services provided to the population, which address different aspects of societal and individual life. The Serving Citizens Framework (Table 1.1) was created by the OECD to provide a comprehensive structure that displays the key dimensions of public service performance that need to be evaluated from a people-centric point of view, irrespective of the nature of the service. It also allows for a rough comparison of the performance of different public services on the same dimensions and across countries, although the measures of those dimensions are dependent on the type of service, and are not directly comparable across services.

People-centric public services are those that are inclusive (i.e. accessible to all segments of the population, including the most vulnerable), tailored to citizens' needs and expectations (i.e. responsive both to those who are more in need of government support and those who require less assistance and would prefer to use self-service channels) and of high quality. While each service has specific features, the framework dimensions (Table 1.1) allow to compare and assess how far OECD countries have progressed in achieving people centricity in public services.

Table 1.1. **The OECD Serving Citizens Framework**

| Access | Responsiveness | Quality |
|---|---|---|
| Affordability | Courtesy and treatment | Effective delivery of services and outcomes |
| Geographic proximity | Match of services to special needs | Consistency in service delivery and outcomes |
| Access to information | Timeliness | Security/safety |

The dimensions are equally relevant, because an excessive focus on one aspect may lead to underperformance in the other two. For example, high quality (e.g. high student performance) could be achieved at the expense of restricting access (e.g. only providing schooling to those who live in certain areas or can afford them) and excluding those who need further support (e.g. providing standardised instruction, regardless of students' interest in and understanding of the subject).

The framework can be used as a theoretical lens to compare indicators that would otherwise be incomparable (e.g. enrolment rates and health care coverage), provided that they refer to the same dimension (e.g. access). Still, the framework could be further complemented either by other indicators or by self-reported measures found to be essential for improving well-being.

For example, so far, there are little internationally comparable data on patient experiences. The OECD has recently launched the PaRIS (Patient-Reported Indicators Survey) to collect data on patient outcomes and experience with health care (for example, whether the doctor provides enough explanation on treatment options). These measures can provide valuable evidence on whether the treatments followed by doctors (e.g. knee replacements) contribute to improving patients' quality of life, for example, by reducing pain. Such evidence is crucial when making decisions on the basket of medical treatments and procedures to be covered by public health insurance.

The data for compiling indicators on each dimension could come from existing administrative records (e.g. from line ministries/service providers), household surveys from national statistical offices and international sources, among others.

### *2.2 Satisfaction with public services*

Satisfaction with public services is considered a crucial outcome of government activities, which reflects aspects that are crucial to people's lives (OECD, 2017[8]; OECD, 2017[9]). It is commonly accepted that satisfaction is shaped by expectations, as well as by experiences with these services, and information about them from other sources (e.g. media, the Internet, acquaintances, etc.) (Jakobsen and Jensen, 2015[10]; James, 2009[11]). Better understanding the drivers of satisfaction allows governments to detect areas where changes are required in order to meet citizens' needs and preferences. Satisfaction with services indicates the extent to which they meet the wishes, expectations and needs of citizens, and, as such, can only be reported by individuals themselves. This is in contrast with objective measures of service performance (e.g. time to close a case in first instance courts, which come from administrative data) that do not capture how citizens perceive the service they receive (e.g. if it delivers on what they think is most important).

Since satisfaction with a service is, partly, a result of the accessibility, responsiveness and quality of the service as perceived by citizens, measuring it can contribute insights to service improvement. Listening to the feedback from diverse population groups can help reduce costs. For example, cheaper and faster solutions can be offered to those who do not require much assistance for a specific service, thus increasing their satisfaction. In this way, the pressure on existing delivery channels can be aleviated, and the savings can be reallocated to support other segments that require more attention from the government. Since there is no "one-size-fits-all solution", people-centric innovation is key to ensure that public services are responsive to citizens' needs.

In a people-centric approach, decisions regarding resource-allocation and changes in service design and delivery cannot be taken without consulting citizens or assessing the impact on their well-being. Satisfaction measures help policy makers understand whether policies and services are responding to citizens' needs and expectations. Following this approach, citizen satisfaction should be incorporated alongside efficiency and cost-effectiveness, which are metrics that governments use to assess the performance of service delivery.

According to the Gallup World Poll, on average, 70% of citizens of OECD countries were satisfied with the health care system in 2018 (the same proportion as in 2007) and 66% with the education system (a 3 p.p. increase from 2007). In 2018, on average, 55% of citizens

reported having confidence in the judiciary, a 4 p.p. increase from 2007. Although there are many factors that can influence responses to such opinion poll – such as recent experience with civil servants, respondent fatigue and response styles – and the samples are small (1,000 cases per country), Gallup World Poll allows for comparison of citizen perception over time and across OECD countries.

Still, there is wide variation across OECD countries; Denmark, the Netherlands, Norway and Switzerland enjoy the highest satisfaction levels in the three services. Additionally, satisfaction in Belgium is the second-highest for health care (89%), and Finland is the third-highest for education (84%). There have been improvements in citizen satisfaction in health care in Estonia (21 p.p.) and Lithuania (19 p.p.) between 2007 and 2018. The Netherlands, Switzerland and Israel are among the countries with the most significant improvements in citizen satisfaction in education (16 p.p. and 12 p.p., respectively). In stark contrast, Turkey has experienced the largest decrease (17 p.p.) in this sector.

### *2.3 Service performance and citizen satisfaction*

The Serving Citizens Framework scorecards were introduced in the 2017 edition of *Government at a Glance*. As mentioned above, they show countries' relative performance in terms of access, responsiveness, quality and citizen satisfaction with services for education, health and justice services. The indicators included in the scorecards have been selected in consultation with OECD topic experts considering their adequacy to measure the concepts as well as the availability of data with the intention of keeping the selected indicators stable from 2017 to 2019. The scorecards are, of course, only a partial depiction of the accessibility, responsiveness and quality services. Nevertheless, they illustrate satisfaction and performance of services in OECD countries. While later in the publication, the performance of the three sectors – education, health and justice – is compared side by side on each dimension, the analysis below displays access, responsiveness and quality of each individual service.[1]

In terms of health care, the indicators selected for the Serving Citizens Scorecards address the quality of health policies as a whole, including prevention. In this sense, they are different from those used in the OECD flagship report on health (*Health at a Glance*), where the quality of care provided to patients is emphasized (e.g. avoidable hospital admissions, obstetric trauma). This distinction is relevant because the indicators displayed in the Serving Citizens Scorecards also capture the self-care attitudes of the population (e.g. following recommended schedules of medical check-ups).

Each scorecard focuses on one service (education, health and justice) and compares their performance across the dimensions of the framework. For each indicator, countries are classified in three quantiles according to their performance: 1) top-third quantile (green); 2) middle-third quantile (orange); and 3) bottom-third quantile (red). Additionally, each country is ranked among those countries for which data are available, so as to provide additional information on performance (the country with the best performance is ranked number 1). If several countries have the same value for an indicator, they are assigned the same rank.

As shown in Table 1.2, according to the selected indicators, no country outperforms the others in all three dimensions of access, responsiveness and quality of health care policies. The majority of OECD countries perform better in one (or two) dimension(s) than the other(s), and within one dimension they may rank highly in one indicator and lower in another. Furthermore, the rates of mortality for the three causes depicted in the scorecard (heart attack, stroke and breast cancer) are affected by many other factors, including behavioural ones (e.g. smoking) that are not fully manageable by health care systems.

## Table 1.2. **Scorecard on access, responsiveness and quality of health care policies and services**

| | Health care services and policies | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Access | | | Responsiveness | | | Quality | | | |
| | Health care coverage | Unmet care needs | Share of out-of-pocket medical expenditure in household consumption | Did not always hear back from doctor on the same day | Waited six or more days for an appointment with nurse or doctor | Waited two months or more for a specialist appointment | Mortality rate - Acute Myocardial Infarction (heart attack) | Mortality rate- Cerebrovascular disease (stroke) | Breast cancer mortality in women | Satisfaction |
| Netherlands | 2 | 2 | 8 | 3 | 2 | 1 | 7 | 16 | 26 | 1 |
| Belgium | 4 | 9 | 25 | n.a | n.a | n.a | 9 | 12 | 24 | 2 |
| Norway | 1 | 7 | 22 | 4 | 1 | 8 | 20 | 9 | 6 | 2 |
| Denmark | 1 | 7 | 17 | n.a | n.a | n.a | 5 | 18 | 27 | 3 |
| Switzerland | 1 | 4 | 35 | 1 | 4 | 1 | 4 | 1 | 15 | 3 |
| Australia | 1 | n.a | 16 | 4 | 3 | 5 | 14 | 10 | 9 | 4 |
| Austria | 2 | 1 | 30 | n.a | n.a | n.a | 24 | 6 | 18 | 5 |
| New Zealand | 1 | n.a | 4 | 6 | 8 | 4 | 30 | 23 | 16 | 6 |
| Germany | 1 | 3 | 11 | 2 | 11 | 3 | 23 | 13 | 28 | 7 |
| Luxembourg | n.a | 3 | 2 | n.a | n.a | n.a | 10 | 5 | 22 | 8 |
| Finland | 1 | 17 | 24 | n.a | n.a | n.a | 25 | 22 | 9 | 9 |
| Sweden | 1 | 8 | 27 | 7 | 9 | 7 | 21 | 14 | 7 | 9 |
| United Kingdom | 1 | 15 | 7 | 8 | 7 | 6 | 15 | 15 | 22 | 10 |
| Slovenia | 1 | 15 | 1 | n.a | n.a | n.a | 27 | 27 | 28 | 11 |
| United States | 10 | n.a | 14 | 8 | 5 | 2 | 16 | 11 | 9 | 12 |
| Canada | 1 | n.a | 13 | 9 | 10 | 9 | 17 | 3 | 12 | 13 |
| Czech Republic | 1 | 3 | 5 | n.a | n.a | n.a | 19 | 26 | 14 | 13 |
| Japan | 1 | n.a | 10 | n.a | n.a | n.a | 1 | 13 | 3 | 14 |
| Korea | 1 | n.a | 34 | n.a | n.a | n.a | 6 | 20 | 1 | 15 |
| France | 2 | 6 | 3 | 5 | 6 | 3 | 2 | 2 | 21 | 16 |
| Israel | 1 | n.a | 18 | n.a | n.a | n.a | 3 | 4 | 23 | 17 |
| Spain | 2 | 2 | 26 | n.a | n.a | n.a | 6 | 8 | 5 | 18 |
| Ireland | 1 | 13 | 12 | n.a | n.a | n.a | 29 | 17 | 29 | 19 |
| Portugal | 1 | 10 | 29 | n.a | n.a | n.a | 13 | 28 | 10 | 20 |
| Slovak Republic | 5 | 11 | 6 | n.a | n.a | n.a | 26 | 33 | 25 | 20 |
| Estonia | 6 | 20 | 19 | n.a | n.a | n.a | 8 | 19 | 11 | 21 |
| Turkey | 3 | 12 | n.a. | n.a | n.a | n.a | 32 | 32 | 2 | 21 |
| Mexico | 11 | n.a | 23 | n.a | n.a | n.a | 33 | 21 | 4 | 22 |
| Lithuania | 8 | 8 | 20 | n.a. | n.a. | n.a | 11 | 34 | 13 | 23 |
| Poland | 9 | 16 | 9 | n.a | n.a | n.a | 12 | 25 | 20 | 24 |
| Italy | 1 | 9 | 21 | n.a | n.a | n.a | 8 | 24 | 17 | 25 |
| Hungary | 7 | 5 | 28 | n.a | n.a | n.a | 28 | 31 | 30 | 26 |
| Greece | 1 | 19 | 32 | n.a | n.a | n.a | 22 | 29 | 19 | 27 |
| Chile | 7 | n.a | 31 | n.a | n.a | n.a | 31 | 30 | 8 | 28 |
| Latvia | 1 | 18 | 33 | n.a | n.a | n.a | 27 | 35 | 26 | 28 |
| Iceland | 1 | 14 | 15 | n.a | n.a | n.a | 18 | 7 | 28 | n.a |
| Year | 2017 | 2018 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 | 2018 |

Top-third performers
Middle-third performers
Bottom-third performers

*Note*: Countries are listed in ascending order according to their rank in satisfaction. Due to limited data availability, colour coding for responsiveness is not displayed. The number in the cell indicates the position of each country among all countries for which data is available. For health care coverage, the clustering was produced in the following way: top-third group (between 95% and 100% for health care coverage), middle-third group (between 90% and 95%), bottom-third group (less than 90%). Data on unmet care needs come from the EU-SILC survey, which asks respondents whether, at any point in the 12 months before the interview, they felt they needed a medical examination and did not receive it. Data only present the number of respondents who could not get it because of distance, waiting times or costs. Out-of-pocket payments are costs that patients cover directly from their income when medical services or treatments are not included in the collectively financed benefit package of public or private health insurance schemes or are only partially included (co-payments). They also include estimations of informal payments to health care providers in some countries. The question "After you were advised to see or decided to see a specialist, how many days, weeks or months did you have to wait for an appointment?" was asked only to respondents who indicated that they saw or needed to see a specialist in the past two years. Waiting time for doctors and specialists is only a share of those respondents who needed to make an appointment. The level of satisfaction with health care is based on the proportion of respondents who reported being "satisfied" when asked, "In the city or area where you live, are you satisfied or dissatisfied with the availability and quality of health care?". Health care coverage data is from 2017, except for Japan and Spain, which are from 2014. Data on unmet care needs for France, Germany, Ireland Lithuania, Luxembourg, Norway, Switzerland, and the United Kingdom are for 2017; for Iceland, data are for 2016 instead of 2018. Data for share of out-of-pocket medical expenditure for Chile are from 2014. Data on acute myocardial infarction, cerebrovascular disease and breast cancer mortality for Australia, Belgium, Chile, Estonia, Finland, Germany, Greece, Israel, Japan, Korea, Luxembourg, Mexico, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States refer to 2016 instead of 2017. Data for Canada, Denmark, France, Ireland, Italy, Latvia and Slovenia are for 2015 instead of 2017. On data for Israel, see *http://doi.org/10.1787/888932315602*.

*Source*: OECD (2019), *OECD Health Statistics* (database); *Eurostat* (2019), Commonwealth Fund (2017) Commonwealth Fund International Health Policy Survey of Older Adults, *Gallup World Poll 2018* (database).

Most countries with higher satisfaction levels have achieved universal coverage of health care and have a low share of unmet health care needs (regardless of the share of out-of-pocket expenditures on household consumption). They also perform relatively better in some aspects of responsiveness and quality. For example, despite not having the lowest overall mortality rates for heart attacks, Australia and Norway are among those that have the lowest 30-day mortality rate following admission for this condition (see the indicator on the quality of health care in Chapter 11 on "Serving citizens").

With regard to education, most countries whose citizens are highly satisfied with the education system, such as Norway and Switzerland, perform strongly in at least one of the selected indicators of quality, responsiveness and access (see Table 1.33). Common to these countries is the relatively low private expenditures on education (mainly by households) from primary to tertiary education, and their relatively high performance in the Programme for International Student Assessment (PISA) (except for Luxembourg). These countries are also responsive to the needs of students and schools to a certain extent, either using adaptive teaching methods or offering study help, and providing adequate educational material.

Lower satisfaction in countries that obtain good results in PISA could be due to the financial strain on households, either for tuition fees or after-school learning, and the pressure for students to obtain good results. As the Serving Citizens Framework shows, services must be accessible and responsive to all for citizens to be satisfied.

Finally, regarding the judiciary system, Table 1.4 shows that, most countries where confidence in the judiciary is higher, perform relatively better in terms of access, responsiveness and quality according to the selected indicators. In particular, confidence is aligned with the indicators of quality (effective enforcement of civil justice, freedom of improper government influence and the absence of violence to redress personal grievances).

The three scorecards provide a hint that satisfaction with services has to do with the interplay among access, responsiveness and quality. Satisfaction with health care and confidence in the judiciary show clearer links with performance measures than satisfaction with the education system. For example, the percentage of individuals reporting confidence in the judiciary is correlated with the effective enforcement of civil justice ($r = 0.67$) and satisfaction with health care is negatively correlated with unmet care needs of low-income individuals ($r = -0.57$). The limited data availability and the overall number of observations do not allow for more sophisticated analysis, including the size of the relative effects and the relation among the dimensions. Still, this overview – and the fact that some countries have a relatively higher citizen satisfaction in one or two services than in the remaining one(s) – indicates that there may be lessons (e.g. decentralisation, open government practices) to learn from the governance of one sector for the other(s).

## Table 1.3. **Scorecard on access, responsiveness and quality of education**

| | Education | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Access | | | Responsiveness | | | Quality | | | |
| | Private expenditure on education (primary to tertiary) | Enrolment at age 4 | First-time tertiary entry rates | Index of shortage of educational material | Availability of study help in schools | Use of adaptive teaching methods | PISA mean score in science | PISA mean score in mathematics | PISA mean score in reading | Satisfaction |
| Norway | 2 | 8 | 12 | 18 | 30 | 11 | 18 | 14 | 7 | 1 |
| Switzerland | n.a. | 32 | 3 | 4 | 23 | 20 | 12 | 3 | 22 | 2 |
| Denmark | n.a. | 3 | 4 | 11 | 1 | 7 | 15 | 7 | 15 | 3 |
| Finland | 1 | 28 | 21 | 23 | 15 | 14 | 3 | 8 | 2 | 3 |
| Ireland | 10 | 1 | n.a | 28 | 28 | 19 | 13 | 13 | 3 | 4 |
| Netherlands | 22 | 9 | 14 | 12 | 22 | 17 | 11 | 6 | 12 | 4 |
| Slovenia | 12 | 22 | 11 | 8 | 24 | n.a | 7 | 9 | 11 | 5 |
| Luxembourg | 3 | 14 | 28 | 15 | 2 | 31 | 26 | 26 | 28 | 6 |
| Belgium | 7 | 2 | 9 | 25 | 26 | 27 | 14 | 10 | 17 | 7 |
| Poland | 13 | 27 | 7 | 5 | 13 | 22 | 16 | 12 | 10 | 8 |
| Austria | 6 | 18 | 13 | 10 | 36 | 34 | 20 | 15 | 25 | 9 |
| Canada | 26 | n.a. | n.a | 1 | 7 | 2 | 4 | 5 | 1 | 9 |
| Czech Republic | 17 | 23 | 17 | 16 | 18 | 30 | 23 | 21 | 24 | 9 |
| France | 16 | 1 | n.a | 14 | 16 | 28 | 21 | 19 | 16 | 9 |
| New Zealand | 28 | 10 | 1 | 17 | 8 | 3 | 6 | 16 | 8 | 9 |
| United Kingdom | 31 | 1 | 10 | 19 | 3 | 10 | 9 | 20 | 19 | 9 |
| Australia | 33 | 24 | n.a | 3 | 6 | 4 | 8 | 18 | 13 | 10 |
| Germany | 18 | 13 | 20 | 22 | 25 | 33 | 10 | 11 | 9 | 11 |
| Mexico | 25 | 21 | 23 | 33 | 34 | 6 | 36 | 36 | 36 | 11 |
| Portugal | 20 | 19 | 19 | 24 | 12 | 1 | 17 | 22 | 18 | 12 |
| Israel | 23 | 4 | 15 | 32 | 17 | 21 | 31 | 31 | 29 | 13 |
| Spain | 24 | 5 | 6 | 27 | 32 | 15 | 24 | 25 | 21 | 13 |
| United States | 32 | 31 | 25 | 6 | 4 | 5 | 19 | 32 | 20 | 14 |
| Sweden | 4 | 16 | 18 | 9 | 5 | 12 | 22 | 17 | 14 | 15 |
| Estonia | 9 | 20 | n.a | 20 | 21 | 23 | 2 | 4 | 4 | 16 |
| Japan | 29 | 12 | 5 | 36 | 9 | 35 | 1 | 1 | 6 | 17 |
| Italy | 15 | 15 | 24 | 35 | 35 | 29 | 27 | 23 | 26 | 18 |
| Slovak Republic | 19 | 29 | 22 | 21 | 20 | 32 | 32 | 30 | 34 | 18 |
| Chile | 34 | 26 | 2 | 7 | 33 | 8 | 34 | 34 | 33 | 19 |
| Greece | 8 | 30 | 26 | 30 | 27 | 25 | 33 | 33 | 32 | 20 |
| Latvia | 11 | 17 | n.a | 13 | 14 | 9 | 25 | 27 | 23 | 20 |
| Korea | 30 | 7 | n.a | 31 | 29 | 24 | 5 | 2 | 5 | 21 |
| Hungary | 21 | 11 | 27 | 34 | 19 | 26 | 28 | 29 | 31 | 22 |
| Lithuania | 14 | 25 | 8 | 29 | 10 | 16 | 29 | 28 | 30 | 23 |
| Turkey | 27 | 33 | n.a | 26 | 31 | 18 | 35 | 35 | 35 | 24 |
| Iceland | 5 | 6 | 16 | 2 | 11 | 13 | 30 | 24 | 27 | n.a |
| Year | 2016 | 2017 | 2017 | 2015 | 2015 | 2015 | 2015 | 2015 | 2015 | 2018 |

Top-third performers
Middle-third performers
Bottom-third performers

*Note*: Countries are listed in ascending order according to their rank in satisfaction. The number in the cell indicates the position of each country among all countries for which data is available. The index of shortage of educational material was calculated based on the responses provided by school principals on the extent to which their school's capacity to provide instruction was hindered ("not at all", "very little", "to some extent" or "a lot") by a shortage or inadequacy of physical infrastructure, such as school buildings, heating and cooling systems and instructional space; and educational material, such as textbooks, laboratory equipment, instructional material and computers. The average of the index is zero and the standard deviation is one across OECD countries. Availability of study help refers to whether school staff provides students help with their homework, this was reported by school principals. The indicator on the use of adaptive teaching methods covers the share of students that report that their teachers provide individual help when a student has difficulties understanding a topic or a task in "many lessons" and "every lesson or almost every lesson". The level of satisfaction with education is based on the proportion of respondents who reported being "satisfied" when asked, "In the city or area where you live, are you satisfied or dissatisfied with the education system and the schools?".

Primary education in Canada includes pre-primary, and pre-primary in Ireland includes early childhood education. In Australia, New Zealand, the United Kingdom and the United States, the high share of private expenditures on education is associated with a large share of students receiving loans and scholarships.

Data for Denmark and Switzerland are not available. Data for private expenditures on education for Greece are for 2015 and for Chile are for 2017. On data for Israel, see *http://doi.org/10.1787/888932315602*.

*Source*: World Justice Project (2019), *Rule of Law Index 2019*, CEPEJ database (2017)

## Table 1.4. **Scorecard on access, responsiveness and quality of the judiciary system**

| | Judiciary system | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Access | | Responsiveness | | | Quality | | | |
| | People can access and afford civil justice | Alternative dispute resolution mechanisms are accessible, impartial and effective | Disposition time for first instance civil, commercial, administrative and other cases | Disposition time for litigious civil and commercial cases | Disposition time for administrative cases (supreme courts) | Effective enforcement of civil justice | Civil justice is free from improper government influence | People do not use violence to redress personal grievances | Confidence |
| Norway | 9 | 1 | 12 | 10 | n.a | 2 | 1 | 4 | 1 |
| Denmark | 4 | 4 | 1 | 12 | n.a | 4 | 2 | 2 | 2 |
| Switzerland | n.a | n.a | 9 | 3 | 8 | n.a | n.a | n.a | 3 |
| Finland | 17 | 19 | 9 | 16 | 11 | 6 | 8 | 5 | 4 |
| Luxembourg | n.a | n.a | n.a | 2 | n.a | n.a | n.a | n.a | 4 |
| Canada | 23 | 16 | n.a | n.a | n.a | 13 | 7 | 7 | 5 |
| Germany | 2 | 5 | n.a | 13 | 15 | 5 | 3 | 12 | 5 |
| Netherlands | 1 | 6 | 6 | 4 | 7 | 3 | 6 | 18 | 5 |
| Austria | 10 | 20 | 4 | 6 | 16 | 8 | 9 | 9 | 6 |
| United Kingdom | 26 | 17 | n.a | n.a | 17 | 14 | 13 | 15 | 7 |
| Ireland | n.a | n.a | n.a | n.a | n.a | n.a | n.a | n.a | 8 |
| Sweden | 3 | 26 | 10 | 11 | 3 | 1 | 5 | 1 | 9 |
| New Zealand | 8 | 12 | n.a | n.a | n.a | 15 | 12 | 11 | 10 |
| Japan | 11 | 2 | n.a | n.a | n.a | 12 | 16 | 3 | 11 |
| Australia | 20 | 9 | n.a | n.a | n.a | 10 | 4 | 13 | 12 |
| France | 15 | 7 | 15 | 21 | 14 | 11 | 15 | 22 | 13 |
| Belgium | 6 | 15 | n.a | n.a | 19 | 9 | 11 | 17 | 14 |
| Lithuania | n.a | n.a | 3 | 1 | 1 | n.a | n.a | n.a | 14 |
| United States | 27 | 18 | n.a | n.a | n.a | 17 | 19 | 16 | 15 |
| Czech Republic | 18 | 11 | 11 | 8 | 18 | 18 | 17 | 6 | 16 |
| Greece | 16 | 23 | n.a | 24 | 22 | 25 | 23 | 26 | 16 |
| Israel | n.a | n.a | 16 | 20 | 2 | n.a | n.a | n.a | 17 |
| Estonia | 7 | 8 | 2 | 7 | 3 | 16 | 10 | 10 | 18 |
| Portugal | 14 | 10 | n.a | 19 | 20 | 24 | 14 | 24 | 19 |
| Hungary | 24 | 27 | 4 | 9 | 4 | 26 | 27 | 8 | 20 |
| Poland | 21 | 13 | 7 | 14 | 5 | 20 | 25 | 19 | 20 |
| Turkey | 25 | 24 | n.a | 22 | 6 | 22 | 28 | 23 | 20 |
| Slovak Republic | n.a | n.a | 8 | 5 | 9 | n.a | n.a | n.a | 21 |
| Spain | 5 | 14 | 14 | 18 | 13 | 23 | 22 | 21 | 22 |
| Mexico | 28 | 28 | n.a | n.a | n.a | 27 | 26 | 28 | 23 |
| Italy | 22 | 25 | 17 | 23 | 21 | 28 | 20 | 25 | 24 |
| Slovenia | 12 | 22 | 5 | 17 | 12 | 21 | 24 | 14 | 24 |
| Latvia | n.a | n.a | 13 | 15 | 10 | n.a | n.a | n.a | 25 |
| Chile | 13 | 21 | n.a | n.a | n.a | 19 | 21 | 27 | 26 |
| Korea | 19 | 3 | n.a | n.a | n.a | 7 | 18 | 20 | n.d. |
| Iceland | n.a | n.a | n.a | n.a | n.a | n.a | n.a | n.a | n.a |
| Year | 2019 | 2019 | 2016 | 2016 | 2016 | 2019 | 2019 | 2019 | 2018 |

Top-third performers
Middle-third performers
Bottom-third performers

*Note*: Countries are listed in ascending order according to their rank in satisfaction. The number in the cell indicates the position of each country among all countries for which data is available. World Justice Projects' Rule of Law Index, is based on a general population survey of 1000 respondents (representative) in the three largest cities of each country and a survey of experts in civil law (practitioners and academics). Each dimension of the index has a score ranging from 0 to 1; a higher score means better performance on the dimension. Access and affordability of civil justice gauge awareness of rights and mechanisms to resolve disputes, costs of legal services, existence of discrimination of minorities, among others. Accessibility, impartiality and effectiveness of alternative dispute resolution mechanisms gauges the costs of such mechanisms, the time required to reach a resolution, enforcement of decisions, among others. Freedom from improper influence is gauged by asking how likely a litigant is to win a case against the state, how likely the government is to respect such decision and to seek to influence the court. Effective enforcement of civil justice measures the enforcement of court rulings and their timeliness. Effectiveness and timeliness of the criminal adjudication system enquires means how long it takes to take a suspect to trial and the length of pre-trial detention, as well as whether the perpetrators of violent crimes are caught and taken to court. Resorting to violence includes intimidating or attacking the perpetrator of an offense, for instance. Effective control of crime includes citizens' perceptions of being safe when walking at night and being the victim of a crime in the past year/three years (depending on the question), among others. Disposition time indicates the estimated time needed to solve a case, which implies the time taken by a first instance court to reach a decision. It is calculated by dividing the number of pending cases in a given year by the number of cases that were solved the same period, multiplied by 365. Litigious civil and commercial cases refer to disputes between parties, such as litigious divorces. Non-litigious cases concern uncontested proceedings, e.g. uncontested payment orders. Commercial cases are addressed by dedicated courts in some countries and by civil courts in others. Administrative cases refer to disputes between citizens and local, regional or national authorities. There are specialised courts dealing with these types of disputes in some countries, civil courts deal with these in others. Countries differ in the ways they administer justice and distribute responsibilities between courts, hence, cross-country comparisons must be taken with caution. There are differences in the types of courts and cases included in this exercise, as well as different methods of data collection and categorisation. Confidence in the judiciary is based on the answers to the question "In this country, do you have confidence in each of the following, or not? How about the judicial system and courts?" The data are expressed as the proportion of respondents who replied "yes". Data on confidence for Korea are not displayed (n.d.). On data for Israel, see *http://doi.org/10.1787/888932315602*.

*Source*: *World Justice Project* (2019), *Rule of Law Index 2019*, CEPEJ database (2017).

## 3. People-centric policy making

People-centric policy making relies on having inclusive processes, evidence and structures in place to ensure that policies and their implementation reflect and integrate the perspectives of those who are affected. Improving people centricity is crucial: overall, in OECD countries people report that public benefits and services are hard to access, and many of them believe they are not receiving the benefits they should get relative to the taxes they pay (OECD, 2019[12]). Openness and digitalisation should, over time, enable a shift towards gathering and analysing feedback on satisfaction with services (e.g. doctors, teachers, etc.) and using tools such as surveys and big data to better understand, and incorporate people's needs into policy design and delivery.

Three main pillars have been identified as supporting a people-centric approach to policy making. First, a citizen-centric approach to policy making requires transparency, openness and meaningful engagement from citizens. Second, services need to be designed and organised around people's needs. This requires data on user preferences and service usage that can provide input into the ongoing design and delivery of public services. All types of government activity also need to be analysed and evaluated to promote continuous improvement as well as transparency on successes and failures (OECD, forthcoming[13]). Finally, people centricity requires a civil service with the skills and capabilities to respond to and anticipate people's needs.

### *3.1 Open, transparent, participative and accountable governance*

Openness, engagement, transparency and accountability are interconnected; this section will provide examples, based on OECD countries, of how governments can approach them in a range of public governance domains. Today, the range of mechanisms and tools for including and engaging citizens in an ongoing and constructive dialogue is greater than ever, particularly with the use of information and communication technologies, digital platforms and open government data. OECD countries have widely adopted digital technologies, both as a channel for delivering services to citizens and as a tool for generating efficiencies through the simplification and the automation of processes. ICTs could be nevertheless a powerful tool for understanding and anticipating needs; assessing, redefining and upgrading services; and placing the needs of users at the core of service design. Furthermore, emerging technologies such as artificial intelligence (AI) and blockchain hold considerable potential for making public services "smarter", i.e. more agile, efficient, user-friendly and, as a result, more trustworthy (Ubaldi et al., 2019[14]).

A successful digital transformation of services requires adopting a user perspective when designing digital solutions, in order to reduce access barriers. However, delivering efficient online services to citizens means breaking down silos in public administrations and enhancing collaboration (e.g. information sharing and joint planning with pooled budgets) across departments. National online portals can also contribute to the transition towards a "digital government", for example, by promoting the integration of services (see Box 1.1). They combine data, information, systems, and processes to provide citizens with a single point of access to government services. According to the latest available data (2014), 19 out of 21 OECD countries that participated in the Digital Performance Survey reported having an online portal for delivering services to citizens.

### Box 1.1. **Key features of a coherent digital government approach**

The Recommendation of the Council on Digital Government Strategies consists of 3 pillars and 12 principles that ensure the successful design, development and implementation of digital government strategies to enable transformation towards a digital government. As the OECD has worked with countries in the years since its publication in 2014, the Recommendation has been refined to six dimensions of activity that are highly influential in the level of digital government maturity a country might experience. The dimensions are:

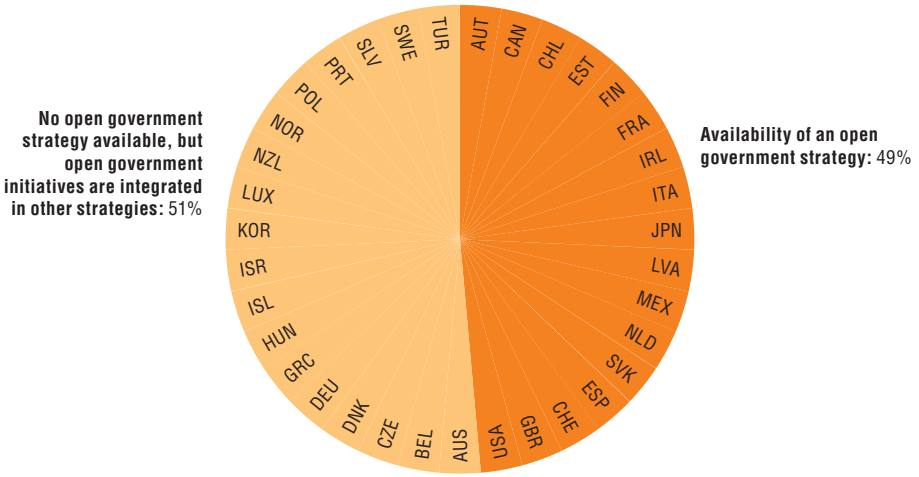
1. **Digital by design**: The intent of a government to approach "digital" with an understanding of all the strategic activities needed to facilitate successful and sustainable transformation by changing the culture of delivery.
2. **Data-driven public sector**: The importance of data as a foundational enabler in the public sector, working together to forecast needs, shape delivery, and understand and respond to change.
3. **Open by default**: The willingness of governments to collaborate across organisational boundaries, and involve those outside of government is an important marker for a culture that will embrace the principles of transparency and accountability that sit behind digital ways of working.
4. **User-driven**: An approach to delivery enabled by an open culture and supported by ambitions of digital by design to include, and be led by, the needs of the public rather than the assumptions of government.
5. **Government as a platform**: Building an ecosystem to support and equip public servants to make policy and deliver services that allows for the exploration of opportunities for government to collaborate with citizens, businesses, civil society and others.
6. **Proactiveness**: The ability of governments to anticipate, and rapidly respond, to the needs of their citizens through the application of these other five dimensions. Transformed government allows problems to be addressed from end to end, rather than by the otherwise piecemeal digitisation of component parts.

A legally recognised digital identification mechanism (e.g. digital signature) provides citizens with access to multiple government online services via the national citizens' portal. Digital identification enables the provision of more advanced services that could better respond to people's needs and expectations. According to the latest available evidence for 2014, 20 out of 21 OECD countries have put in place digital identification mechanisms. The experience from countries shows that to increase the uptake of digital mechanisms, it is essential to cover as many services as possible, to make their use very simple, and to build interoperability across systems.

New technologies integrated into a digital government are also essential for achieving open government, understood by the OECD Recommendation of the Council on Open Government as "a culture of governance that promotes the principles of transparency, integrity, accountability and stakeholder participation in support of democracy and inclusive growth." Open government is built on a citizen-centred approach to creating public value through collaborative schemes to co-design and co-implement public policy. According to the latest available data, all 36 OECD countries have open government initiatives in place, either integrated into an open government strategy or as part of other plans or strategies (see Figure 1.1). Moreover, in 2016, in 21 OECD countries, the centre of government was

involved in designing open government strategies and initiatives, and, in 20 of those, in implementing them as well. Open government initiatives are found in several policy fields, and many tend to be cross-cutting. However, the existence of these mechanisms does not necessarily mean that open government is being used to its fullest potential. For example, making sure that these initiatives lead to actual improvements in people's lives by monitoring their development, evaluating their impact, and using such information to improve policies is critical to ensure that people continue to participate.

Figure 1.1. **Existence of an open government strategy, 2015**




*Note*: On data for Israel, see *http://doi.org/10.1787/888932315602*.
*Source*: OECD (2015[15]), Survey on Open Government Co-ordination and Citizen Participation in the Policy Cycle.
StatLink https://doi.org/10.1787/888934031142

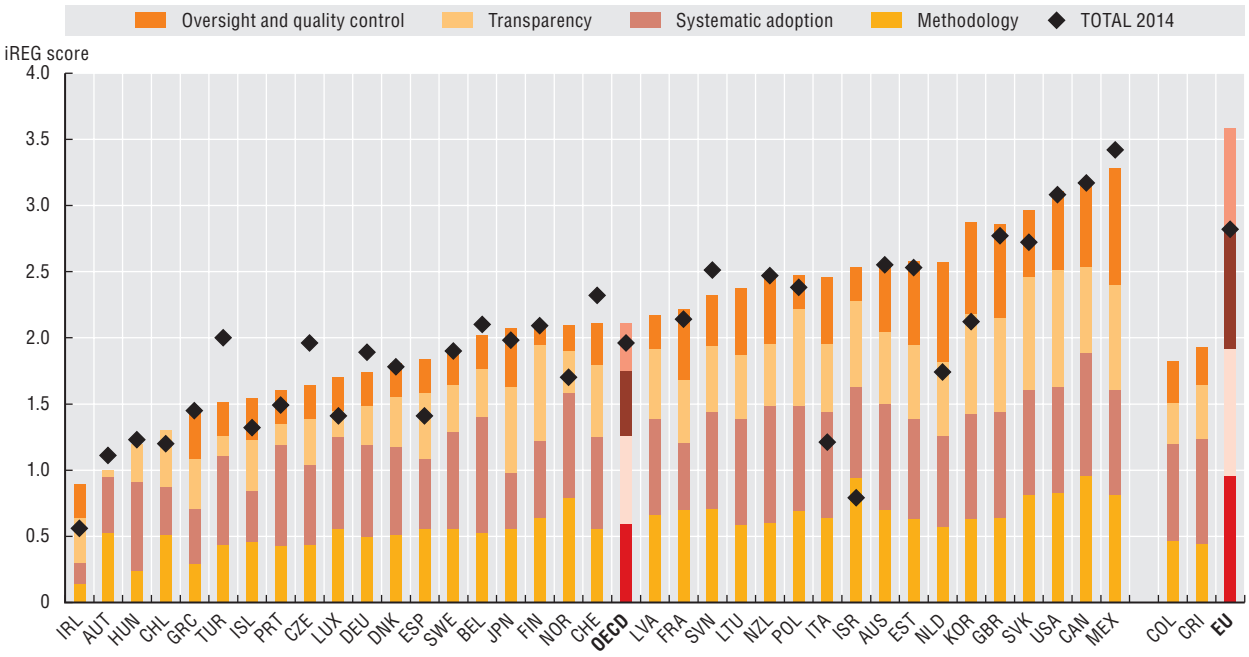
The success of open government initiatives depends largely on achieving meaningful engagement with relevant stakeholders, which include citizens, businesses, consumers and employees. By engaging with them and including their experiences, expertise, perspectives and ideas in the discussion; governments gain valuable information on which to base their policy decisions. Information from stakeholders can help to avert unintended effects and practical implementation problems of policies or regulations (OECD, 2018[16]).

Stakeholder engagement is an example of how open government policies could become an effective channel for achieving people-centric services. In 2016, 28 OECD countries reported that their centre of government consulted directly with stakeholders on policies. Moreover, according to the OECD Indicator of Regulatory Policy and Governance (iREG), OECD countries show a general commitment to stakeholder engagement to inform the development of regulations, for both primary laws and subordinate regulations. The iREG indicator looks at four aspects (methodology; systematic adoption; transparency; and oversight and quality control). However, there is room for improvement to make consultations more open to the wider public and more useful in the policy process.

All surveyed jurisdictions (i.e. OECD and accession countries and the European Union) require stakeholder engagement for the development of at least some regulations. Overall, formal requirements and consultation practices are less stringent for subordinate regulations (see Figure 1.2). However, stakeholder engagement usually happens at a late stage in the development of a regulation, once it has already been decided how to solve a policy problem. This denies stakeholders the opportunity to provide input at the stage where alternatives could be suggested by affected parties and assessed by policy makers.

Over time, there have been mild improvements in stakeholder engagement in developing subordinate regulations. The transparency of the system – including public access to information on planned consultations, on comments received by stakeholders during the consultation phase, and on replies to consultation comments – account for most of this change. There have also been some improvements in the methodology of stakeholder engagement, including more engagement at earlier stages of the development of regulations (see Figure 1.2).

Figure 1.2. **Stakeholder engagement in developing subordinate regulations, 2017**




*Note*: On data for Israel, see *http://doi.org/10.1787/888932315602*. Data for OECD countries is based on the 34 countries that were OECD members in 2014 and the European Union. Data on the new OECD member and accession countries Colombia, Costa Rica, Latvia and Lithuania is only available for 2017. The more regulatory practices as advocated in the 2012 Recommendation a country has implemented, the higher its iREG score. The iREG score ranges from 0 to 4, being 0 the lowest and 4 the highest. The indicator only covers practices in the executive.

*Source*: OECD Indicators of Regulatory Policy and Governance (iREG) 2015[17] and 2018[18], *http://oe.cd/ireg*.

StatLink *https://doi.org/10.1787/888934032681*

Countries have much to gain from further improvements in transparency and oversight of their stakeholder engagement systems. For example, while many countries publish consultation comments on line and pass them on to decision makers, most countries do not systematically inform the public in advance about upcoming consultations, or circle back to the public on how comments were taken into account. This may lead to an unwillingness among stakeholders to participate in further consultations and, possibly, to less civic engagement and voluntary compliance with regulations – the opposite of what stakeholder engagement ought to achieve (Lind and Arndt, 2016[19]). In the area of oversight, most countries currently do not conduct regular evaluations of the performance of their stakeholder engagement systems.

Finally, the use of policy evaluation can help increase the transparency and accountability of the public sector, especially when the results of policy evaluations are openly debated, connected to the policy decision and accessible to practitioners and the public. The majority of OECD countries have developed some mechanisms to promote the use of policy evaluation

findings; these include incorporating evaluation findings into the budget cycle, discussing them at the Council of Ministers, creating a management response mechanism, etc.

### *3.2 Improving public service delivery through a more data-driven government*

To provide people-centric public services, governments need information and data about people's needs, preferences, concerns and expectations, as well as the role that they expect to play in shaping and developing public policies and services. Governments, both local and national, accumulate an enormous amount of data while providing services, implementing laws and regulations and conducting financial transactions. These data have attributes and values that could be used to better tailor services to citizens' needs. Governments increasingly consider data as a strategic asset that could enhance policy making and service design and delivery (OECD, 2014[20]).

The application of data in the public sector can generate public value through three types of activity:

- **Anticipation and planning:** Using data in the design of policies, planning of interventions, the anticipation of possible change and the forecasting of needs.
- **Delivery:** Using data to inform and improve the implementation of policy, the responsiveness of government and the activity of providing public services.
- **Evaluation and monitoring:** Using data to measure impact, audit decisions and monitor performance. Evaluation and monitoring rely on a mix of survey and administrative data to contribute to the design of public services ex ante and the evaluation of performance ex post. Competences for policy evaluation across government are most often attributed to the centre of government andalso to ministries of finance to ensure proper coherence, incentives and quality standards **(** (OECD, forthcoming[23]).

Big data, understood as data that is high in volume, high in velocity and high in variety (Kim, Trimi and Chung, 2014[21]) is one type of data that could lead to value creation in public services. Increasingly, governments are being asked to incorporate these technologies into their way of working. Big data may help governments produce timely indicators, identify turning points much faster, and make better and faster decisions when facing emergencies (e.g. natural disasters, pandemics, economic crises) (see Box 1.2).

People centricity in public service provision also entails allowing people to access and re-use all types of government data. Open government data (OGD) offers new opportunities to empower citizens, businesses, civil society organisations, researchers and journalists through enhanced access and re-use of data. As a result, many OECD countries are using OGD to fuel an ecosystem that can provide innovative services and policy solutions through private, entrepreneurial and civic efforts (e.g. by creating applications that rely on government data or accessing open data in an automated way through applications, and programming interfaces to better monitor public procurement).

The OECD Open Useful Re-Usable data (OURdata) Index benchmarks government efforts to design and implement open data policies and initiatives based on the availability, accessibility and government support for the re-use of OGD to create economic and social value. It builds on the OECD analytical framework for open data policies, which is also connected with the principles of the International Open Data Charter (Lafortune and Ubaldi, 2018[22]). The OURdata Index helps countries assess their relative strengths and identify potential areas for action.

### Box 1.2. **Examples of the use of big data by governments in OECD countries**

In **Ireland**, the biggest use of big data for policy making is mapping. The Ordnance Survey of Ireland's Geohive service provides easy access to publicly available geospatial data. Combined with data from other sources, this mapping data underpins the analysis of housing trends and flooding risk. A further development in Ireland is the creation of Pobal, a website and support service providing information on deprivation profiling in a particular area, details of local childcare services, and information about other funded services available for people to access. This is a resource not just for policy makers but for citizens and community organisations, too.

In **Korea**, the Public Sector Big Data Analysis project has been supporting data-driven, scientific administration of the central government, local governments and public institutions since 2014. Korea has developed a standardised model for analysing big data within the public sector so that data generated in one part of the public sector can be compared with what is generated elsewhere. The use of the resulting models informs policy making in areas such as citizen services, tourism, transportation, public, closed circuit television (CCTV) and public housing, etc. with 16 standardised models having been provided to 175 organisations by 2017. Such standardisation minimises local differences in the analysis that takes place between different institutions, and in particular central and local governments, which allows policy to be informed by a more accurate and comprehensive understanding of a given dataset.

The **European Union** is currently funding several transboundary projects on the use of big data. One of those projects is MIDAS (Meaningful Integration of Data Analytics and Services). The objective of this platform is to map, acquire, manage, model, process and exploit existing heterogeneous health care data and other governmental data along with external open data to enable the creation of evidence-based, actionable information. This platform is expected to inform better long-term policy-making decisions and yield a positive impact on point-of-care health in all policies across Europe at regional, national and European levels.

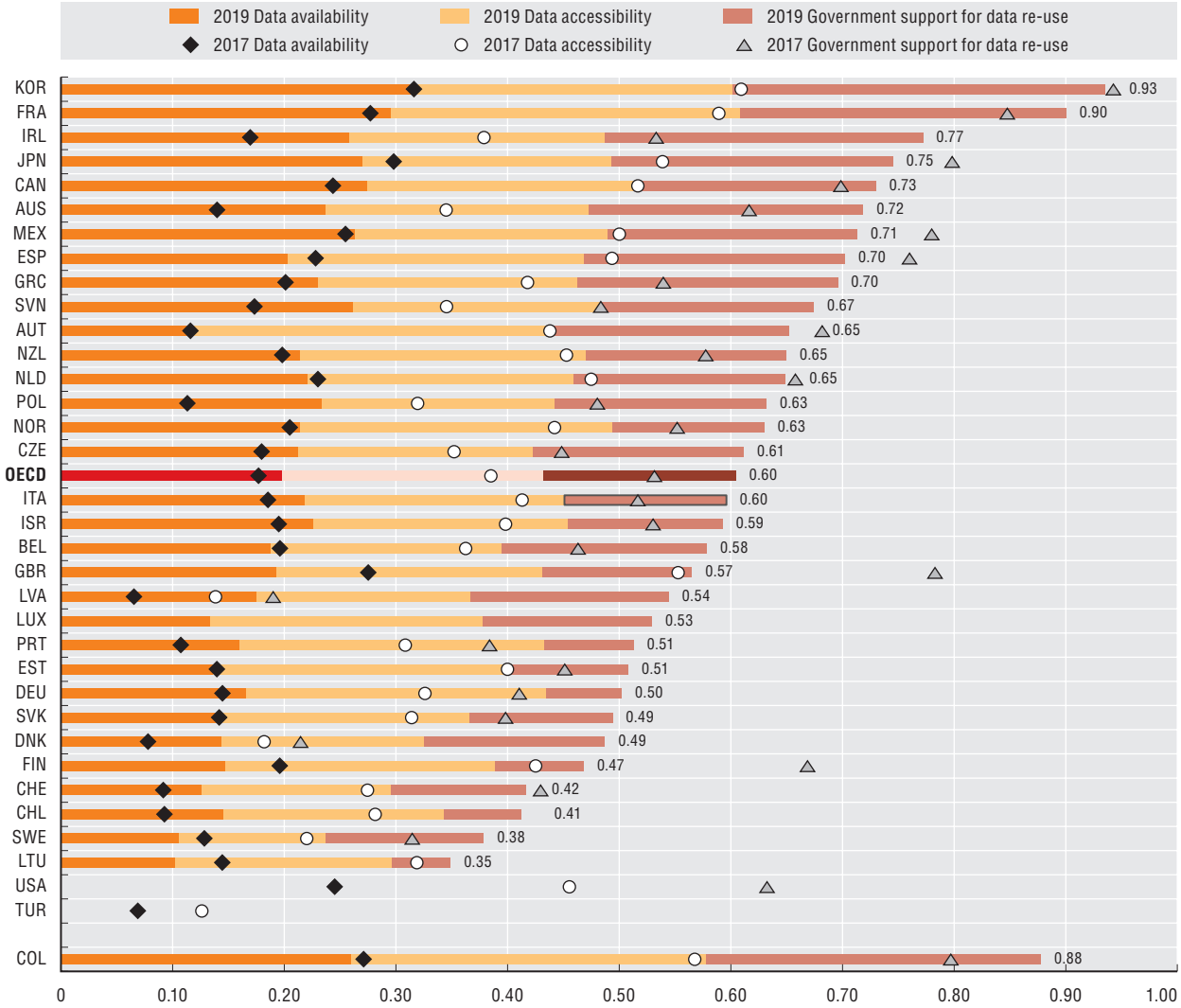
**Global collaboration**: Much government data are global in nature and can be used to prevent and solve global issues; for example, the Group on Earth Observations (GEO) is a collaborative international intergovernmental effort to integrate and share Earth observation data. Its Global Earth Observation System of Systems (GEOSS), a global public infrastructure that generates comprehensive, near-real-time environmental data, intends to provide information and analyses for a wide range of global users and decision makers.

The advancement of OGD policies has contributed to increasing interaction with users and data communities to create public value. Across OECD countries, there is an improvement in the overall score of the index, when compared with the results of the 2017 edition. Today, 90% of OECD countries for which data is available, require government data to be available free of charge, 87% require government data to be available with an open licence, and 93% are required to provide data in machine-readable formats (see Figure 1.3).

In general, governments have also intensified their efforts to support the reuse of OGD. Some 64% of OECD countries are prioritising collaboration and co-creation events with users as well as building skills and capacities within their public administrations. Compared to 2017, more countries are exploring the potential impacts of OGD through research or by collecting re-use examples (see Figure 1.3). Still, there is potential to further integrate and exploit the benefits OGD; for example, governments can go further in creating frameworks

with standards for data formats and publication procedures that promote greater data quality and accessibility. Moreover, feedback channels and other features on open government data portals can encourage open data users to contribute (OECD, 2018[25]).

Figure 1.3. **Open Useful Re-Usable data (OURdata) Index, 2017 and 2019**




*Source:* OECD (2016[23]), Open Government Data Survey; OECD (2018[24]), Open Government Data Survey.
*Note:* On data for Israel, see *http://doi.org/10.1787/888932315602*. OURdata Index ranges from 0 to 1, being 0 the lowest and 1 the highest score.
StatLink https://doi.org/10.1787/888934031180

### *3.3 A civil service that reflects society for service provision*

Important aspects of people centricity are diversity and inclusion in public administrations. Governments are increasingly recognising the importance of having a civil service workforce that reflects society and where all socioeconomic and other personal characteristics are represented in order to ensure that the needs, aspirations and experiences of a wide range of citizens are reflected in decision making and that barriers and gaps in service delivery can be better understood. In turn, inclusion entails putting diversity into practice, and supporting, valuing and respecting all experiences and perspectives in the workplace, and harnessing them in a beneficial way.

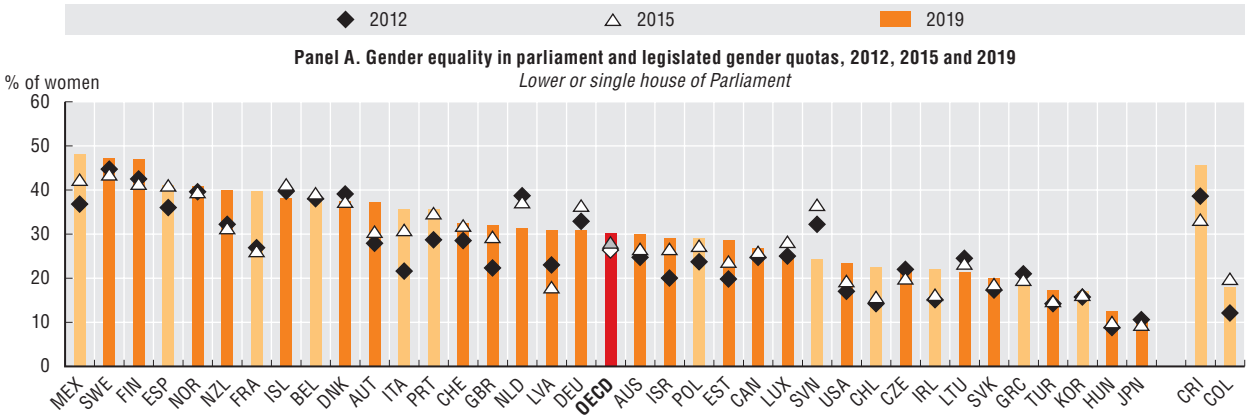
Depending on the policy area or sector, a more representative public sector can contribute to tap on previously overlooked knowledge, networks and perspectives for better policy development and implementation (OECD, 2011[26]; OECD, 2014[27]). In turn, a diverse public sector workforce is crucial for building a more efficient and empathetic public sector, as acknowledged by the growing number of diversity and inclusion strategies in OECD countries (Marina, 2015[28]; Edlin and Delamore, 2018[29]), which are characteristics of a people-centric public sector. The kinds of groups that have legitimate expectations of being represented in the public sector have increased over the years, and now include, sexual, ethnic and religious minorities, the poor, the elderly, people with disabilities and other minority groups, such as indigenous populations (White and Rice, 2015[30]). However, while data exist on gender representation, little evidence is available about the representation of other socio-economic groups based on ethnic, sexual or religious orientations in the public workforce, largely because of the sensitivity of such data.

On average, in OECD countries, women represented 60% of public employment in 2017. There could be several reasons for this overrepresentation of women in the public sector: overall, the public sector still provides more stable and family-friendly working conditions than the private sector. Furthermore, many public sector occupations, such as teachers and nurses, have become female-dominated. Nonetheless, and even though the gender gap in senior positions is shrinking, women tend to be underrepresented in senior management positions within the administration: on average, only about one-third of such positions are filled by women. A similar value is observed for women's representation among parliamentarians, ministers and Supreme Court judges (see Panels A, B and C of Figure 1.4). Several strategies have been used by OECD countries to achieve a better gender balance in senior positions within the administration, such as including gender balance as a major goal of diversity strategies and establishing hiring or promotion targets (OECD, 2014[27]).

Other types of practices can be used to address the range of inequalities that have become embedded in public policies and the allocation of resources. These approaches tend to focus on the impact of different policies on key population groups and policy areas. For example, "gender budgeting" refers to the systematic application of analytical tools and processes, as a routine part of the budget process, to look at the impact of budgetary decisions on women and men, highlight gender inequality issues and to inform, prioritise and resource gender-responsive policies. The OECD Recommendation on Gender Equality in Public Life (2015) and its implementation toolkit identify gender budgeting as a crucial part of a system-wide government approach to promoting gender equality.

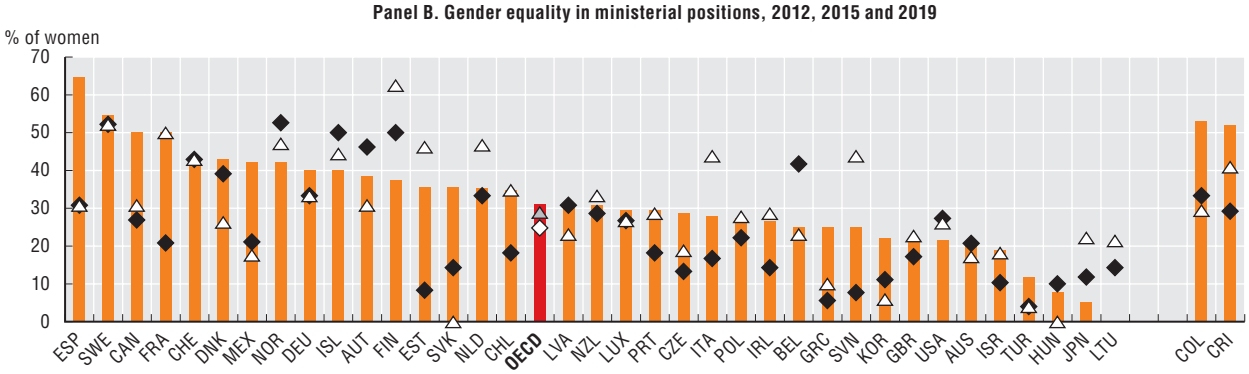
The number of OECD countries that have introduced gender budgeting increased from 12 in 2016 to 17 in 2018 (Austria, Belgium, Canada, Chile, Finland, Germany, Iceland, Ireland, Israel, Italy, Japan, Korea, Mexico, Portugal, Spain and Sweden). Implementing an effective and sustainable gender budgeting approach can be challenging. Some of the challenges derive from the differing levels of importance given to gender equality by successive governments, whereas others relate to fiscal constraints or, more broadly, to the challenges faced when implementing any new public financial management practice or procedure in government. In order to embed gender budgeting as a valued and enduring feature of policy making and insulate it, as far as possible, from fluctuations arising from the economic or political environment, slightly more than half of the countries currently practising gender budgeting have incorporated it in legislation. The implementation of gender budgeting varies across countries but usually entails adopting tools such as gender equality baselines analysis, *ex ante* and *ex post* gender impact assessment or gender needs assessment (OECD, 2019[32]). For most countries, gender budgeting is still in its early stages of development.

Figure 1.4. **Gender equality in parliaments, ministries and high-level courts**



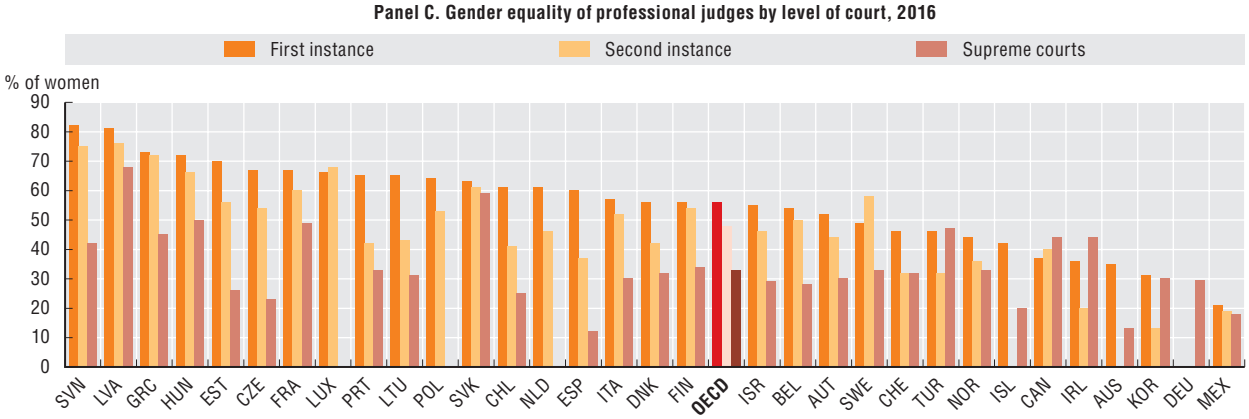

*Note*: Data for Finland for 2019 were provided by national authorities. Bars in light orange represent countries with lower or single house of parliaments with legislated candidate quotas as of April 2019. On data for Israel, see *http://doi.org/10.1787/888932315602*.
*Source*: Inter-Parliamentary Union (IPU), *PARLINE* (database); *IDEA Quota Project* (database).

StatLink https://doi.org/10.1787/888934031199




*Note*: On data for Israel, see *http://doi.org/10.1787/888932315602*.
*Source*: Inter-Parliamentary Union (IPU), *Women in Politics*, 2019, 2015 and 2012.

StatLink https://doi.org/10.1787/888934031218




*Note*: On data for Israel, see *http://doi.org/10.1787/888932315602*. Data for Germany and Portugal were provided by national authorities.
*Source*: Council of Europe European Commission for the Efficiency of Justice (CEPEJ) data, 2016; OECD (2017[31]), "Survey on Gender-sensitive Practices in the Judiciary.

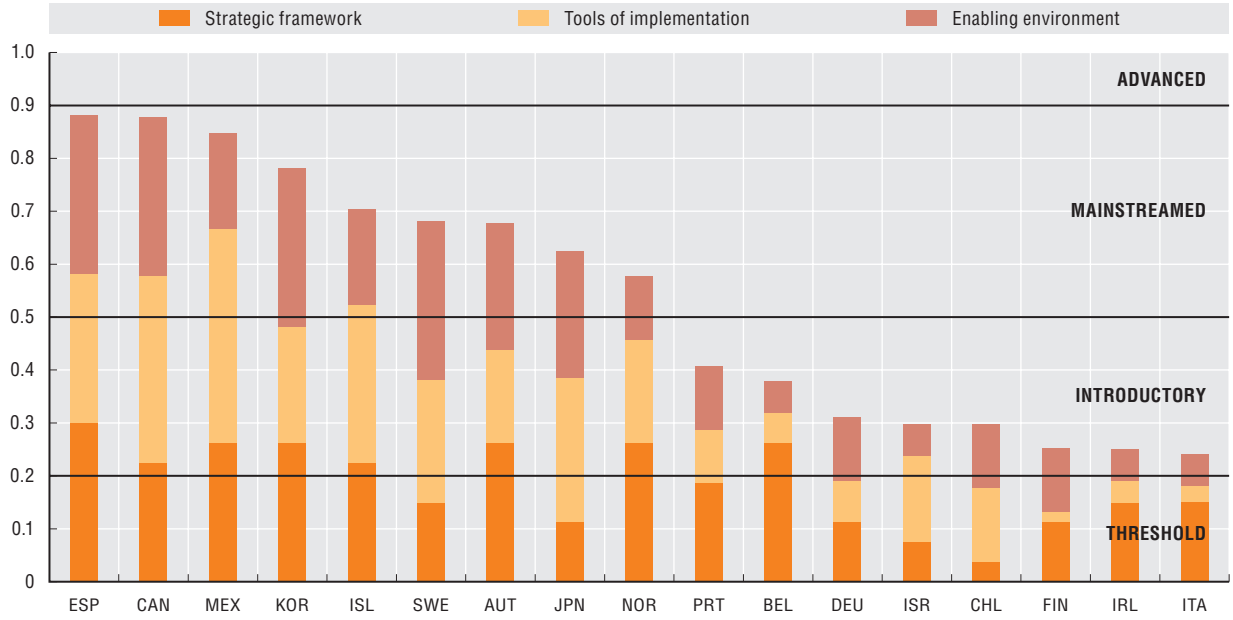
StatLink https://doi.org/10.1787/888934031237

The OECD's First Attempt at a Gender Budgeting Composite Index is designed to help policy makers and the public track the progress of gender budgeting over time, focusing on the governance framework, operational tools and supportive environment in place

(see Figure 1.5). Countries with a high score, such as Spain and Mexico, have created a comprehensive gender budgeting framework with key governance aspects in place, a broad spectrum of tools applied throughout the budget cycle, and wide institutional support to the practice. However, such index does not measure how successfully any given system of gender budgeting operates. Success is better evaluated by examining the extent to which the government's approach to allocating resources helps achieve overarching gender objectives. Additionally, other practices to facilitate women's access to business opportunities with governments, such as public procurement from women-owned enterprises, have also been implemented by slightly more than one-fifth of OECD countries (see the section on "Strategic public procurement" in Chapter 8).

Delivering people-centric public services relies on having a civil service that is capable of responding to policy challenges and of delivering services effectively; hence, having a professional civil service is a fundamental condition of people centricity. This means that civil servants should be qualified, impartial, values-driven and ethical. Addressing complex, cross-cutting challenges such as the Sustainable Development Goals (SDGs) and building capacity for effective decentralisation requires strategic skills. Civil servants will need to encourage collaboration, manage risks, and have foresight and resilience. Regardless of the type of civil service system (i.e. predominantly career-based or predominantly position-based), there is a need to build the values and skills required to respond to complex governance demands, to focus on the attractiveness of public sector jobs relative to the overall labour market, and to ensure the quality and integrity of recruitment mechanisms.

Figure 1.5. **First pass at a composite indicator on gender budgeting, 2019**




*Note*: This figure presents data for the OECD countries that have introduced gender budgeting. The indicator ranges from 0 to 1, being 0 the lowest and 1 the highest score. Countries have been categorised as having an advanced gender budgeting practice (score 0.9 or above); a mainstreamed gender-budgeting practice (score between 0.5 and 0.9); an introductory gender budgeting practice (score between 0.2 and 0.5); or a threshold gender-budgeting practice, where there is limited gender budgeting in place (score below 0.2). On data for Israel, see *http://doi.org/10.1787/888932315602*.

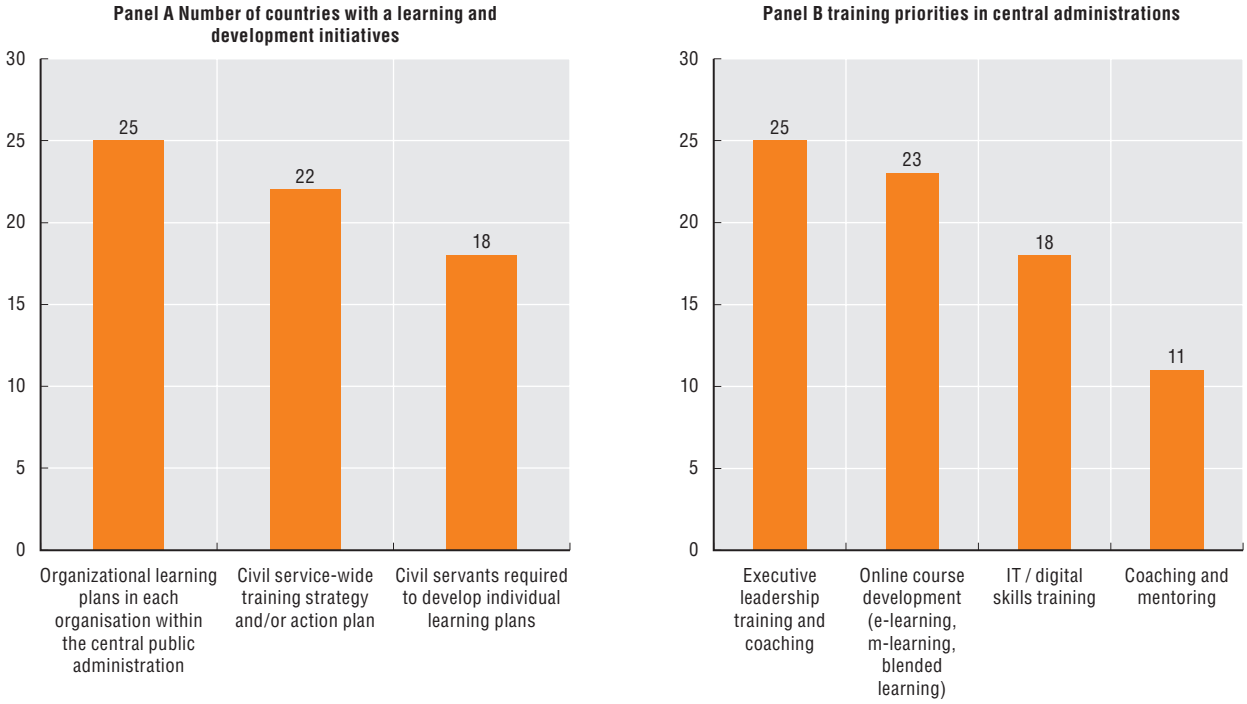
*Source*: OECD (2019[32]), *Designing and Implementing Gender Budgeting: A path to action*, OECD Publishing, Paris, *https://www.oecd.org/gov/budgeting/designing-and-implementing-gender-budgeting-a-path-to-action.pdf*.

StatLink https://doi.org/10.1787/888934031256

Being able to address complex problems, particularly in the digital age, requires civil servants to possess the right skills, knowledge and attitudes. However, a first essential step for fostering those skills in the civil service is understanding them, adjusting job profiles accordingly and providing training or retraining opportunities. Strategic and targeted learning and development investments are essential for public services to keep up with the fast-changing demands of citizens and technological advancements. Furthermore, access to learning opportunities can be an important attractor and motivator for high-performing civil servants. The 2019 OECD Recommendation on Public Service Leadership and Capability advocates that adherents create a learning culture and environment in the public service that extends well beyond traditional classroom training.

The data displayed in Panels A and B of Figure 1.6 suggest a wide recognition of the importance of learning and development among governments in OECD countries, as seen, for example, in the number of civil services that now have civil-service-wide training strategies. Training for the executive leadership is prioritised in two-thirds of OECD countries, which demonstrates the vital role of this group as catalysts of strategic reforms across the civil service. On the other hand, slightly less than half of OECD countries reported that training on information technology/digital skills is a priority in the central administration, a relatively low figure given the importance of such skills. Another tool to enhance learning and development are mobility programmes, yet only about half of OECD countries have them.

Figure 1.6. **Learning and development initiatives and training priorities in public administrations, 2019**




*Note*: The figure shows data for the total respondents of 36 OECD countries.
*Source*: OECD (2019[33]), OECD Survey on Strategic Human Resource Management.

StatLink https://doi.org/10.1787/888934031275

People centricity also entails listening to the feedback of public employees and acting upon it. Employee surveys allow public organisations to measure and benchmark employees' job engagement as well as their perceptions of their job and the work environment. Such

surveys could provide useful input to management decisions on how to improve well-being, leadership and inclusion at work. Studies carried out in the private sector have shown that employee engagement is correlated with workplace productivity. The use of employee surveys in OECD countries is widespread, as more than 85% report collecting them. However, their content and scope of use vary. In most countries, these surveys serve the purpose of measuring employee engagement, motivation, satisfaction and commitment, as well well-being. Yet, they are used to a lesser extent to assess issues related to diversity and inclusion.

## Conclusion

In a context of slowing economic growth, aging populations and people's disenchantment with governments, a people-centric approach to public governance and public service can support the efficient use of limited public resources, strengthen the legitimacy of public institutions and restore trust in public service competence and values. People-centric public services begin with people and take into consideration their needs, aspirations and behaviours. At the same time, these services should be geared towards building the evidence base, from existing data or by generating new data, to inform policy making, tailoring service provision and tracking policy evolution over time – all of which should lead to higher levels of satisfaction. The provision of people-centred services requires a people-driven administration driven by a problem-solving work culture characterised by curiosity and empathy, and constantly seeking to interpret how people engage with their world. A people-driven public administration believes in collaborative engagement with relevant stakeholders to better grasp the tough challenges that people face in their daily lives and involves them in developing solutions.

The consolidation of people-centric public services entails building a government workforce that reflects the wider society, with a greater representation of women, minorities or people with disabilities, particularly in senior management and political leadership positions. Governments could also focus on developing the strategic and innovative capacity of their civil servants, including identifying and developing the right skills to embrace new technologies, innovate and cope with change. Governments could also develop policies using new digital tools, constructive dialogue and citizen participation, in ways that promote transparency and accountability.

This chapter presents evidence and discusses several practices currently being undertaken by OECD countries to achieve people centricity. However, it also shows that people-centric public services are an emerging and complex area of work, one in which countries are learning from each other. There is potential to further increase transparency, build meaningful engagement and break barriers and silos that hamper innovation. The chapter also conveyed the importance of focusing on outcomes that are important to people and assessing how the work carried out by public administrations is contributing to such outcomes. Investing in better understanding the linkages between government practices and how they affect people's perceptions and experience of the administration, as reflected in satisfaction with services and institutional trust, could contribute to building bridges that will bring people and governments closer.

Finally, building people-centric public services entails looking at available evidence (including big data) in a holistic way and identifying gaps that need to be closed. Undoubtedly, there is an agenda ahead to develop more and better evidence. Nevertheless, a combined analysis of the different dimensions of the OECD Serving Citizens Framework, along

with perceived levels of satisfaction with services, provides useful insight. It sheds light on key aspects and delivery models that could lead to higher satisfaction and are more representative of a people-centric approach to public services provision.

## Note

1. Some indicators displayed in the scorecards of this chapter differ from those displayed in Chapter 11. The purpose of this chapter is to provide an account of how satisfaction with each service relates to the dimensions of access, responsiveness and quality. Chapter 11, on the other hand, seeks to display how countries are performing in terms of the dimensions of the framework, rather than in each service. For this reason, this chapter presents indicators on responsiveness and quality of education from the 2017 edition of *Government at a Glance* (i.e. index of shortage of educational material, availability of study help in schools, use of adaptive teaching methods, PISA mean score in science, PISA mean score in mathematics, and PISA mean score in reading), despite the fact that no new data for them was published (the results of the 2018 PISA round will be released in December, 2019). In Chapter 11, indicators on responsiveness are not displayed due to lack of country coverage, which would limit any potential comparison.

## References

Balestra, C. and R. Tonkin (2018), "Inequalities in household wealth across OECD countries: Evidence from the OECD Wealth Distribution Database", *OECD Statistics Working Papers*, No. 2018/01, OECD Publishing, Paris, *https://dx.doi.org/10.1787/7e1bf673-en*. [4]

Causa, O., J. Browne and A. Vindics (2019), "Income redistribution across OECD countries: Main findings and policy implications", *OECD Economic Policy Papers*, No. 23, OECD Publishing, Paris, *https://dx.doi.org/10.1787/3b63e61c-en*. [3]

Edlin, M. and S. Delamore (2018), "Ready to serve the public? The role of empathy in public service education programs", *Journal of Public Affairs Education*, Vol. 24/3, pp. 300-320. [29]

Jakobsen, M. and R. Jensen (2015), "Common Method Bias in Public Management Studies", *International Public Management Journal*, Vol. 18/1, pp. 3-30, *http://dx.doi.org/10.1080/10967494.2014.997906*. [10]

James, O. (2009), "Evaluating the expectations disconfirmation and expectations anchoring approaches to citizen satisfaction with local public services", *Journal of Public Administration Research and Theory*, Vol. 19/1, pp. 107-23. [11]

Kim, G., S. Trimi and J. Chung (2014), "Big Data Applications in the Government Sector: A Comparative Analysis among Leading Countries", *Communications of the ACM*, Vol. 57, pp. 78-85, *http://dx.doi.org/10.1145/2500873*. [21]

Lafortune, G. and B. Ubaldi (2018), "OECD 2017 OURdata Index: Methodology and results", *OECD Working Papers on Public Governance*, No. 30, OECD Publishing, Paris, *https://dx.doi.org/10.1787/2807d3c8-en*. [22]

Lind, E. and C. Arndt (2016), "Perceived Fairness and Regulatory Policy: A Behavioural Science Perspective on Government-Citizen Interactions", *OECD Regulatory Policy Working Papers*, No. 6, OECD Publishing, Paris, *https://dx.doi.org/10.1787/1629d397-en*. [19]

Lorenzoni, L. et al. (2019), "Health Spending Projections to 2030: New results based on a revised OECD methodology", *OECD Health Working Papers*, No. 110, OECD Publishing, Paris, *https://dx.doi.org/10.1787/5667f23d-en*. [2]

OECD (2019), *Designing and Implementing Gender Budgeting: A path to action*, OECD Publishing, *https://www.oecd.org/gov/budgeting/designing-and-implementing-gender-budgeting-a-path-to-action.pdf*. [32]

OECD (2019), *OECD Survey on Strategic Human Resource Management*. [33]

OECD (2019), *Risks that Matter: Main Findings from the 2018 OECD Risks that Matter Survey*, OECD Publishing, *https://www.oecd.org/els/soc/Risks-That-Matter-2018-Main-Findings.pdf*. [12]

OECD (2018), *OECD Regulatory Policy Outlook 2018*, OECD Publishing, Paris, *https://dx.doi.org/10.1787/9789264303072-en*. [16]

OECD (2018), *Open Government Data Report: Enhancing Policy Maturity for Sustainable Impact*, OECD Digital Government Studies, OECD Publishing, Paris, *https://dx.doi.org/10.1787/9789264305847-en*. [25]

OECD (2018), *Open Government Data Survey*. [24]

OECD (2017), *Core Skills for Public Sector Innovation*, OECD Publishing, *https://oecd-opsi.org/wp-content/uploads/2018/07/OECD_OPSI-core_skills_for_public_sector_innovation-201704.pdf*. [6]

OECD (2017), *Fostering Innovation in the Public Sector*, OECD Publishing, Paris, *https://dx.doi.org/10.1787/9789264270879-en*. [7]

OECD (2017), *Government at a Glance 2017*, OECD Publishing, Paris, *https://dx.doi.org/10.1787/gov_glance-2017-en*. [9]

OECD (2017), *How's Life? 2017: Measuring Well-being*, OECD Publishing, Paris, *https://dx.doi.org/10.1787/how_life-2017-en*. [8]

OECD (2017), *Indicators of Regulatory Policy and Governance Survey*. [18]

OECD (2017), *Pensions at a Glance 2017: OECD and G20 Indicators*, OECD Publishing, Paris, *https://dx.doi.org/10.1787/pension_glance-2017-en*. [1]

OECD (2017), *Survey on Gender-sensitive Practices in the Judiciary*. [31]

OECD (2016), *Open Government Data Survey*. [23]

OECD (2015), *Survey on Open Government Co-ordination and Citizen Participation in the Policy Cycle*. [15]

OECD (2014), *Indicators of Regulatory Policy and Governance Survey*. [17]

OECD (2014), *Recommendation of the Council on Digital Government Strategies*, OECD, *https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0406*. [20]

OECD (2014), *Women, Government and Policy Making in OECD Countries: Fostering Diversity for Inclusive Growth*, OECD Publishing, Paris, *https://dx.doi.org/10.1787/9789264210745-en*. [27]

OECD (2011), *Public Servants as Partners for Growth: Toward a Stronger, Leaner and More Equitable Workforce*, OECD Publishing, Paris, *https://dx.doi.org/10.1787/9789264166707-en*. [26]

OECD (forthcoming), *Data-driven Public Sector Report*, OECD Publishing. [13]

Rice, M. (ed.) (2015), *Managing Diversity in Communities, Workplace and Societies*, Routledge. [28]

Rice, M. (ed.) (2015), *The Multiple Dimensions of Diversity and Culture*, Routledge. [30]

Ubaldi, B. et al. (2019), "State of the art in the use of emerging technologies in the public sector", *OECD Working Papers on Public Governance*, No. 31, OECD Publishing, Paris, *https://dx.doi.org/10.1787/932780bc-en*. [14]

Welby, B. (2019), "The impact of digital government on citizen well-being", *OECD Working Papers on Public Governance*, No. 32, OECD Publishing, Paris, *https://dx.doi.org/10.1787/24bac82f-en*. [5]

# 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 government revenues

General government expenditures

Government expenditures by function (COFOG)

Structure of government expenditures by economic transaction

Revenue and expenditure structure by level of government

Government investment spending

Production costs and outsourcing of general government

Special feature: Government expenditures by functions of social protection and health (COFOG)

# General government fiscal balance

Fiscal balance, referring to the difference between government revenues and expenditures, shows to the extent to which the government expenditure is financed by the revenues collected in a given year. There is a deficit when the government spends more than it receives as revenues; and in the opposite case, there is a surplus. The primary balance, or the overall fiscal balance excluding net interest payments on public debt, is one critical indicator of short-run sustainability

OECD countries reported an average deficit level of 2.2% in terms of GDP in 2017. The average general government fiscal balance in OECD countries reached the highest level of deficit in 2009 (8.7% of GDP) due to the 2007-08 economic crisis. In its aftermath, fiscal deficits remained comparatively high, but slowly and gradually decreased to the current level. In 2017, more than one-third of OECD countries reported a fiscal surplus, with Norway reporting the largest surplus of 4.9% of GDP followed by Korea (2.8% of GDP). In contrast, the general government fiscal balance in the following countries reported the largest deficits in 2017: the United States (4.1%), Spain (3.1%) and Portugal and Japan (both 3.0%). In the majority of countries where data are available for 2018, the general government fiscal balance improved compared to 2017 – the largest change happened in Portugal (+2.5 p.p.) yet still running a deficit, and Norway (+2.3 p.p.). In the case of Portugal, it is due to the increase in current revenue, particularly tax revenue and social contributions, explained to a large extent by the evolution of the economic activity and employment, combined with the fact that in 2017 the fiscal balance was negatively impacted by a one-off operation related to the recapitalization of a public financial institution. In the case of Norway, despite comparatively low oil prices, this value is a testimony of policies that insulate the country from volatile petroleum markets such as making the fiscal rule more prudent, aiming at structural non-oil deficits equivalent to 3% of the value of the wealth fund rather than 4% (OECD 2018).

Consecutive deficits lead to mounting debt level, which in turn entails higher interest payments and thus put upward pressure on deficits. The primary balance illustrates the extent to which governments can honour their debt obligations without the need for further indebtedness. In 2017, almost three-fourths of OECD countries reported a surplus in primary balance in 2017, with the largest primary surplus in Greece (3.6%) resulting from large fiscal consolidation, which has strengthened credibility and reduced uncertainty that is helping to restore economic growth. In the same period, the largest primary deficit was reported in Japan (2.7%) explained by lower than expected growth, repeated supplementary budgets and delays in raising the consumption tax as planned. Overall, Japan needs a comprehensive fiscal consolidation plan including specific spending cuts and tax increases, as well as an improved fiscal framework to ensure implementation of the plan (OECD 2019)

### *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 2008 SNA framework has been implemented by all OECD countries (see Annex A for details on reporting systems and sources). Using SNA terminology, general government consists of central government, state government, local government and social security funds.

Fiscal balance, also referred to as net lending (+) or net borrowing (-) of general government, is calculated as total government revenues minus total government expenditures. Revenues encompass taxes, net social contributions, and grants and other revenues. Expenditures comprise intermediate consumption, compensation of employees, subsidies, property income (including interest spending), social benefits, other current expenditures (mainly current transfers) and capital expenditures (i.e. capital transfers and investments).

The primary balance is the fiscal balance excluding net interest payments on general government liabilities (i.e. interest payments minus interest receipts).

Gross domestic product (GDP) is the standard measure of the value of goods and services produced by a country during a period.

## Further reading

OECD (2019), OECD Economic Surveys: Japan 2019, OECD Publishing, Paris. *https://doi.org/10.1787/fd63f374-en*

OECD (2018), OECD Economic Surveys: Norway 2018, OECD Publishing, Paris. *http://doi.org/10.1787/eco_surveys-nor-2018-en*

## Figure notes

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

2.1. Data for Chile and Turkey and are not included in the OECD average due to missing time series or main non-financial government aggregates. Data for Brazil, China and Indonesia are for 2016 rather than 2017. Data for Russia are for 2015 rather than 2017.

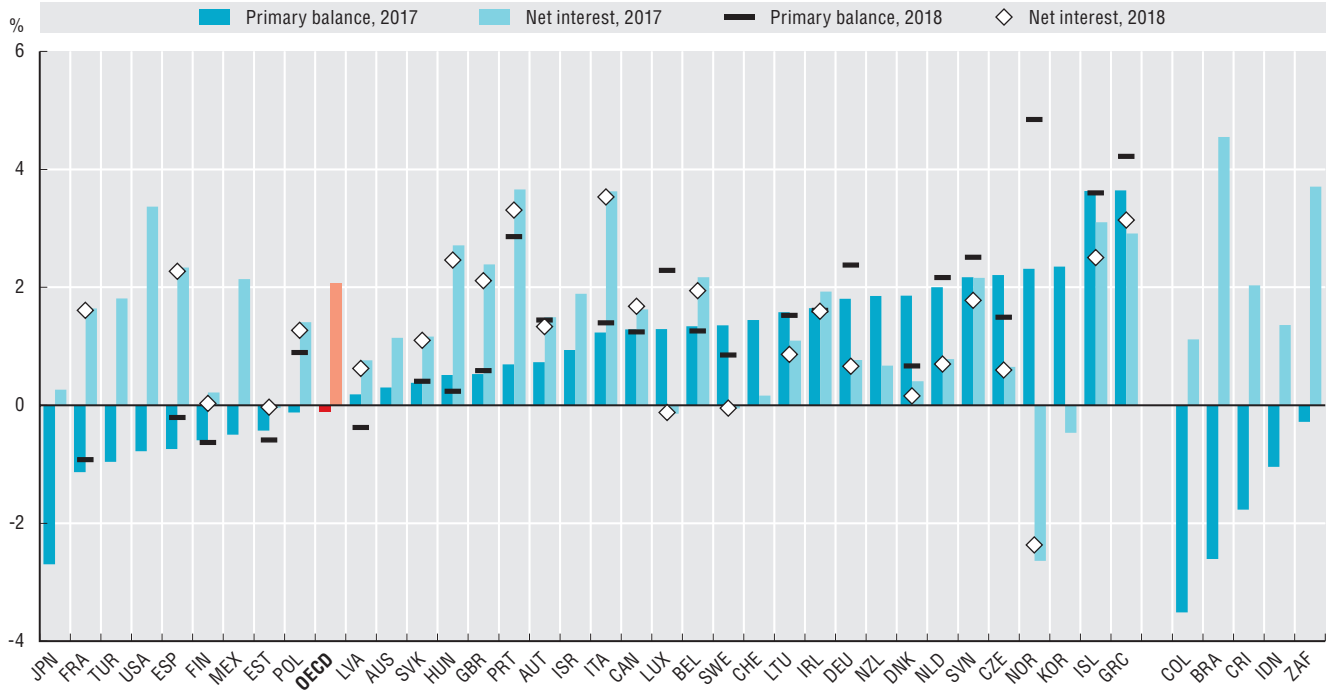
2.2. Data for Chile are not available. Data for Turkey are not included in the OECD average due to missing time series. Data for Brazil and Indonesia are for 2016 rather than 2017.

**2.1. General government fiscal balance as a percentage of GDP, 2007, 2017 and 2018**

*Source*: *OECD National Accounts Statistics* (database). Data for India are from the *IMF Economic Outlook* (April 2019).

StatLink https://doi.org/10.1787/888934031294

**2.2. General government primary balance and net interest spending as a percentage of GDP, 2017 and 2018**




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

StatLink https://doi.org/10.1787/888934031313

# General government net saving

Net saving refers to the difference between current revenues and current expenditures or the fiscal balance without taking into account capital expenditures. Net saving does not consider investment expenditures or capital transfers, instance e.g. to publicly owned enterprises or financial institutions. Net saving is typically associated with the "golden rule" of public finance, which advocates that, in the course of an economic cycle, the current revenues should cover current expenditures. This also implies that debt issuance should only be for growth-promoting investment leading to a sustainable fiscal stance.

In 2017, the average net saving in OECD countries was -1.8% of GDP, with slightly more than 50% of the countries reporting positive net saving levels. The United States had the largest negative net saving in 2017, amounting to 4.9% of GDP, partially explained by a change in trend in 2016 as the federal government increased expenditure after several years of consolidation. This trend is expected to continue as fiscal policy relaxed substantially in early 2018 resulting from a tax reform combined with congress raising spending ceilings in 2018 and 19 all of which led to further spending (OECD 2018a). Conversely, Norway had the highest positive net saving in 2017 (6.9%), as under the fiscal framework, withdrawals from the Norwegian Wealth Fund (e.g. revenues from off-shore petroleum production) cover the non-oil budget deficits to a ceiling set by the fiscal rule, while still protecting the interests of future generations. In consequence, it is unlikely that while this arrangement is in place net savings will be ever negative.

In 2007, only 8 OECD countries reported negative net savings compared to 17 in 2017. Still, all countries that had positive net savings in 2007 reported lower levels in 2017, except Austria (0.1 p.p.), the Czech Republic (0.4 p.p.), the Netherlands (0.8 p.p.) and Germany (1.2 p.p.) who reported higher net saving levels. These countries have been at the forefront of advocating and implementing austerity policies.

The difference between the net lending/borrowing (i.e. fiscal balance) and net savings is the size of capital expenditures, which could be either investment expenditures or an outflow of capital transfers. On average across OECD countries, the deficit (net lending/borrowing) was 0.38 p.p. higher than the net savings in 2017. The highest negative differences between net lending/borrowing and net savings occurred in Turkey (2.88 p.p.) and Iceland (2.86 p.p.). In Turkey, this is explained by substantial increases in public investment since 2016 and a massive scaling-up of loan guarantees (OECD 2018b). The Icelandic bank restructuring was achieved in 2016 but some remains of speculative funds that entered Iceland before 2008 were left unresolved until the first quarter of 2017, when most of these funds were finally let out (Baldursson, Portes and Thorlaksson, 2017). Additionally, Iceland increased needed infrastructure investment, due to prior fiscal restraint and stresses from tourism.

### *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 2008 SNA framework has been implemented by all OECD countries (see Annex A for details). Using SNA terminology, general government consists of central government, state government, local government and social security funds.

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 gross investments (i.e. gross capital formation and acquisitions less disposals of non-produced non-financial assets) equals the fiscal balance of net lending/borrowing. 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, means 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 extraordinary and possibly very large capital transfers. It also avoids putting too much pressure on government investments in times of austerity programmes and increasing deficits.

## Further reading

Baldursson, F., R. Portes and E. Thorlaksson (2017), "Iceland's Capital Controls and the Resolution of its Problematic Bank Legacy", *http://doi.org/10.13140/RG.2.2.36548.73604*.

OECD (2018a), OECD Economic Surveys: United States 2018, OECD Publishing, Paris. *http://dx.doi.org/10.1787/eco_surveys-usa-2018-en*

OECD (2018b), OECD Economic Surveys: Turkey 2018, OECD Publishing, Paris. *https://doi.org/10.1787/eco_surveys-tur-2018-en*

## Figure notes

Data for Chile are not available. On data for Israel, see *http://doi.org/10.1787/888932315602*. Data for Turkey are not included in the OECD average due to missing time series. Data for Brazil and Indonesia are for 2016,. data for Russia are for 2015 rather than 2017.

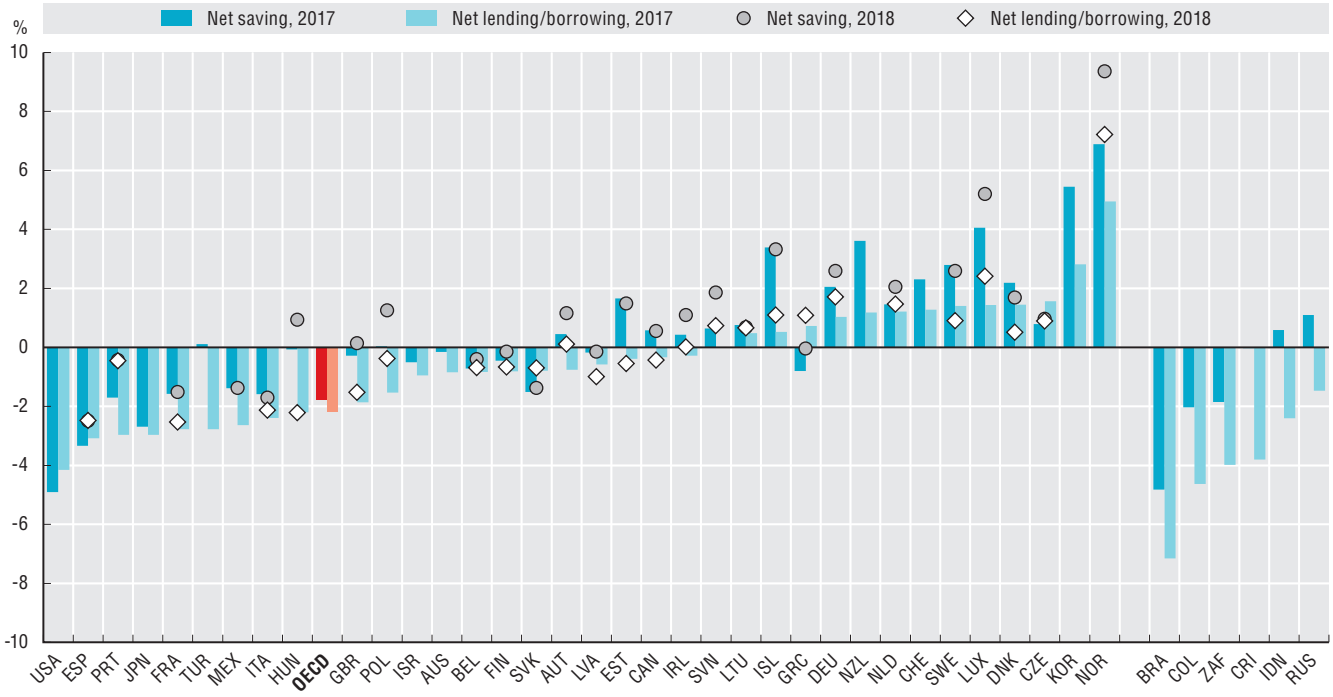
2.5. (Net capital transfers as a percentage of GDP) is available online in Annex F.

**2.3. General government net saving as a percentage of GDP, 2007, 2017 and 2018**

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

StatLink https://doi.org/10.1787/888934031332

**2.4. General government net saving versus net lending/borrowing as a percentage of GDP, 2017 and 2018**




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

StatLink https://doi.org/10.1787/888934031351

# General government structural balance

The government fiscal balance can be significantly affected by economic cycles and one-off events. Government revenues (particularly tax revenues) tend to decline during economic downturns, as there is less economic activity subject to the corresponding taxes. At the same time, public spending may increase as more people become unemployed and qualify for social assistance or unemployment benefits. The government could also decide to carry on additional expenditure (e.g. investment) to counterbalance the effects of less private activity. As such, the general government fiscal balance alone does not depict a full picture of the government's underlying fiscal position. General government structural balance, which takes into account the effects that could be attributed to the economic cycle and one-off events, better captures structural trends for assessing the sustainability of public finances in the long run. Estimating the structural balance requires estimating the structural and cyclical components of both the fiscal balance and output, (also referred to as the potential GDP [i.e. the economy working at full capacity not affecting inflation]). In turn, the output gap measures the difference between actual and potential GDP.

In terms of potential GDP, the structural fiscal balance in OECD countries reached an average deficit of 2.3% in 2017. In particular, and despite its current positive economic outlook, the United States (4.7%) reported the highest cyclically adjusted deficit. This value reflects among others, the effects of tax cuts not yet offset by expected additional growth as well as higher health spending. In turn, globalisation and automation have displaced workers, especially in the industrial heartland; many of these workers have had trouble finding new employment. This has led to the development of areas of high unemployment, non-participation and poverty and created a surplus of labour to the economy adding some pressure on income support programmes (OECD 2018a). In contrast, Greece, reported having the largest structural surplus (6.4%) in terms of structural balance for the same year. Greece has conducted substantial consolidation efforts, achieved through improvements in tax compliance and spending controls that led to fiscal over-achievement between 2015-17. In turn, this good performance may have boosted confidence, mitigating the contractionary effects of fiscal consolidation. Due to its fiscal performance and expected further improvements Greece exited the EU Excessive Deficit Procedures in 2017 (OECD, 2018b).

Compared to 2017, almost two-thirds of OECD countries experienced a deterioration of their government structural balance in 2018, to an average deficit of 2.8%. The largest increase in the structural deficit was observed in Israel (2.1 p.p.), resulting from tax reductions and increases in subsidies as well as government difficulties in achieving political consensus for implementing fiscal reform. On the other end, the greatest improvements in the structural balance were observed in Luxembourg and Germany (+1.0 p.p. for both countries). In both cases, this was driven by robust economic growth and prudent fiscal policies. In the case of Germany, however, growth is expected to slow as the economy is facing capacity constraints, including on employment (OECD 2018c).

The structural primary balance is also adjusted for the impact of net interest payments on general government liabilities (i.e. interest payments minus interest receipts). A similar general deteriorating pattern as found for structural balances is observed for structural primary balances. While the average level of structural primary balance level in OECD countries amounted to -0.5% of their potential GDP in 2017, it is expected to further deteriorate by 0.4 p.p. from 2018 to 2020. This negative projected trend is driven by increased uncertainty due to factors such as the trade war between the United States and China and its consequences in other economies or the potential effects of Brexit, all of which are expected to affect global growth.

### *Methodology and definitions*

Data are derived from the *OECD Economic Outlook*, No.105 (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.). 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 "Sources and Methods" of the *OECD Economic Outlook* (*www.oecd.org/eco/outlook/sources-and-methods.htm*).

## Further reading

OECD (2018), OECD Economic Surveys: United States 2018, OECD Publishing, Paris. *http://dx.doi.org/10.1787/eco_surveys-usa-2018-en*

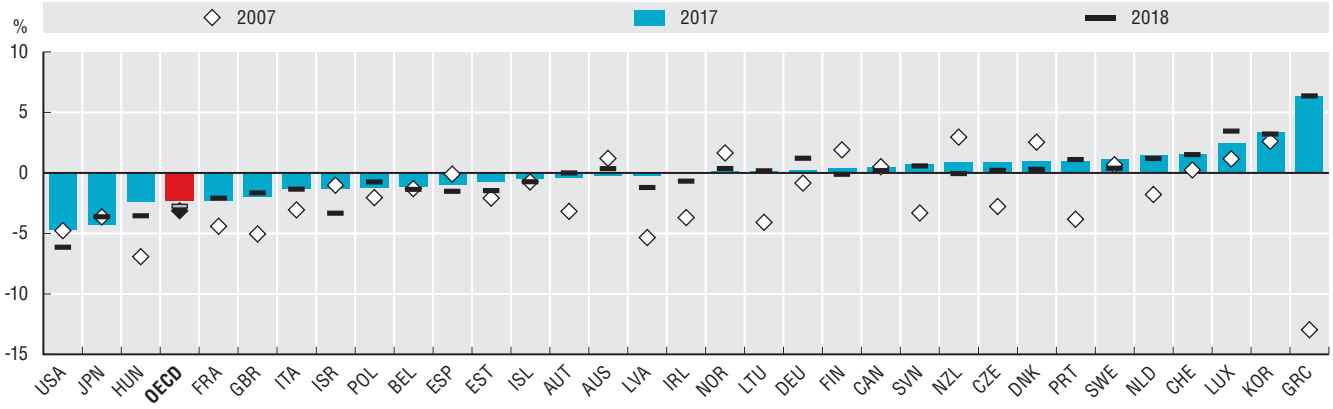
OECD (2018), OECD Economic Surveys: Greece 2018, OECD Publishing, Paris. *http://dx.doi.org/10.1787/eco_surveys-grc-2018-en*

OECD (2018c), OECD Economic Surveys: Germany 2018, OECD Publishing, Paris. *http://dx.doi.org/10.1787/eco_surveys-deu-2018-en*

## Figure notes

Data for Chile, Mexico, the Slovak Republic and Turkey are not available. On data for Israel, see *http://doi.org/10.1787/888932315602*.

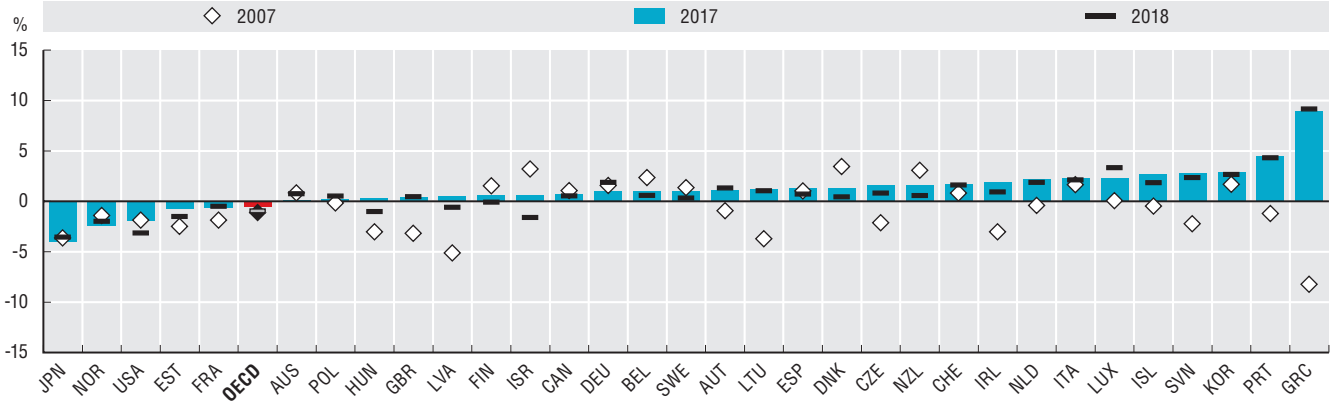
### 2.6. General government structural balance as a percentage of potential GDP, 2007, 2017 and 2018




*Source*: OECD *Economic Outlook*, No 105, May 2019.

StatLink https://doi.org/10.1787/888934031370

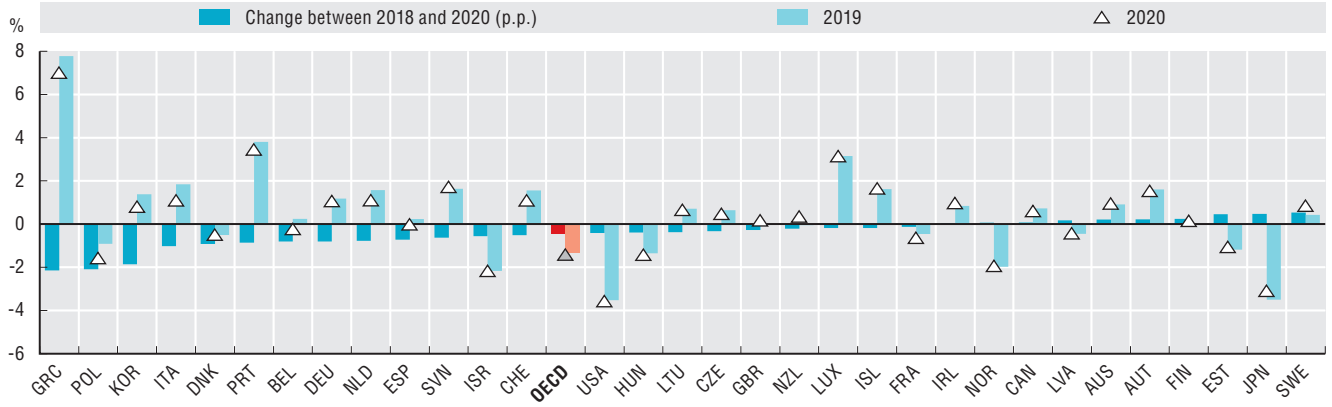
### 2.7. General government structural primary balance as a percentage of potential GDP, 2007, 2017 and 2018




*Source*: OECD *Economic Outlook*, No 105, May 2019.

StatLink https://doi.org/10.1787/888934031389

### 2.8. General government projected structural primary balance as a percentage of potential GDP in 2019 and 2020 and change since 2018




*Source*: OECD *Economic Outlook*, No 105, May 2019.

StatLink https://doi.org/10.1787/888934031408

# General government gross debt

Public debt levels have significant implications for the stability of public finances and the economy as a whole. While government debt can be raised for financing current expenditures or investing in physical capital, it comes with a cost in the form of interest payments and should be based on the objective appraisal of economic capacity gaps, infrastructural development needs and sectoral/social priorities as well as a prudent assessment of costs and benefits.

In 2017, the government gross debt in OECD countries amounted to 110% of GDP on average. The average level of government gross debt level increased in OECD countries by 37.3 p.p. between 2007 and 2017. This rise is explained by the economic slowdown, expansionary countercyclical fiscal policy, as well as exceptional rescue operations of financial institutions that prevailed in many countries until the early 2010s. On the other hand, Estonia (13%) and Chile (29.6%) reported the lowest debt levels in 2017.

The largest increases in gross debt growth occurred in Greece (75.9 p.p.) and Spain (72.8 p.p.) from 2007 to 2017. In the case of Greece, debt is stabilising as the government has achieved significant primary surpluses over the past couple of years. However, reducing debt levels will require additional reforms to boost GDP growth, maintaining large, but realistic primary surpluses and additional debt restructuring, e.g. by locking in at currently low interest rates (OECD 2018a). In Spain, public debt is falling, as evidenced by the 1.3 p.p. reduction between 2018 and 2017; recent improvements are due to favourable economic conditions. However, as the recovery continues, the government should stick to medium-term fiscal targets to ensure a durable reduction of public debt (OECD 2018b).

Per capita government gross debt has increased at an annual rate of 5% since 2007 across OECD countries reaching USD 53 641 PPP on average in 2017. Still, in the past few years the trend is slowly reverting as shown by the average decrease of the debt-to-GDP ratio of 2.2 p.p. in 2017 as compared to 2016. Most government gross debt in OECD countries is held in debt securities (83.0%), followed by loans (8.6%).

### *Methodology and definitions*

Data are derived from the *OECD National Accounts Statistics* (database) and the *Eurostat Government Finance Statistics* (database), which are based on the *System of National Accounts* (SNA). The 2008 SNA framework has been implemented by all OECD countries (see Annex A).

Debt is 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 interests or principal by the debtor to the creditor at a date or dates in the future. All debt instruments are liabilities, but some liabilities such as shares, equity and financial derivatives are not debt. Debt is thus obtained as the sum of these liability categories, whenever available/applicable in the financial balance sheet of the general government sector: currency and deposits; debt securities; loans; and other liabilities (i.e. insurance, pension and standardised guarantee schemes, other accounts payable as well as, in some cases, special drawing rights). According to the SNA, most debt instruments are valued at market prices, when appropriate (although some countries might not apply this valuation, in particular for debt securities).

The treatment of government liabilities in respect of their employee pension plans varies across countries, making international comparability difficult. Some OECD countries, such as Australia, Canada, Iceland, Sweden and the United States, record employment-related pension liabilities, funded or unfunded, in government debt data. For those countries, an adjusted government debt ratio is calculated by excluding these unfunded pension liabilities. Additional information on this is provided in the StatLinks. Government debt here is recorded on a gross basis, not adjusted by the value of government-held assets. The SNA debt definition differs from the definitions applied under the Maastricht Treaty, which is used to assess EU fiscal positions. For information on the calculation of government debt per capita see General government revenues (page 64).

## Further reading

OECD (2018a), OECD Economic Surveys: Greece 2018, OECD Publishing, Paris. *http://dx.doi.org/10.1787/eco_surveys-grc-2018-en*

OECD (2018b), OECD Economic Surveys: Spain 2018, OECD Publishing, Paris. *https://doi.org/10.1787/eco_surveys-esp-2018-en*

## Figure notes

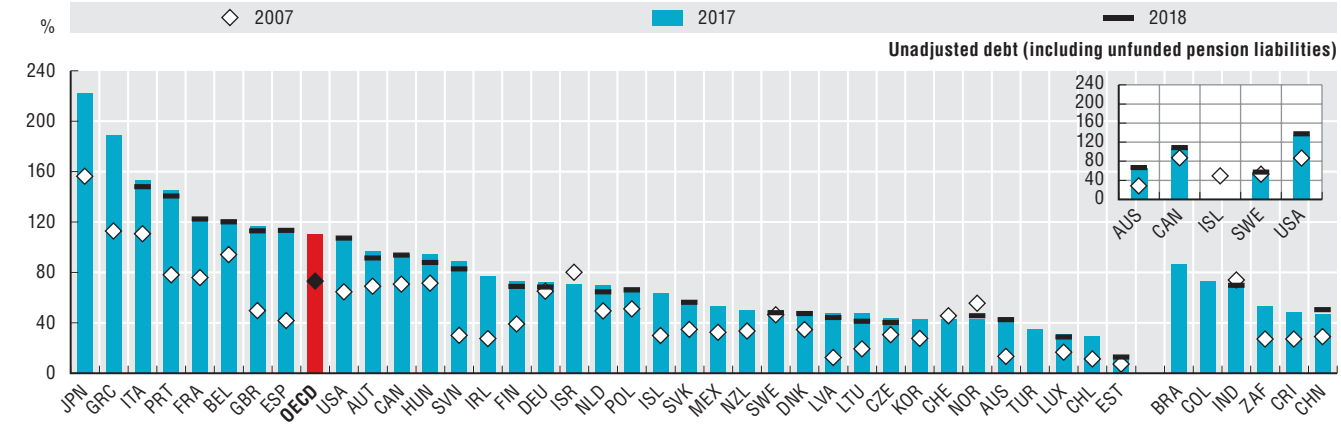
Data for Australia, Canada, Iceland, Sweden and the United States are reported on an adjusted basis (i.e. excluding unfunded pension liabilities). On data for Israel, see *http://doi.org/10.1787/888932315602*. Data for Chile, Mexico and Turkey are not included in the OECD average. Data for Colombia and Russia are for 2016, data for Brazil are for 2015 rather than 2017.

2.9. and 2.10. Data for 2017 for Iceland and data for 2007 for Korea are based on OECD estimates.

2.11. Data for Iceland are not available.

2.12. (Annual growth rate of real government gross debt per capita, 2007-17 and 2017-18) is available online in Annex F.

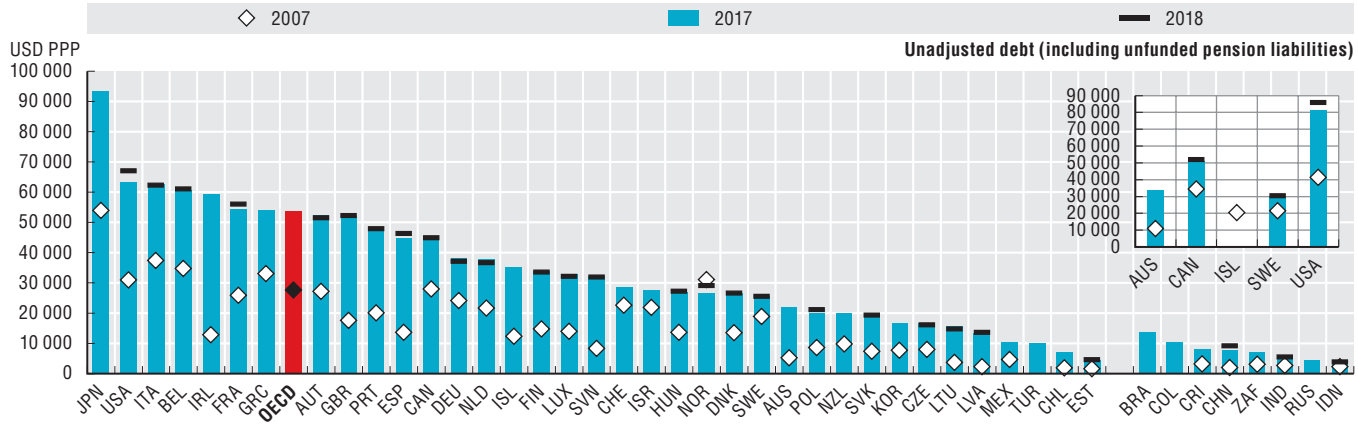
## 2.9. General government gross debt as a percentage of GDP, 2007, 2017 and 2018




*Source*: OECD *National Accounts Statistics* (database); *Eurostat Government Finance Statistics* (database). Data for the other major economies (apart from Brazil) and for Costa Rica are from the *IMF Economic Outlook* (April 2019).

StatLink https://doi.org/10.1787/888934031427

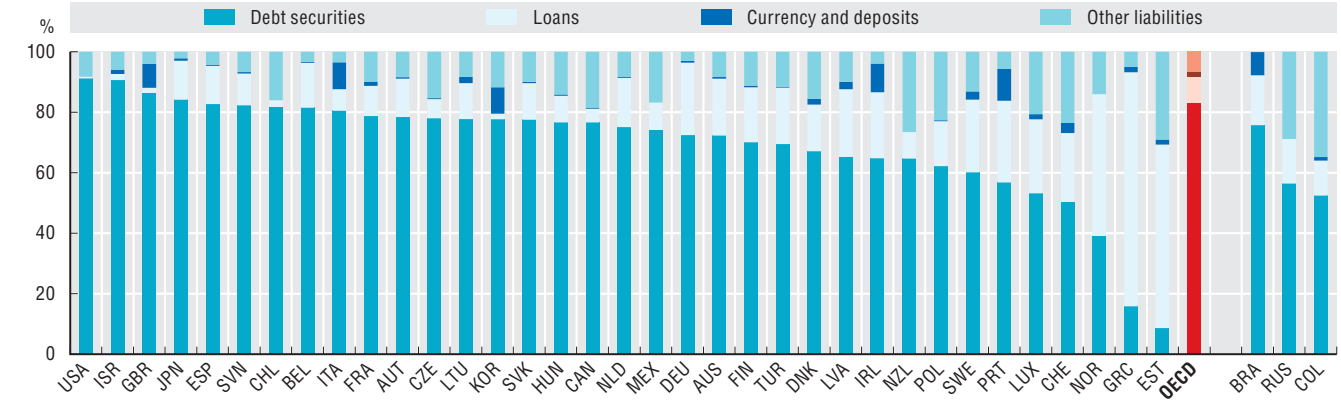
## 2.10. General government gross debt per capita, 2007, 2017 and 2018




*Source*: OECD *National Accounts Statistics* (database); *Eurostat Government Finance Statistics* (database). Data for the other major economies (apart from Brazil) and for Costa Rica are from the *IMF Economic Outlook* (April 2019).

StatLink https://doi.org/10.1787/888934031446

## 2.11. Structure of government gross debt by financial instruments, 2017




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

StatLink https://doi.org/10.1787/888934031465

# Financial net worth of general government

Financial net worth, or the difference between governments' financial assets and liabilities, shows the government's ability to meet its financial obligations and can provide a more accurate picture of a country's fiscal position. The assets reflect a source of additional funding and income available to governments; liabilities reflect debts accumulated over time. A consistent increase in the government's financial net worth over time indicates good financial health. Conversely, net worth may be depleted by public debt indicating a worsening of the fiscal position that could affect confidence and increase risk.

In 2017, general government financial net worth of OECD countries amounted to -70% of GDP, meaning that governments on average were holding significantly more liabilities than assets. In four OECD countries – Greece (-149%), Italy (-125%), Japan (-124%) and Portugal (-108%) –, the negative financial net worth was larger than the size of the country's GDP in 2017. These countries accumulated substantial debt over the past years, particularly in the years following the 2007-08 economic crisis. For the same year, 8 out of 35 countries reported having positive financial net worth with Norway reporting the highest level at +308% of GDP, followed by Finland (+59%). In the case of Norway, it reflects the USD 1 trillion of the Norwegian Wealth Fund, managed by the Central Bank on behalf of the Ministry of Finance and composed of equity, bonds and real estate investments. This fund was set in 1990 to manage the petroleum resources in the interest of present and future generations. In Finland, this value reflects the positive performance of employment pension schemes' net financial assets.

After a decade since the international financial crisis and with few exceptions, general government financial net worth in OECD economies is far from rebounding to pre-crisis levels. However, between 2017 and 2018, for most countries with available information, an average improvement of 0.4 p.p. was experienced. The exceptions are the United States (1.3 p.p.), Chile (1.0 p.p.) and France (0.2 p.p.). In these three countries, the recent deterioration of their net worth is primarily driven by additional public debt issuance.

On average, the financial net worth in OECD countries represented USD -34 591 PPP per capita in 2017, which more than doubled since the OECD average level in 2007 (USD -15 523 PPP). In 2017, the highest positive per capita financial net worth was recorded in Norway (USD 191 667 PPP) and the lowest in Japan (USD -51 921 PPP).

### *Methodology and definitions*

Data are derived from the *OECD National Accounts Statistics* (database) and the *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 2008 SNA framework has been implemented by all OECD countries (see Annex A for details on reporting systems and sources).

The financial net worth of the general government sector is the total value of its financial assets minus the total value of its outstanding liabilities. The SNA defines the financial assets and the corresponding liabilities where applicable/available in the financial balance sheet of the institutional sector: monetary gold and SDRs; currency and deposits; debt securities; loans; equity and investment fund shares; insurance, pension and standardised guarantee schemes; financial derivatives and employee stock options; and other accounts receivable/payable. According to the SNA, stocks of financial assets and liabilities are valued at market prices, when appropriate (although some countries might not apply this valuation, in particular for debt securities). Data are based on consolidated financial assets and liabilities except for Chile, Mexico, New Zealand, Brazil and Russia.

This indicator can be used as a 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 the 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 see General government revenues (page 64).

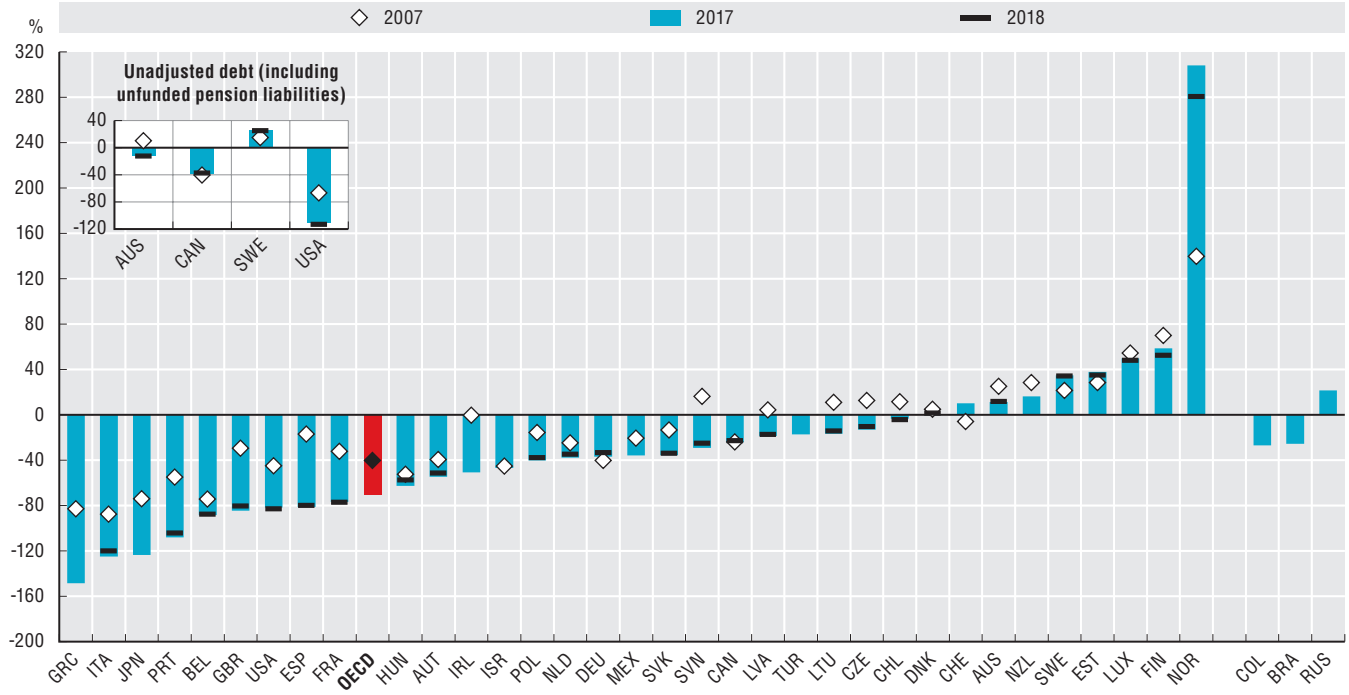
## Further reading

OECD (2019), "National Accounts at a Glance", *OECD National Accounts Statistics* (database), *https://doi.org/10.1787/data-00369-en*

## Figure notes

Data for Australia, Canada, Sweden and the United States are reported on an adjusted basis (i.e. excluding unfunded pension liabilities). Data for Iceland and Korea are not available. . On data for Israel, see *http://doi.org/10.1787/888932315602*. Data for Chile, Turkey and Mexico are not included in the OECD average. Data for Colombia and Russia are for 2016 rather than 2017; data for Brazil are for 2015 rather than 2017.

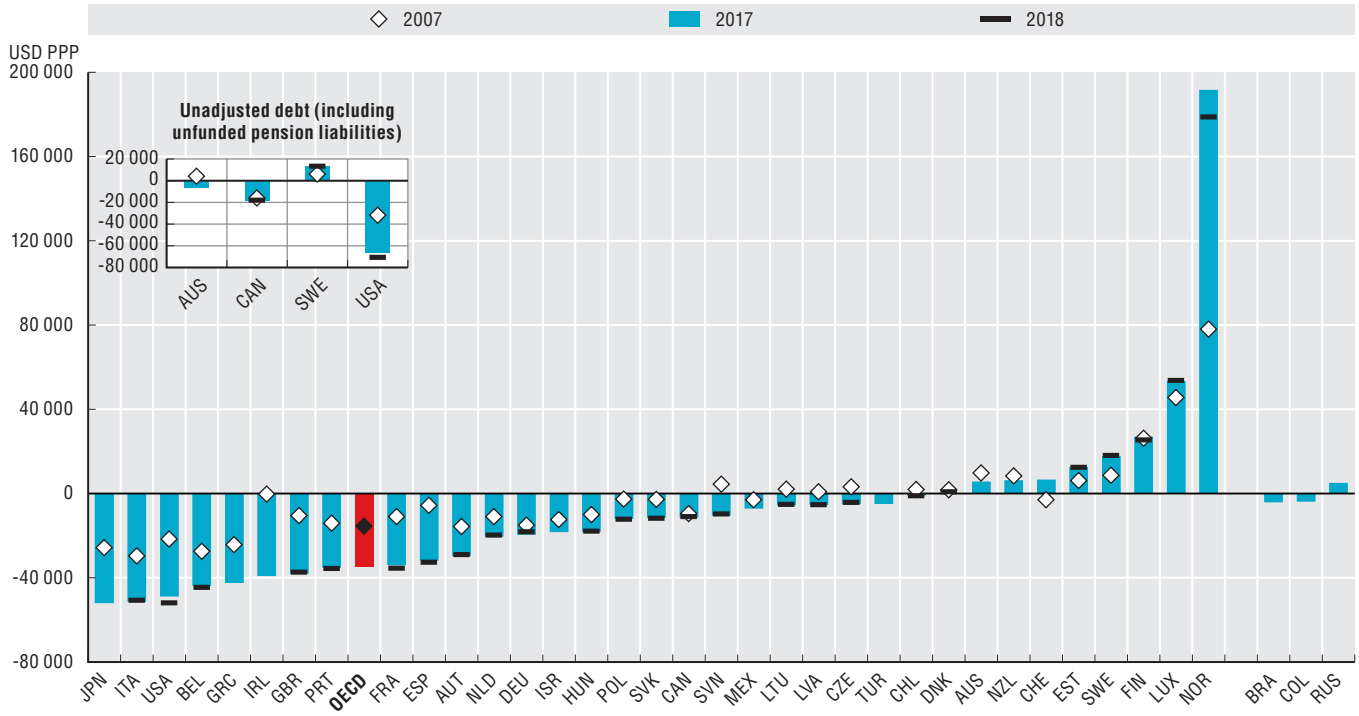
### 2.13. General government financial net worth as a percentage of GDP, 2007, 2017 and 2018




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

StatLink https://doi.org/10.1787/888934031484

### 2.14. General government financial net worth per capita, 2007, 2017 and 2018




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

StatLink https://doi.org/10.1787/888934031503

# Fiscal balance and debt by level of government

Different administrative systems allow sub-central governments higher or lower autonomy in raising and spending resources. Correspondingly, fiscal results in those different levels of government may vary substantially. Nevertheless, in order to avoid generating the wrong set of incentives, sub-central governments are often subject to tight fiscal rules, especially about incurring debt to finance deficits.

In 2017, central governments in OECD countries had an average fiscal deficit of 1.9% of GDP while the fiscal deficit of sub-central governments amounted to 0.5% of GDP. The fiscal balance of central governments in 2017 ranged from -4.4% of GDP in Portugal to 5.4% in Norway, with only nine countries having a fiscal surplus. Among the federal states, the United States reported having the largest fiscal deficit (1.5%) at the state government level in 2017, followed by Canada (0.6%) and Australia (0.4%).

In terms of the fiscal balance of local governments in 2017, the largest surplus was in the Czech Republic (0.8%) and the largest deficit was in Iceland (1.3%). Local economies in the Czech Republic are steadily growing; to fully capture the benefits of this growth and make it inclusive a debt rule for local governments has been introduced and some equalisation mechanisms to adjust for differences in revenue-raising capacity have been put in place (OECD, 2018). In Iceland, local governments are responsible for infrastructure, planning and environment and rely largely on income taxes as their main revenue source. Tourism-related spending and pressing infrastructure upgrades are creating difficulties for the municipal governments, as local sources are not sufficient to meet rising pressures, generating a mismatch between revenues and spending (OECD, 2017). In 2018, there was a significant shift of fiscal balances between central government and social security funds in Lithuania, which is due to the debt cancellation of the state social insurance fund by central government.

Government debt could be incurred at the sub-central level in order to finance deficits at the sub-central level through borrowing. On average, debt held by the central governments of OECD countries amounted to 95.7% of GDP in 2017, while that held by the sub-central governments accounted for 20.3% of GDP. In federal states, state governments held significant levels of gross debt with the largest value recorded in Canada (47% of GDP), followed by Spain (27% of GDP). In the case of Canada, while overall debt levels are declining, a mixed trend is observed: between 2017 and 2018 in terms of GDP, debt decreased for the federal government (2.3 p.p.), while it increased at the state level (1.2 p.p.). Due to stricter rules on accumulating debt at the local levels, on average 7.2% of GDP in OECD countries were accounted for local governments, significantly lower than for central and state levels.

### *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 2008 SNA framework has been implemented by all OECD countries (see Annex A for details). Using SNA terminology, general government consists of central government, state government, local government 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 lending (+) or net borrowing (-) of general government, is calculated as total government revenues minus total government expenditures. For additional information on debt, see General government gross debt (page 58).

## Further reading

OECD (2018), OECD Economic Surveys: Czech Republic 2018, OECD Publishing, Paris. *https://doi.org/10.1787/eco_surveys-cze-2018-en*

OECD (2017), OECD Economic Surveys: Iceland 2017, OECD Publishing, Paris. *http://doi.org/10.1787/eco_surveys-isl-2017-en*

## Figure notes

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, Norway, the United Kingdom and the United States. Data for Chile and Turkey are not included in the OECD average due to missing time series. On data for Israel, see *http://doi.org/10.1787/888932315602*. For Japan data for sub-sectors of general government refer to fiscal year.

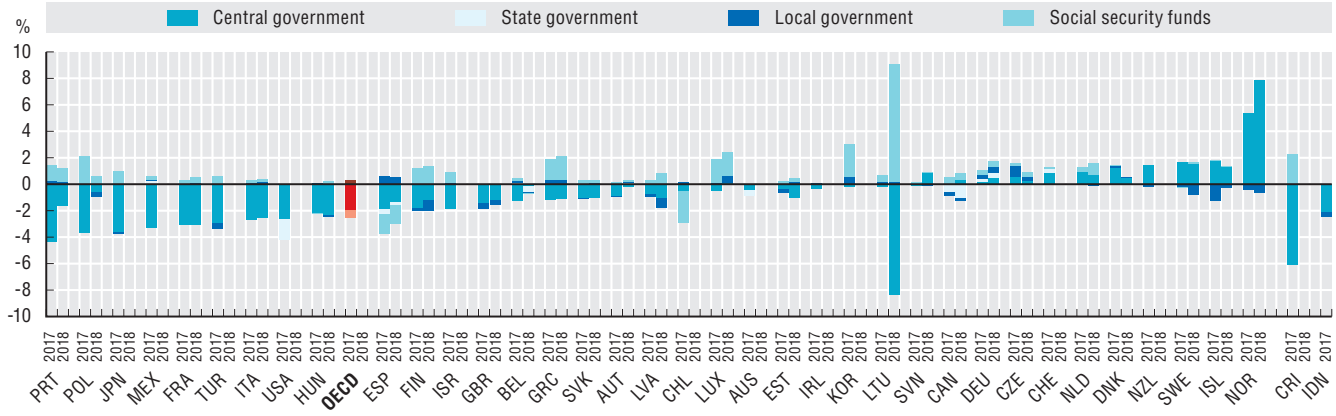
2.15. Data for Indonesia are for 2016 rather than 2017.

2.16. Data for Iceland are not available.

2.16. and 2.17. Data for Chile, Korea and Mexico are not available. Data for Australia, Canada, Sweden and the United States are reported on an adjusted basis (i.e. excluding unfunded pension liabilities). Data for New Zealand, Switzerland and the United States are reported on a non-consolidated basis. Data for Colombia are for 2016 rather than 2017.

2.17. Data are consolidated within the subsectors of general government. However, at the level of general government, flows between levels of government are included. Data for Iceland are not included in the OECD average due to missing time-series.

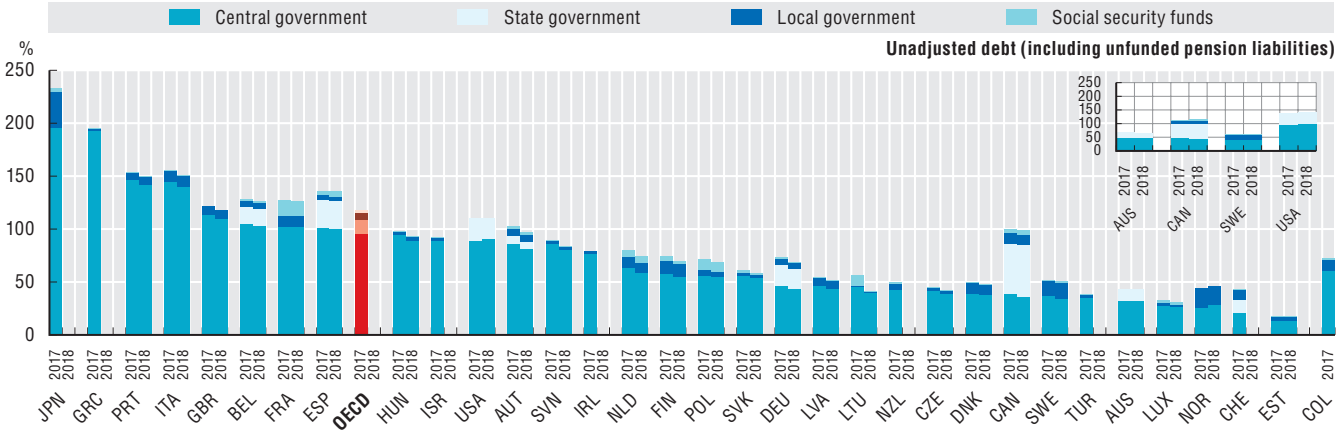
### 2.15. Government fiscal balances across levels of government as percentage of GDP, 2017 and 2018




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

StatLink https://doi.org/10.1787/888934031522

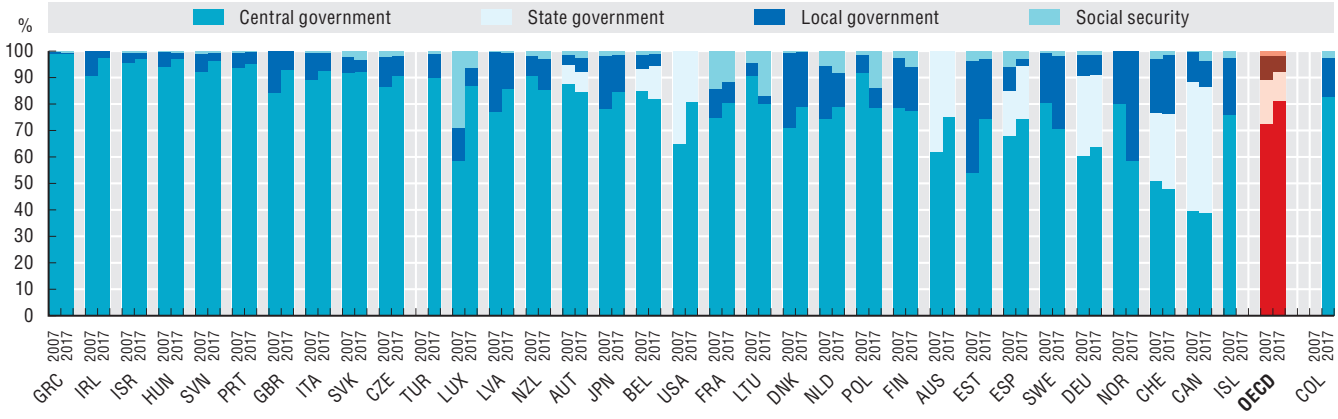
### 2.16. Government gross debt across levels of government as percentage of GDP, 2017 and 2018




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

StatLink https://doi.org/10.1787/888934031541

### 2.17. Distribution of government gross debt across levels of government, 2007 and 2017




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

StatLink https://doi.org/10.1787/888934031560

# General government revenues

Government revenues serve the purpose of financing the provision of goods and services to the population (such as health care and defence), as well as allowing the state to carry out its redistributive role (through subsidies and social benefits). The main sources of revenue are taxes and social contributions. In turn, government's policy choices, for example, on health care and retirement schemes, as well as fluctuations of the business cycle, determine how much revenue is required to deliver to citizens and to pay financial obligations (e.g. debt). Although for a certain time imbalances can be covered by acquiring debt, in the long term accounts should be balanced to ensure the sustainability of public finances.

On average in 2017, OECD government revenues amounted to 38.2% of GDP – this represents an increase of 1 p.p. since 2007. Revenues represent more than half of the GDP in Norway (54.9%), France (53.7%), Finland (53.4%), Denmark (52.6%) and Belgium (51.3%). On the opposite end, Mexico (23.7%) and Ireland (26%) have the lowest revenues as a share of GDP. Ireland has reduced its revenue by 10.2 p.p. over GDP since 2007. The decline in this ratio resulted from a faster increase in GDP as compared to the increase of government revenues (in nominal terms) stemming partly from comparatively low corporate and individual tax rates. On the contrary, Greece has increased its government revenues by 7.7 p.p. in the same period; however, this result should be read with caution as it is derived from GDP decreasing at a higher pace than government revenues. As a share of GDP government revenues in Canada (-0.5 p.p.), Hungary (-0.1 p.p.),the United States (+0.4 p.p.), Australia and Austria (both +0.5 p.p.) remained fairly stable between 2007 and 2017.

A different way to assess the size of government revenues is to compare them in per capita terms. The average revenue per capita in OECD countries in 2017 was USD 17 535, an increase of USD 4302 PPP from 2007. All countries have increased their revenue per capita between 2017 and 2007 and kept the upward trend in 2018. Luxembourg has the highest revenues per capita (USD 47 749 PPP in 2017), explained partly by the large proportion of cross-border workers that are not counted as residents, therefore paying income taxes in Luxembourg but not considered as part of the population. Norway follows with USD 34 134 PPP in 2017, triggered by significant revenues coming from petroleum sales. Mexico (USD 4 658 PPP), Turkey (USD 8 840 PPP) and Latvia (USD 10 565 PPP) have the lowest revenues per capita as these countries have comparatively low tax rates or comparatively smaller tax bases.

Between 2007 and 2017, the annual average growth rate of real government revenues per capita was 0.89% across OECD countries. The Slovak Republic had the highest increase (+3.7%), followed by Korea (+2.9%) and Poland (+2.9%). Poland also saw the highest increase in the biennium 2017-18, (+9.1 p.p.):it has been successful at improving tax compliance, especially regarding the value added tax (VAT), by using a series of measures such as introducing a split payment mechanism where buyers pay VAT directly to a suppliers' dedicated VAT account. As a result, the OECD estimates that losses due to evasion in the country may have been reduced by about 25% in 2017 (OECD, 2018). In contrast, between 2007 and 2017, Greece has had the highest average annual decrease (-0.9 p.p.) followed by Spain (-0.8 p.p.) in both cases most likely due to the fall of the tax base resulting from the severe impact of the 2007-08 financial crisis coupled with a very slow recovery that resulted in stubbornly high unemployment . Yet, in both cases, this growth rate improved significantly over the biennium 2017-18 as consolidation measures are bearing fruit.

### *Methodology and definitions*

Revenues data are derived from the *OECD National Account Statistics* (database), which is based on the *System of National Accounts* (SNA). The SNA provides a set of internationally agreed concepts, classifications, definitions and rules for national accounting. The 2008 SNA framework has been implemented by all OECD countries (see Annex A for details on reporting systems and sources). In SNA terminology, general government is composed of central government, state government, local government and social security funds. Revenues include taxes, net social contributions and grants and other revenues. Gross domestic product (GDP) is the standard measure of the value of goods and services produced by a country during a period. Government revenues per capita were calculated by converting total revenues to USD using the OECD/Eurostat purchasing power parity (PPP) for GDP and dividing them by the population of the country. 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

Lequiller, F. and D. Blades (2014), *Understanding National Accounts: Second Edition*, OECD Publishing, Paris. *http://doi.org/10.1787/9789264214637-en*

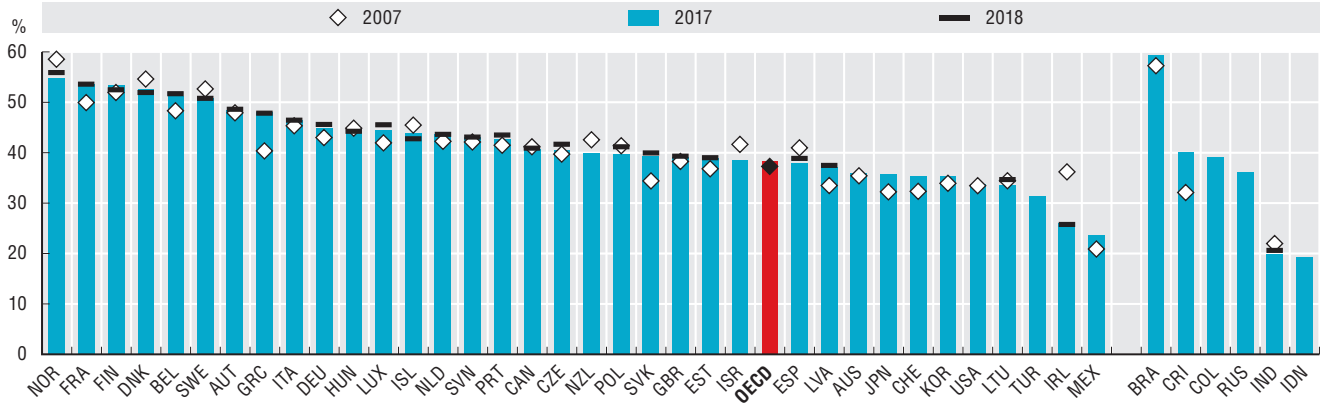
## Figure notes

Data for Chile are not available. On data for Israel, see *http://doi.org/10.1787/888932315602*.

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

Data for Brazil and Indonesia are for 2016 rather than 2017; data for Russia are for 2015 rather than 2017.

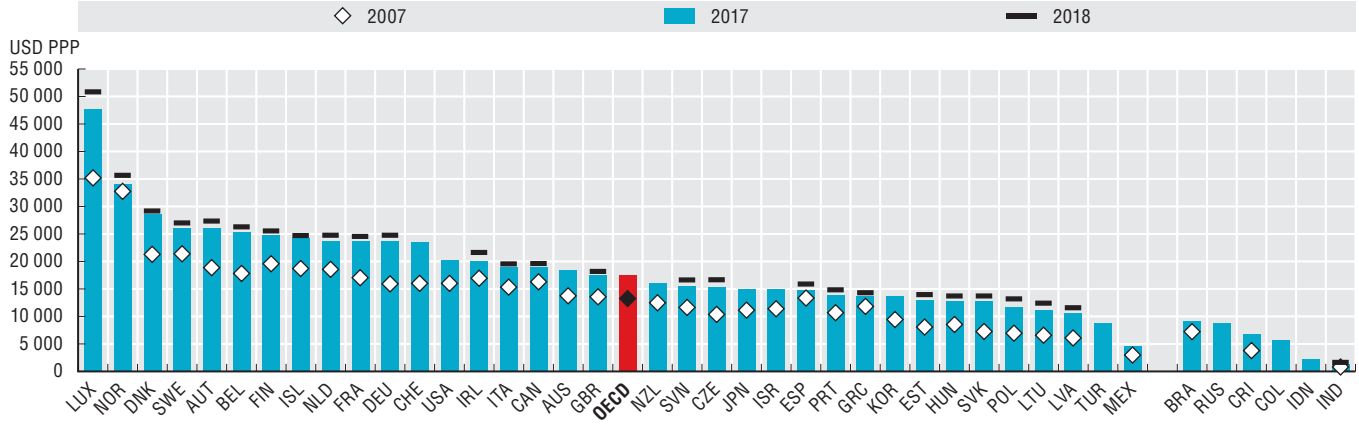
### 2.18. General government revenues as a percentage of GDP, 2007, 2017 and 2018




*Source*: OECD *National Accounts Statistics* (Database). Data for India are from the *IMF Economic Outlook* (April 2019).

StatLink https://doi.org/10.1787/888934031579

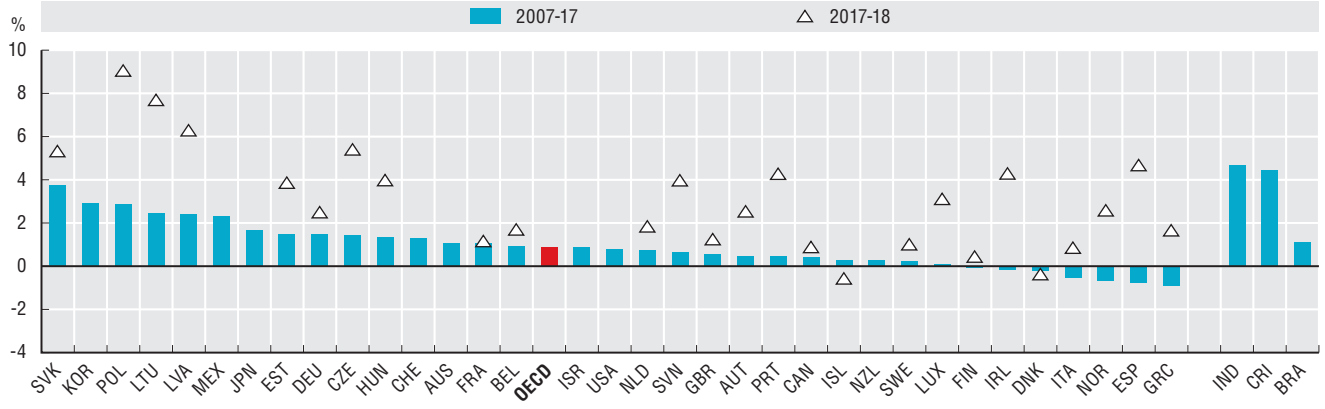
### 2.19. General government revenues per capita, 2007, 2017 and 2018




*Source*: OECD *National Accounts Statistics* (Database). Data for India are from the *IMF Economic Outlook* (April 2019).

StatLink https://doi.org/10.1787/888934031598

### 2.20. Annual average growth rate of real government revenues per capita, 2007-17 and 2017-18




*Source*: OECD *National Accounts Statistics* (Database). Data for India are from the *IMF Economic Outlook* (April 2019).

StatLink https://doi.org/10.1787/888934031617

# Structure of government revenues

The main sources of government revenues are taxes (on income or wealth, for example) and social contributions made directly by or on behalf of employees. A lower share of revenues comes from sales by the general government (e.g. user fees for the provision of services), grants, and other sources (e.g. property income).

In 2017, on average 60% of the revenues raised by governments across OECD countries came from taxes and 25% from net social contributions, another 8% came from sales and 7% from grants and other revenues. The structure of revenues differs largely among countries. Taxes represent 88% of Denmark's revenues followed by Australia, New Zealand and Sweden (over 79%) whereas they represent only 46% in the Slovak Republic. The Slovak Republic relies more on net social contributions than any other OECD economy, amounting to 37.5% of general government revenues. Mexico (34%) and Norway (23%) have the largest share of income from grants and other sources, as the exploitation of natural resources (e.g. oil and gas) is an important source of revenues for these countries. The contribution of sales is largest in Finland (13%), Switzerland (13%) and the United States (12%) meaning that, mainly through user fees, people contribute proportionally more to the funding of services in these countries.

Across OECD countries, grants and other revenues and taxes have reduced their contribution to general government revenues (-0.6 p.p. and -0.4 p.p. respectively). Compared to other OECD countries, Lithuania experienced the greatest change in government revenue structure between 2007 and 2017: net social contributions have increased their relative contribution by 10 p.p. and sales 1.7 p.p., while taxes decreased 9.4 p.p. and grants and other sources decreased the remaining share (2.3 p.p.). These changes are, at least partially, explained by a high contribution rate to social security paid primarily by employers, a rapidly aging population and emigration trends and a rigid labour market promoting informality and limiting the tax base. As part of the solution to this problem, and based on the New Social Model, Lithuania introduced an encompassing reform, implemented in stages in 2017 and 2018, of labour relations, unemployment relations and pensions; the reforms also touch upon some aspects of the tax system (OECD, 2018).

Income and profit taxes are the largest source of tax revenues (34% in 2016) in OECD countries, closely followed by taxes on goods and services (33%). However, the structure of taxes in some countries differs from the OECD average. The share of taxes on income and profits over total taxes in 2016 was smallest in Hungary, Lithuania and Slovenia (around 19%) and largest in Denmark (63%), Australia (57%) and New Zealand (56%). The contribution of taxes on goods and services (e.g. VAT) is largest in Chile (55%), Turkey (44%), and Estonia (43%) and smallest in the United States (17%), Japan (20%) and Switzerland (21%). In 2016, property taxes were the largest source of revenue in Iceland and accounted for 34% of the contribution, which represents a 28 p.p. increase over 2007. However, this increase is the result of a one-off operation whereby Iceland received a stability contribution, aimed at liberalising capital controls imposed during the crisis, from entities that previously operated as commercial or saving banks.

### *Methodology and definitions*

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

## Further reading

OECD (2018), *OECD Economic Surveys: Lithuania 2018*, OECD Publishing, Paris, *https://doi.org/10.1787/eco_surveys-ltu-2018-en*.

## Figure notes

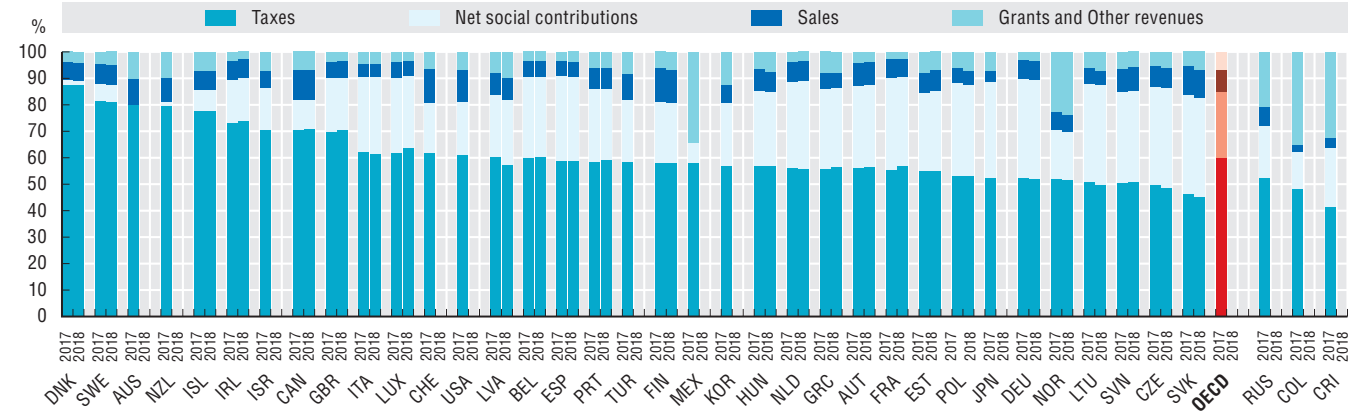
On data for Israel, see *http://doi.org/10.1787/888932315602*.

2.21 and 2.22. Data for Chile are not available. Data for Turkey are not included in the OECD average due to missing time-series. Australia does not collect revenues via social contributions because it does not operate government social insurance schemes. Data for Russia are for 2015 rather than 2017.

2.23. For the OECD countries part of the European Union total taxation includes custom duties collected on behalf of the European Union. The latest available year for which data are available for all OECD countries is 2016. OECD average is unweighted.

2.24 to 2.26. (Structure of revenues by levels of government) are available online in Annex F.

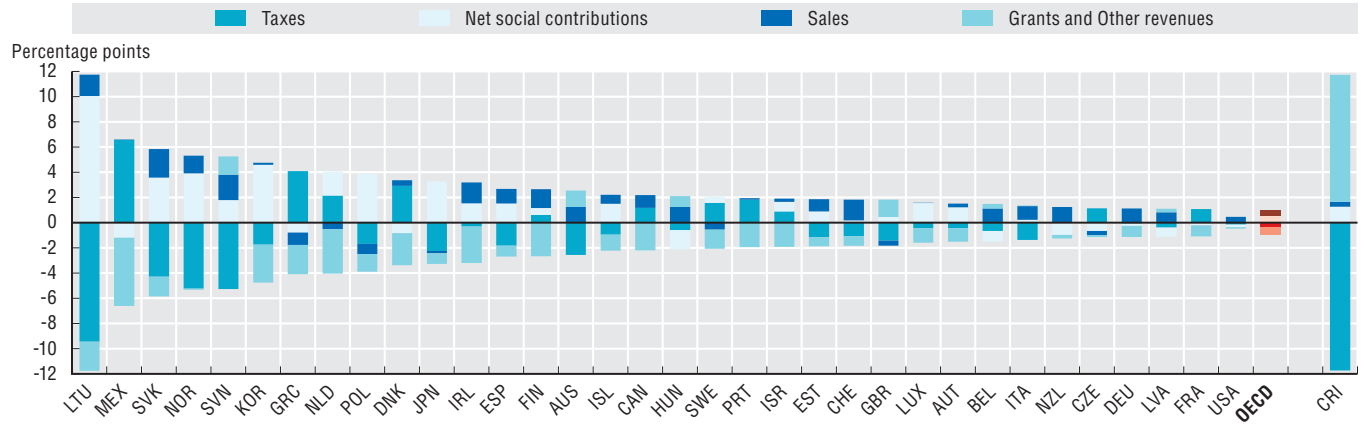
### 2.21. Structure of general government revenues, 2017 and 2018




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

StatLink https://doi.org/10.1787/888934031636

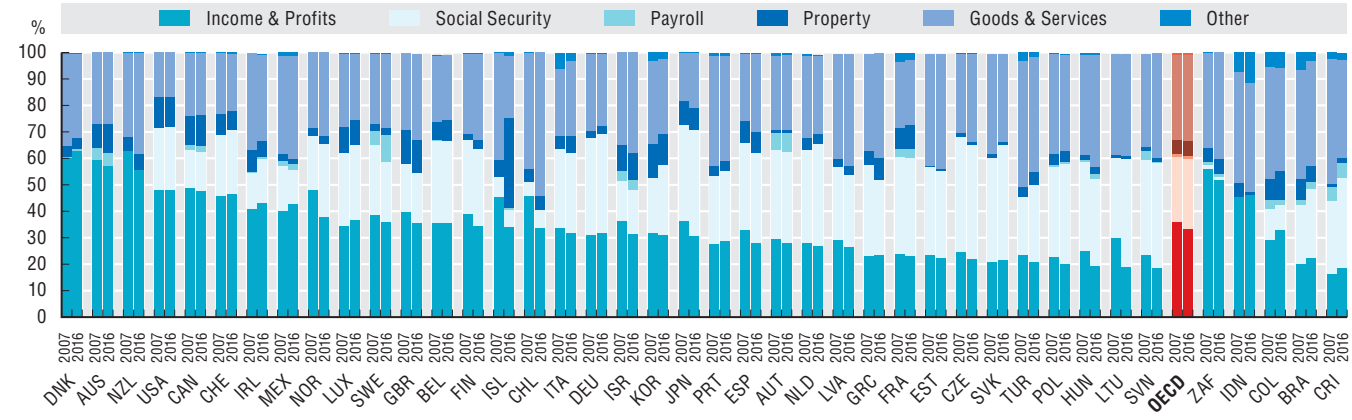
### 2.22. Change in the structure of general government revenues, 2007 to 2017




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

StatLink https://doi.org/10.1787/888934031655

### 2.23. Breakdown of tax revenues as a percentage of total taxation, 2007 and 2016




*Source*: *OECD Revenue Statistics* (2018).

StatLink https://doi.org/10.1787/888934031674

# General government expenditures

The government is responsible for providing goods and services to the population, some of which are its exclusive competence (e.g. administering justice), and redistributing income (e.g. via social benefits and subsidies). Government expenditures, funded primarily through taxes and social contributions are usually less flexible than revenues as they are less sensitive to the business cycle and reflect past and current policy decisions guaranteeing entitlements and rights.

In 2017, on average general government expenditures in OECD countries amounted to 40.4% of GDP, a 1.4 p.p. increase from 2007. France is the country that spent the most both in 2017 (56.5% of GDP) and in 2007 (52.6% of GDP). Between 2007 and 2018 for countries with available information the largest increase in expenditures occurred in Norway (7.3 p.p.) driven by a sustained period of expansionary countercyclical fiscal policies. However, as already witnessed by the reduction (1.3 p.p.) between 2017 and 2018 Norway is shifting towards neutrality in public accounts and placing a greater focus on spending efficiency.

Ireland and Mexico spent the least in 2017, with government expenditures representing 26.3% of GDP respectively. Between 2007 and 2017, the expenditures-to-GDP ratio decreased the most in Ireland (9.6 p.p.), driven mainly by the GDP headline figure increasing at a very fast pace. In 2015, a small number of multinational enterprises relocated their intellectual property assets to Ireland leading to a huge increase in the Irish capital stock and a subsequent increment in exports through contract manufacturing (OECD 2018b). In turn, Mexico also increased expenditure between 2007 and 2017 (4.7 p.p.), driven by increases in social spending (e.g. health, old age), but further room exists to increase the efficiency of this spending by avoiding duplications and leakages in social assistance programmes (OECD, 2019a).

Government expenditures per capita in OECD countries were USD 18 441 PPP in 2017, on average, up from USD 13 852 PPP in 2007. Luxembourg had the highest per capita expenditures in 2017 (USD 46 208 PPP) growing by USD 16 454 PPP between 2007 and 2018. While the comparatively high expenditure in Luxembourg is partly explained by a large proportion of cross-border workers that do not count as residents – hence the denominator (e.g. the population) is reported smaller than it would be if they were counted – it also reflects countercyclical measures implemented to fight the crisis. Public spending in Luxembourg is expected to keep increasing as ageing-related costs will rise substantially in the coming years (OECD, 2019b).

Between 2007 and 2017, the annual average real growth rate of government expenditures per capita was 1.0 % per year across OECD countries. Greece and Italy were the only countries where spending decreased by 2.6% and 0.4% respectively during this period. Yet, both Greece and Italy increased their spending per capita in 2017-18 (by 0.9% and 0.4% respectively). In turn, Korea (+3.5%) increased its government expenditures per capita at the highest average rates between 2007-17. While overall public spending remains low in Korea, this rise is triggered by social spending increasing in a sustained way over the past decade, reflecting concerns to increase the well-being levels in Korea.

### *Methodology and definitions*

General government expenditures data are from the *OECD National Accounts Statistics* (database), which are based on the *System of National Accounts* (SNA), a set of internationally agreed concepts, definitions, classifications and rules for national accounting. The 2008 SNA framework has been implemented by all OECD countries (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 of the country. PPP is the number of units of country B's currency needed to buy the same quantity of goods and services in country A.

## Further reading

OECD (2019a), OECD Economic Surveys: Mexico 2019, OECD Publishing, Paris, *https://doi.org/10.1787/a536d00e-en*.

OECD (2019b), OECD Economic Surveys: Luxembourg 2019, OECD Publishing, Paris, *https://doi.org/10.1787/424839c1-en*.

OECD (2018), OECD Economic Surveys: Ireland 2018, OECD Publishing, Paris. *http://doi.org/10.1787/eco_surveys-irl-2018-en*

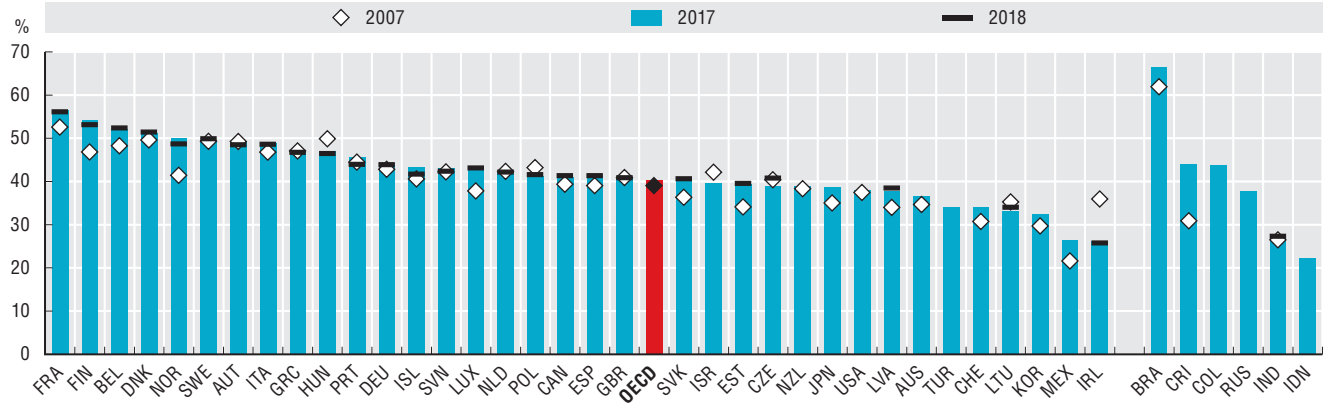
## Figure notes

On data for Israel, see *http://doi.org/10.1787/888932315602*.

2.27 and 2.28. Data for Chile are not available. Data for Turkey are not included in the OECD average due to missing time series. Data for Brazil and Indonesia are for 2016 rather than 2017. Data for Russia are for 2015 rather than 2017.

2.29. Data for Chile and Turkey are not available. Data for Brazil are for 2007-16 rather than 2007-17.

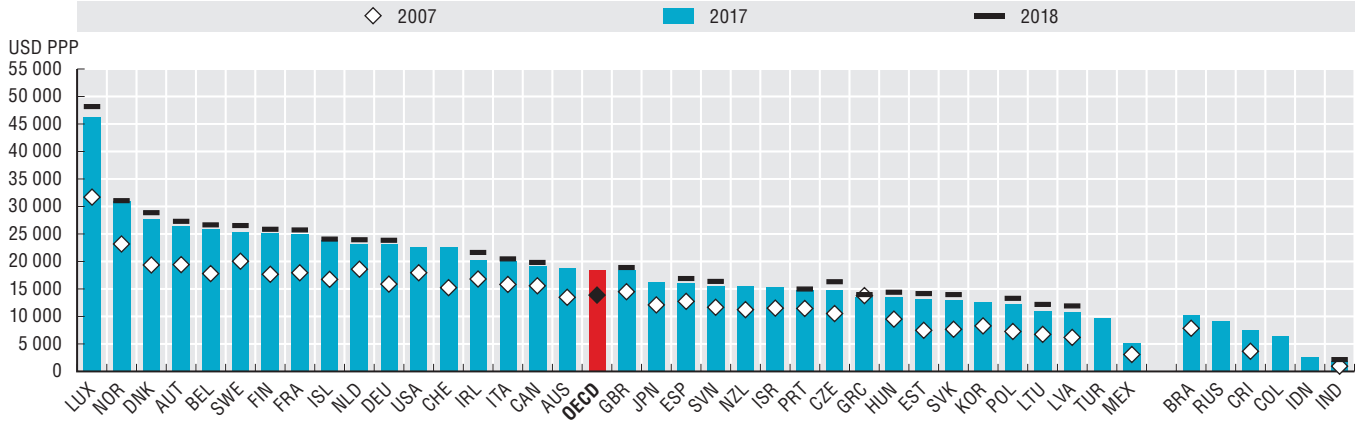
### 2.27. General government expenditures as a percentage of GDP, 2007, 2017 and 2018




*Source*: OECD *National Accounts Statistics* (database). Data for India are from the *IMF Economic Outlook* (April 2019).

StatLink https://doi.org/10.1787/888934031693

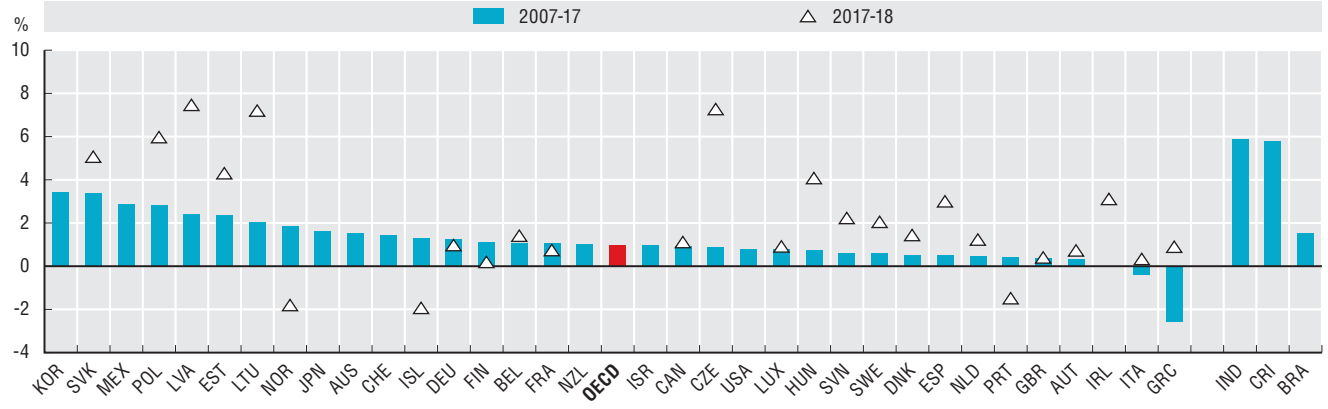
### 2.28. General government expenditures per capita, 2007, 2017 and 2018




*Source*: OECD *National Accounts Statistics* (database). Data for India are from the *IMF Economic Outlook* (April 2019).

StatLink https://doi.org/10.1787/888934031712

### 2.29. Annual average growth rate of real government expenditures per capita, 2007-17 and 2017-18




*Source*: OECD *National Accounts Statistics* (database). Data for India are from the *IMF Economic Outlook* (April 2019).

StatLink https://doi.org/10.1787/888934031731

# Government expenditures by function (COFOG)

Government expenditures serve a wide range of purposes, such as providing health care, education and justice services to the population, and maintaining public order and safety. Looking at expenditures by function can show government's priorities and challenges, as well as track their evolution over time. Changes in the structure of expenditures could stem from policy choices as well as socioeconomic trends, such as demographic changes (e.g. aging population), economic cycles and implementing international agreements.

On average in 2017 in OECD countries, the largest portion of government resources were spent on social protection (13.3% of GDP), which includes, for example, old age and disability and sickness pensions, housing and unemployment benefits. Finland (24.9%), France (24.3%) and Denmark (22.4%) spent the largest share of their GDP on social protection, while Chile (6.2%), Korea (6.6%) and the United States (7.6%) spent the least.

The second largest expenditure item is health care (7.8% of GDP across OECD countries in 2017), which comprises medical products, appliances and equipment, hospital services, outpatient services, among others. The United States (9.3%), Norway (8.5%) and Denmark (8.4%) spent the largest share of GDP on health. Although only around one-third of the US population of the is covered by public health insurance, the costs and administration expenses per capita are higher there than in other countries. Switzerland (2.2%), Latvia (3.5%) and Chile (4.0%) spent the least on health. In Switzerland, health care is provided mainly through compulsory private insurance schemes.

General public services (e.g. public debt transactions, the functioning of central executive and legislative bodies, transfers between levels of government) accounted for 5.4% of GDP across OECD countries in 2017. Greece (8.3%), Italy (8.2%) and Iceland (8.1%) spent the most on this function, in these three countries public debt transactions represent the most important component within this sub-category. On average, slightly more was spent on general public services than on education (5.1%).

Climate change is a growing concern in OECD countries, as evidenced by their adherence to international agreements (e.g. the Paris Climate Agreement). Nevertheless, few resources are devoted to combat climate change. Environmental protection includes waste management, pollution abatement, protection of biodiversity and landscape, among others. It was the function on which governments spent the least in 2017, with a total of 0.5% of GDP. The Netherlands (1.4%), Greece (1.3%) and Japan (1.2%) spent more than twice the OECD average whereas the United States, Chile and Finland dedicated a negligible proportion on this function.

Expenditures on social protection have increased by 1.5 p.p. as a share of GDP, since 2007, driven primarily by aging populations and growth in expenditures for unemployment benefits. Finland and Norway have increased their spending more than three times the OECD average (+5.7 p.p. and +4.6 p.p., respectively). Hungary and Ireland, on the contrary, have reduced spending on social protection by -3.2 p.p. and -3.6 p.p., respectively. Ireland cut unemployment benefits and child benefits as a response to the 2007-08 economic and financial crisis. Hungary reduced the duration of unemployment benefits and increased the restrictions to access disability benefits. Health expenditures have on average also grown in relevance: 1.1 p.p. more as a share of GDP was spent on this category in 2017. Norway and the United States increased their expenditures on health the most (+1.6 p.p.), followed by Japan (+1.5 p.p.). Conversely, Ireland and Portugal have experienced the largest decrease (-1.1 p.p.).

### *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 2008 SNA framework has been implemented by all OECD countries (see Annex A). Data on expenditures are disaggregated according to the Classification of the Functions of Government (COFOG), which divides expenditures into ten functions (I level): 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. See Annex C for more information about the types of expenditures included. Further data on the structure of government expenditures by COFOG I level functions (including levels of government) and detailed data by selected COFOG II level priority functions (apart from the indicator on expenditures in social protection and health) are available online in Annex F (2.32 to 2.40).

## Figure notes

Data are not available for Canada, Mexico, New Zealand and Turkey. On data for Israel, see *http://doi.org/10.1787/888932315602*. Data for Korea refer to 2016.

2.30. Data for Chile and Iceland are not included in the OECD average due to missing time-series. Data for Chile refer to 2016 rather than 2017.

2.31. Data are not available for Chile and Iceland.

## 2.30. General government expenditures by function as a percentage of GDP, 2017

| | 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 | 4.3 | 2.2 | 2.0 | 4.7 | 0.9 | 0.6 | 7.2 | 1.0 | 5.8 | 9.7 |
| Austria | 6.1 | 0.6 | 1.4 | 5.7 | 0.4 | 0.3 | 8.2 | 1.2 | 4.8 | 20.5 |
| Belgium | 7.2 | 0.8 | 1.7 | 6.3 | 0.9 | 0.3 | 7.7 | 1.3 | 6.3 | 19.5 |
| Chile | 2.9 | 1.0 | 2.0 | 2.6 | 0.2 | 0.9 | 4.0 | 0.4 | 5.2 | 6.2 |
| Czech Republic | 3.9 | 0.8 | 1.8 | 5.7 | 0.8 | 0.6 | 7.5 | 1.3 | 4.6 | 12.0 |
| Denmark | 6.2 | 1.2 | 0.9 | 3.3 | 0.4 | 0.2 | 8.4 | 1.7 | 6.5 | 22.4 |
| Estonia | 3.9 | 2.0 | 1.9 | 4.3 | 0.7 | 0.4 | 5.0 | 2.1 | 5.8 | 13.0 |
| Finland | 7.9 | 1.3 | 1.1 | 4.3 | 0.2 | 0.3 | 7.1 | 1.5 | 5.7 | 24.9 |
| France | 6.0 | 1.8 | 1.6 | 5.9 | 0.9 | 1.0 | 8.0 | 1.4 | 5.4 | 24.3 |
| Germany | 5.6 | 1.0 | 1.5 | 3.1 | 0.6 | 0.4 | 7.1 | 1.0 | 4.1 | 19.4 |
| Greece | 8.3 | 2.5 | 2.1 | 3.6 | 1.3 | 0.2 | 5.2 | 0.7 | 3.9 | 19.4 |
| Hungary | 8.0 | 1.0 | 2.4 | 7.1 | 0.4 | 0.8 | 4.8 | 3.5 | 5.1 | 14.0 |
| Iceland | 8.1 | 0.1 | 1.5 | 4.7 | 0.6 | 0.5 | 7.6 | 3.0 | 7.5 | 9.7 |
| Ireland | 3.4 | 0.3 | 1.0 | 2.3 | 0.4 | 0.5 | 5.1 | 0.5 | 3.3 | 9.5 |
| Israel | 4.3 | 5.5 | 1.6 | 2.6 | 0.6 | 0.0 | 5.4 | 1.4 | 7.0 | 11.1 |
| Italy | 8.2 | 1.3 | 1.8 | 3.6 | 0.9 | 0.6 | 6.8 | 0.8 | 3.8 | 20.9 |
| Japan | 3.8 | 0.9 | 1.2 | 3.6 | 1.2 | 0.6 | 7.6 | 0.4 | 3.3 | 16.1 |
| Korea | 5.2 | 2.5 | 1.3 | 4.9 | 0.8 | 0.8 | 4.3 | 0.8 | 5.2 | 6.6 |
| Latvia | 4.1 | 1.7 | 2.3 | 5.5 | 0.6 | 1.1 | 3.5 | 1.7 | 5.8 | 11.7 |
| Lithuania | 3.5 | 1.7 | 1.5 | 2.8 | 0.4 | 0.4 | 5.7 | 1.1 | 4.9 | 11.2 |
| Luxembourg | 4.9 | 0.5 | 1.1 | 5.7 | 1.0 | 0.6 | 4.9 | 1.3 | 4.7 | 18.4 |
| Netherlands | 4.3 | 1.1 | 1.9 | 3.8 | 1.4 | 0.3 | 7.6 | 1.2 | 5.1 | 15.9 |
| Norway | 4.5 | 1.7 | 1.2 | 5.3 | 0.9 | 0.8 | 8.5 | 1.6 | 5.6 | 19.8 |
| Poland | 4.4 | 1.7 | 2.1 | 4.7 | 0.4 | 0.6 | 4.7 | 1.2 | 4.9 | 16.4 |
| Portugal | 7.6 | 0.9 | 1.7 | 5.2 | 0.6 | 0.5 | 6.0 | 0.8 | 5.0 | 17.4 |
| Slovak Republic | 5.6 | 1.0 | 2.1 | 4.1 | 0.7 | 0.5 | 7.1 | 0.8 | 3.8 | 14.5 |
| Slovenia | 5.9 | 0.9 | 1.6 | 4.3 | 0.5 | 0.5 | 6.6 | 1.4 | 5.4 | 16.2 |
| Spain | 5.6 | 0.9 | 1.8 | 3.8 | 0.9 | 0.4 | 6.0 | 1.1 | 4.0 | 16.6 |
| Sweden | 6.7 | 1.2 | 1.3 | 4.1 | 0.3 | 0.8 | 6.9 | 1.1 | 6.8 | 20.2 |
| Switzerland | 4.7 | 0.8 | 1.7 | 4.0 | 0.6 | 0.2 | 2.2 | 0.8 | 5.6 | 13.5 |
| United Kingdom | 4.7 | 1.9 | 1.8 | 3.1 | 0.7 | 0.7 | 7.4 | 0.6 | 4.6 | 15.2 |
| United States | 5.6 | 3.2 | 2.0 | 3.3 | 0.0 | 0.6 | 9.3 | 0.3 | 6.0 | 7.6 |
| **OECD** | 5.4 | 2.1 | 1.8 | 3.8 | 0.5 | 0.6 | 7.8 | 0.7 | 5.1 | 13.3 |
| Colombia | 4.9 | 1.3 | 2.2 | 3.1 | 0.6 | 0.5 | 4.9 | 0.7 | 4.8 | 9.0 |
| Costa Rica | 3.9 | 0.0 | 2.6 | 3.7 | 0.5 | 0.8 | 6.1 | 0.2 | 8.1 | 8.5 |

*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 https://doi.org/10.1787/888934031750

## 2.31. Change in general government expenditures by function as a percentage of GDP, 2007 to 2017

| | 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 | 0.8 | 0.9 | 0.3 | 0.8 | 0.2 | -0.2 | 1.0 | 0.2 | 1.1 | 0.5 |
| Austria | -1.5 | -0.2 | 0.1 | -0.2 | -0.1 | -0.1 | 0.8 | -0.2 | 0.2 | 1.1 |
| Belgium | -1.5 | -0.2 | 0.0 | 0.8 | 0.2 | -0.1 | 1.0 | 0.0 | 0.8 | 2.8 |
| Czech Republic | -0.4 | -0.3 | -0.2 | -0.7 | -0.2 | -0.4 | 0.7 | -0.1 | -0.1 | 0.1 |
| Denmark | -0.5 | -0.2 | 0.0 | 0.3 | -0.1 | -0.1 | 0.7 | 0.0 | 0.5 | 0.9 |
| Estonia | 0.6 | 0.8 | -0.2 | 0.0 | -0.1 | -0.3 | 0.7 | 0.1 | -0.1 | 3.8 |
| Finland | 1.2 | -0.1 | 0.0 | -0.1 | -0.1 | 0.0 | 0.5 | 0.4 | -0.1 | 5.7 |
| France | -1.3 | 0.1 | 0.2 | 1.6 | 0.1 | -0.1 | 0.6 | 0.0 | 0.1 | 2.7 |
| Germany | -0.5 | 0.1 | 0.1 | -0.1 | 0.1 | -0.4 | 0.8 | 0.2 | 0.2 | 0.6 |
| Greece | -3.3 | -0.3 | 0.6 | -0.6 | 0.5 | 0.0 | -0.8 | 0.1 | 0.3 | 3.7 |
| Hungary | -1.5 | -0.3 | 0.4 | 0.6 | -0.2 | -0.2 | -0.1 | 2.0 | -0.5 | -3.2 |
| Ireland | 0.0 | -0.1 | -0.5 | -1.3 | -0.6 | -1.2 | -1.1 | -0.1 | -1.1 | -3.6 |
| Israel | -3.3 | -1.5 | 0.1 | 0.1 | 0.0 | -0.3 | 0.5 | 0.1 | 0.7 | 0.6 |
| Italy | -0.4 | 0.1 | 0.0 | -0.6 | 0.1 | -0.1 | 0.1 | 0.0 | -0.7 | 3.3 |
| Japan | -0.5 | 0.1 | 0.0 | 0.2 | 0.0 | -0.1 | 1.5 | 0.0 | -0.1 | 2.8 |
| Korea | 0.0 | 0.1 | 0.1 | -1.1 | -0.1 | -0.3 | 1.1 | 0.1 | 0.6 | 2.1 |
| Latvia | 0.2 | 0.2 | -0.1 | 0.6 | -0.3 | -0.1 | -0.5 | 0.0 | 0.2 | 3.7 |
| Lithuania | -0.6 | -0.2 | -0.2 | -1.4 | -0.5 | 0.1 | 0.4 | 0.0 | -0.4 | 0.5 |
| Luxembourg | 0.3 | 0.2 | 0.2 | 1.1 | -0.1 | 0.0 | 0.6 | 0.0 | 0.2 | 2.7 |
| Netherlands | -1.3 | -0.1 | 0.0 | -0.5 | -0.1 | -0.1 | 0.8 | -0.2 | 0.1 | 1.5 |
| Norway | -1.3 | 0.1 | 0.3 | 1.6 | 0.3 | 0.2 | 1.6 | 0.4 | 0.7 | 4.6 |
| Poland | -1.0 | -0.2 | -0.1 | -0.3 | -0.2 | -0.5 | 0.2 | 0.0 | -0.8 | 0.8 |
| Portugal | 0.6 | -0.3 | -0.1 | 1.1 | 0.0 | -0.3 | -1.1 | -0.2 | -1.2 | 2.7 |
| Slovak Republic | 1.1 | 0.2 | 0.3 | -0.3 | 0.0 | -0.1 | 1.0 | 0.0 | 0.3 | 1.3 |
| Slovenia | 0.4 | -0.5 | -0.1 | 0.2 | -0.3 | -0.1 | 0.7 | 0.2 | -0.5 | 0.9 |
| Spain | 0.6 | -0.1 | 0.0 | -1.4 | -0.1 | -0.5 | 0.3 | -0.5 | 0.0 | 3.7 |
| Sweden | -0.9 | -0.4 | 0.0 | 0.2 | 0.0 | 0.1 | 0.5 | 0.1 | 0.5 | 0.0 |
| Switzerland | 0.1 | 0.0 | 0.2 | 0.3 | 0.0 | 0.1 | 0.5 | 0.0 | 0.7 | 1.5 |
| United Kingdom | 0.5 | -0.2 | -0.5 | 0.2 | -0.2 | -0.4 | 1.0 | -0.3 | -1.0 | 0.9 |
| United States | -0.5 | -0.8 | -0.1 | -0.3 | 0.0 | 0.0 | 1.6 | 0.0 | -0.2 | 0.9 |
| **OECD** | -0.5 | -0.3 | 0.0 | -0.1 | 0.0 | -0.2 | 1.1 | 0.0 | -0.1 | 1.5 |

*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 https://doi.org/10.1787/888934031769

# Structure of government expenditures by economic transaction

Government spends its resources in various ways: by making transfers (e.g. subsidies and social benefits), by purchasing goods and services (e.g. vaccines for hospitals), by compensating employees, by making investments, among others. These expenditures allow the government to carry out its main functions of providing goods and services to the population and, based on societal agreements, redistributing income. Disaggregating expenditures by economic transaction can indicate the composition of governments' spending and its margin of manoeuvre for modifying the allocation of public funds.

In 2017, 40.9% of general government expenditures accross OECD countries were allocated to social benefits, encompassing pensions and other entitlements, representing an increase of 4.2 p.p. since 2007. Compensation of employees was the second-largest economic transaction (22.8% of government expenditures), which decreased 1.3 p.p. since 2007.

Regarding social benefits, Japan, spent the largest share on this transaction (54.9%), while Mexico, spent the smallest (9.7%). Such differences are largely driven by different demographic profiles as old age pensions represent the most important spending category in Japan while Mexico remains a comparatively young society with a relatively weak social protection system. Hungary has reduced the share spent on social benefits the most (-6.3 p.p. from 2007), a trend mainly driven by a reduction of unemployment benefits and an increase in the restrictions to access disability benefits.

The three countries that spent the largest share on social benefits Japan, Germany and the Netherlands, recorded the lowest shares of expenditure on compensation of employees (14.0%, 17.1% and 19.6% respectively) in line with having comparatively low levels of public employment (see Public Sector Employment for more information). In turn, Iceland and Mexico, spent the largest share of their public expenditures on the compensation of employees (32.4% and 32.0%, respectively), yet the explanation differs. Social benefits in Iceland are comparatively low, as only minimal pensions are funded through taxes, and the bulk of the system is managed by private funds, resulting in a higher relative weight for the compensation-spending category. Additionally, and in a similar way to other Scandinavian countries public sector employment is comparatively high in Iceland. In the case of Mexico, the public sector is relatively small indicating high levels of compensation, particularly for senior positions, within the administration. The Czech Republic and the Slovak Republic have increased the share allocated to compensating employees the most since 2007 (+2.9 p.p. each). Despite modest increases, compensation levels in the Slovak Republic are still the lowest in OECD countries. Portugal reduced its share the most (-5.5 p.p.), explained by a reduction of public sector remunerations and personnel in 2010-15 as a response to the 2007-08 economic crisis

OECD countries spent 9.5% on capital expenditures in 2017, a decrease of 1.5 p.p. from 2007. Still, there were variations throughout the period as, in general, investment increased significantly during the implementation of countercyclical measures following the crisis. In 2017, Korea spent the largest share among OECD countries on capital expenditures (18.8%); however, it decreased by 4.8 p.p. since 2007.

### *Methodology and definitions*

Expenditures data are derived from the *OECD National Accounts Statistics* (database), which are based on the *System of National Accounts* (SNA), a set of internationally agreed concepts, definitions, classifications and rules for national accounting. The 2008 SNA framework has been implemented by all OECD countries (see Annex A for details on reporting systems and sources). Expenditures encompass the following economic transactions: intermediate consumption (i.e. goods and services that are consumed in a production process within the economic territory and during the accounting period); compensation of employees; subsidies; property income (mainly 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 general government are recorded on a consolidated basis (i.e. transactions between levels of government are netted out).

## Further reading

OECD (2019), *OECD Economic Surveys: Hungary 2019*, OECD Publishing, Paris, *https://doi.org/10.1787/eco_surveys-hun-2019-en*.

OECD (2018), OECD Economic Surveys: Korea 2018, OECD Publishing, Paris *http://doi.org/10.1787/eco_surveys-kor-2018-en*.

## Figure notes

Data for Chile are not available. On data for Israel, see *http://doi.org/10.1787/888932315602*. Data for Turkey are not included in the OECD average due to missing time-series.

Data for Brazil and Indonesia are for 2016; data for Russia are for 2015 rather than 2017.

2.42. (Structure of central government expenditures by economic transaction, 2017 and 2018) is available online in Annex F.

## 2.41. Structure of general government expenditures by economic transaction, 2017 and 2018 and change 2007 to 2017

| | Intermediate consumption | | | Compensation of employees | | | Subsidies | | | Property income (incl. interest) | | | Social benefits | | | Other current expenditures | | | Capital expenditures | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | 2018 | Change 2007-17 | 2017 | 2018 | Change 2007-17 | 2017 | 2018 | Change 2007-17 | 2017 | 2018 | Change 2007-17 | 2017 | 2018 | Change 2007-17 | 2017 | 2018 | 2007-15 | 2017 | 2018 | Change 2007-17 |
| Australia | 21.5 | .. | 3.0 | 24.7 | .. | -2.1 | 3.3 | .. | -0.6 | 4.5 | .. | 0.4 | 28.4 | .. | -0.4 | 6.7 | .. | -0.4 | 10.9 | .. | -0.1 |
| Austria | 12.7 | 12.5 | 0.4 | 21.5 | 21.4 | 0.1 | 2.9 | 3.1 | -0.1 | 3.8 | 3.4 | -2.6 | 45.0 | 45.0 | 2.9 | 6.3 | 6.8 | 0.5 | 7.9 | 7.7 | -1.2 |
| Belgium | 7.6 | 7.8 | -0.2 | 23.6 | 23.4 | -0.2 | 6.5 | 6.3 | 0.9 | 4.7 | 4.3 | -3.5 | 48.0 | 48.1 | 3.8 | 3.4 | 3.7 | -0.2 | 6.1 | 6.4 | -0.7 |
| Canada | 17.8 | 17.6 | -0.4 | 30.2 | 30.2 | 0.5 | 2.3 | 2.2 | -0.1 | 6.9 | 7.1 | -3.1 | 29.4 | 29.3 | 3.1 | 3.3 | 3.4 | 0.1 | 10.0 | 10.2 | 0.0 |
| Czech Republic | 15.1 | 15.0 | -2.1 | 23.5 | 24.1 | 2.9 | 5.6 | 5.6 | 1.9 | 1.9 | 1.9 | -0.7 | 38.1 | 36.6 | 2.1 | 5.3 | 5.0 | 1.0 | 10.5 | 11.9 | -5.1 |
| Denmark | 17.2 | 17.1 | 1.0 | 29.8 | 29.7 | -1.1 | 3.5 | 3.4 | -0.3 | 2.1 | 2.1 | -1.2 | 34.5 | 34.0 | 1.5 | 6.0 | 6.3 | -0.6 | 6.9 | 7.4 | 0.7 |
| Estonia | 16.8 | 16.2 | -0.1 | 28.7 | 28.7 | 1.1 | 1.2 | 0.9 | -1.3 | 0.1 | 0.1 | -0.4 | 33.9 | 34.2 | 5.2 | 4.2 | 4.7 | -0.5 | 15.1 | 15.1 | -4.0 |
| Finland | 20.1 | 20.2 | 1.2 | 23.1 | 23.2 | -3.8 | 2.2 | 2.2 | -0.4 | 1.8 | 1.7 | -1.2 | 40.4 | 40.1 | 4.9 | 4.5 | 4.8 | -0.6 | 7.8 | 8.0 | -0.1 |
| France | 8.9 | 8.9 | 0.0 | 22.5 | 22.3 | -1.1 | 4.4 | 4.8 | 1.8 | 3.1 | 3.0 | -2.0 | 45.6 | 45.5 | 1.9 | 6.9 | 7.1 | 0.3 | 8.7 | 8.4 | -0.8 |
| Germany | 10.9 | 10.9 | 1.9 | 17.1 | 17.3 | 0.0 | 2.0 | 1.9 | -0.3 | 2.3 | 2.1 | -3.9 | 54.5 | 54.3 | 0.4 | 5.2 | 5.6 | 1.2 | 8.0 | 7.9 | 0.6 |
| Greece | 10.6 | 9.4 | -3.7 | 25.2 | 25.2 | 1.7 | 2.0 | 1.8 | 1.8 | 6.6 | 7.1 | -3.0 | 45.0 | 44.4 | 8.5 | 3.1 | 3.8 | -0.7 | 7.4 | 8.4 | -4.7 |
| Hungary | 16.9 | 15.4 | 4.3 | 23.3 | 22.7 | 0.5 | 2.8 | 2.7 | 0.1 | 5.9 | 5.5 | -2.2 | 29.6 | 28.9 | -6.3 | 7.0 | 7.8 | 1.5 | 14.5 | 17.1 | 2.1 |
| Iceland | 24.5 | 24.9 | -1.2 | 32.4 | 34.1 | -1.1 | 3.1 | 3.1 | -1.1 | 9.0 | 7.4 | 3.1 | 14.7 | 15.5 | 1.2 | 4.2 | 4.3 | 0.1 | 12.2 | 10.7 | -1.0 |
| Ireland | 12.8 | 13.3 | -1.0 | 26.7 | 27.1 | -1.4 | 2.4 | 2.1 | -0.2 | 7.5 | 6.4 | 4.7 | 37.6 | 36.4 | 4.8 | 4.1 | 4.5 | -0.3 | 9.0 | 10.3 | -6.6 |
| Israel | 23.2 | .. | 0.1 | 26.3 | .. | 1.5 | 2.1 | .. | 0.6 | 5.5 | .. | -6.2 | 22.4 | .. | 2.7 | 12.0 | .. | 1.0 | 8.5 | .. | 0.2 |
| Italy | 11.5 | 11.5 | 1.1 | 19.7 | 20.1 | -2.1 | 3.1 | 3.1 | 0.6 | 7.8 | 7.6 | -2.4 | 45.7 | 46.2 | 5.0 | 4.3 | 4.6 | -0.4 | 8.0 | 6.8 | -1.7 |
| Japan | 9.4 | .. | -0.4 | 14.0 | .. | -3.0 | 1.4 | .. | -0.1 | 4.5 | .. | -1.0 | 54.9 | .. | 4.9 | 3.9 | .. | 0.5 | 12.0 | .. | -1.0 |
| Korea | 13.3 | .. | -1.3 | 21.0 | .. | -2.0 | 0.9 | .. | -0.2 | 4.0 | .. | -2.6 | 29.0 | .. | 8.0 | 12.9 | .. | 2.9 | 18.8 | .. | -4.8 |
| Latvia | 15.1 | 15.3 | -0.9 | 27.0 | 26.4 | -2.2 | 3.4 | 2.6 | 0.8 | 2.4 | 1.9 | 1.4 | 30.9 | 29.8 | 8.1 | 7.8 | 9.5 | -1.5 | 13.3 | 14.5 | -5.8 |
| Lithuania | 13.8 | 12.8 | -0.7 | 28.7 | 28.8 | 1.0 | 1.0 | 1.2 | -1.5 | 3.4 | 2.6 | 1.5 | 38.0 | 39.8 | 6.1 | 4.3 | 4.7 | 0.5 | 10.8 | 10.0 | -7.0 |
| Luxembourg | 8.6 | 8.6 | 0.3 | 20.9 | 21.3 | -0.4 | 2.5 | 2.9 | -0.7 | 0.8 | 0.8 | 0.0 | 47.1 | 46.2 | -0.1 | 7.9 | 8.3 | 1.8 | 12.0 | 12.1 | -0.7 |
| Mexico | 12.3 | .. | 1.2 | 32.0 | .. | -4.9 | 1.4 | .. | -2.2 | 9.4 | .. | -0.8 | 9.7 | .. | 2.1 | 21.2 | .. | 7.6 | 13.9 | .. | -3.0 |
| Netherlands | 13.8 | 13.8 | -1.4 | 19.6 | 19.5 | 0.2 | 2.7 | 2.7 | -0.1 | 2.4 | 2.1 | -2.3 | 49.6 | 48.9 | 5.9 | 3.3 | 3.8 | -1.4 | 8.7 | 9.1 | -0.8 |
| New Zealand | 16.1 | .. | 0.2 | 22.6 | .. | -1.2 | 0.9 | .. | 0.0 | 4.3 | .. | 0.2 | 35.2 | .. | -1.2 | 6.0 | .. | -0.5 | 14.9 | .. | 2.5 |
| Norway | 14.0 | 13.8 | 0.6 | 30.3 | 30.3 | 1.2 | 4.2 | 4.2 | 0.0 | 0.8 | 0.9 | -5.4 | 34.3 | 33.8 | 1.2 | 5.6 | 5.5 | 0.7 | 10.9 | 11.5 | 1.7 |
| Poland | 13.4 | 13.4 | -0.7 | 24.8 | 24.3 | 0.6 | 1.2 | 1.0 | -0.9 | 3.8 | 3.5 | -1.3 | 41.1 | 40.5 | 4.1 | 4.5 | 4.9 | -1.0 | 11.2 | 12.4 | -0.7 |
| Portugal | 11.9 | 12.3 | -0.3 | 24.0 | 24.6 | -5.5 | 1.0 | 0.9 | -0.7 | 8.4 | 7.9 | 1.7 | 40.1 | 41.5 | 3.8 | 5.0 | 5.6 | -0.4 | 9.7 | 7.3 | 1.4 |
| Slovak Republic | 14.1 | 13.4 | -0.1 | 22.9 | 22.9 | 2.9 | 1.1 | 1.1 | -1.2 | 3.5 | 3.2 | -0.4 | 46.1 | 44.6 | 1.3 | 3.8 | 5.1 | -0.7 | 8.6 | 9.8 | -1.8 |
| Slovenia | 14.5 | 14.8 | 1.4 | 25.9 | 25.8 | 1.4 | 1.7 | 1.8 | -2.0 | 5.8 | 4.7 | 2.8 | 39.5 | 39.0 | 1.5 | 3.9 | 4.0 | -1.2 | 8.7 | 9.9 | -4.0 |
| Spain | 12.3 | 12.1 | -0.6 | 25.7 | 25.4 | 0.3 | 2.5 | 2.4 | -0.3 | 6.2 | 6.0 | 2.2 | 43.4 | 43.2 | 7.9 | 3.4 | 3.6 | -0.7 | 6.4 | 7.2 | -8.9 |
| Sweden | 15.9 | 16.0 | 0.2 | 25.6 | 25.4 | 0.6 | 3.2 | 3.2 | 0.3 | 1.3 | 1.4 | -2.3 | 33.7 | 32.7 | 0.8 | 10.8 | 11.2 | -0.6 | 9.5 | 10.1 | 1.0 |
| Switzerland | 14.4 | .. | 1.2 | 22.3 | .. | 0.1 | 9.0 | .. | 0.3 | 1.3 | .. | -2.3 | 33.9 | .. | -0.1 | 7.3 | .. | 0.9 | 11.8 | .. | -0.1 |
| Turkey | 16.0 | .. | .. | 22.1 | .. | .. | 5.1 | .. | .. | 6.4 | .. | .. | 32.8 | .. | .. | 3.1 | .. | .. | 14.5 | .. | .. |
| United Kingdom | 19.3 | 19.5 | -0.6 | 21.9 | 21.9 | -2.9 | 1.9 | 2.1 | 0.5 | 6.6 | 6.1 | 1.3 | 37.5 | 37.3 | 2.9 | 4.4 | 4.5 | -1.7 | 8.4 | 8.6 | 0.3 |
| United States | 16.3 | .. | -1.9 | 25.0 | .. | -1.5 | 0.8 | .. | -0.2 | 10.2 | .. | -0.7 | 38.2 | .. | 6.6 | 0.7 | .. | -0.1 | 8.8 | .. | -2.2 |
| **OECD** | 14.0 | .. | -0.5 | 22.8 | .. | -1.3 | 2.0 | .. | 0.1 | 6.5 | .. | -1.3 | 40.9 | .. | 4.2 | 4.3 | .. | 0.4 | 9.5 | .. | -1.5 |
| Brazil | 8.3 | .. | .. | 20.3 | .. | .. | 0.7 | .. | .. | 12.4 | .. | .. | 38.9 | .. | .. | 15.7 | .. | .. | 3.6 | .. | .. |
| Colombia | 12.7 | .. | .. | 16.7 | .. | .. | 0.3 | .. | .. | 6.2 | .. | .. | 28.1 | .. | .. | 26.5 | .. | .. | 9.6 | .. | .. |
| Costa Rica | 7.7 | .. | -0.5 | 31.8 | .. | -2.2 | 0.0 | .. | 0.0 | 8.2 | .. | -1.7 | 10.8 | .. | 2.3 | 28.9 | .. | 0.9 | 12.6 | .. | 1.1 |
| Indonesia | 17.8 | .. | .. | 24.0 | .. | .. | 5.1 | .. | .. | 6.7 | .. | .. | 0.0 | .. | .. | 19.2 | .. | .. | 27.3 | .. | .. |
| Russia | 15.4 | .. | .. | 27.2 | .. | .. | 1.6 | .. | .. | 1.9 | .. | .. | 31.2 | .. | .. | 7.4 | .. | .. | 15.2 | .. | .. |

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

StatLink https://doi.org/10.1787/888934031788

# Revenue and expenditure structure by level of government

Government is composed of various levels (central, state and local) with different abilities to collect revenues. The ability of sub-central levels to collect revenues depends on the degree of fiscal federalism. In countries where sub-central levels have limited abilities to collect taxes, their main source of revenues comes from central government transfers.

Recent OECD research has found that decentralising government spending and revenue collection tends to boost economic growth when both are decentralised to a similar extent and for economies that have a relatively higher level of integration to global markets. Even though decentralisation yields positive gains in terms of efficiency, the effects on equity vary from country to country (Kim and Dougherty, 2018).

There are differences across OECD countries in terms of revenue decentralisation. On average, the central government raises the largest proportion (52.9%). In Ireland (95.0%), the United Kingdom (91.6%), New Zealand (89.2%), Norway (83.8%) and Estonia (81.3%), the central government raises over 80% of revenues. In Germany, a federal country, this proportion drops to 28.0% and social security contributions stand as the largest share of revenues instead. In France, social security represents 47.2% of the revenues (the highest share among OECD countries) and the central level raises 36.9%. Although, on average, the local level raises the smallest share across OECD countries (10.5%), in the case of Korea (33.9%) and Sweden (33.3%) it represents about a third of the revenues.

It is expected that in federal countries, sub-central levels will have higher fiscal autonomy. Still, variation exists in how much is raised by each level. In Canada, the state level (i.e. provinces) raise more revenues than the central level (44.0% versus 35.6%). While the Canadian federal government collects all taxes, provinces can set their own taxes. In the United States and Australia, states raise around 40% of the revenues. On the other hand, in Austria states raise 3.9% and the local level 6.3% of revenues.

Expenditures vary largely across levels of government as well. The central government spends 41% of the general government expenditures on average in OECD countries. In line with raising revenues, in Ireland, New Zealand and the United Kingdom, the central government spends the largest share (91.5%, 88.3% and 76.7% respectively). Social security spends the most in Japan (49.7%), France (45.1%) and Germany (43.4%). In Denmark, although the central government collects the largest portion, the local level spends 64%. A similar pattern is observed in Sweden (local level spends 50.5%) and Finland (39.6%). In Canada and Switzerland, the canton/province level spends the most of overall government expenditures (47.1% and 37.0% respectively).

### *Methodology and definitions*

Revenues and 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 standards for national accounting. The 2008 SNA framework has been implemented by all OECD countries (see Annex A for details). In SNA terminology, general government consists of central, state and local governments, and social security funds. State government only applies to the nine OECD countries that are federal states: Australia, Austria, Belgium, Canada, Germany, Mexico, Spain (deemed a quasi-federal country), Switzerland and the United States. Data excludes transfers between levels of government except in Australia, Korea, Turkey, Costa Rica and Indonesia. This is in order to see the contribution of each sub-sector in general government total revenues and expenditures, which are at this level consolidated.

Revenues include taxes (e.g. on consumption, income, wealth), net social contributions (e.g. contributions for pensions, health and social security), sales of goods and services (e.g. market output of establishments in government) and grants and other revenues (e.g. current and capital grants, property income and subsidies). The aggregates were constructed using sub-account line items (see Annex B). Expenditures encompass intermediate consumption, compensation of employees, subsidies, property income (mainly interest spending), social benefits, other current expenditures (mainly current transfers) and capital expenditures (i.e. capital transfers and investments).

## Further reading

Kim, J. and S. Dougherty (eds.) (2018), Fiscal Decentralisation and Inclusive Growth, OECD Fiscal Federalism Studies, OECD publishing, Paris/KIPF, Seoul. *https://doi.org/10.1787/9789264302488-en*.

## Figure notes

Local government is included in state government for Australia and the United States

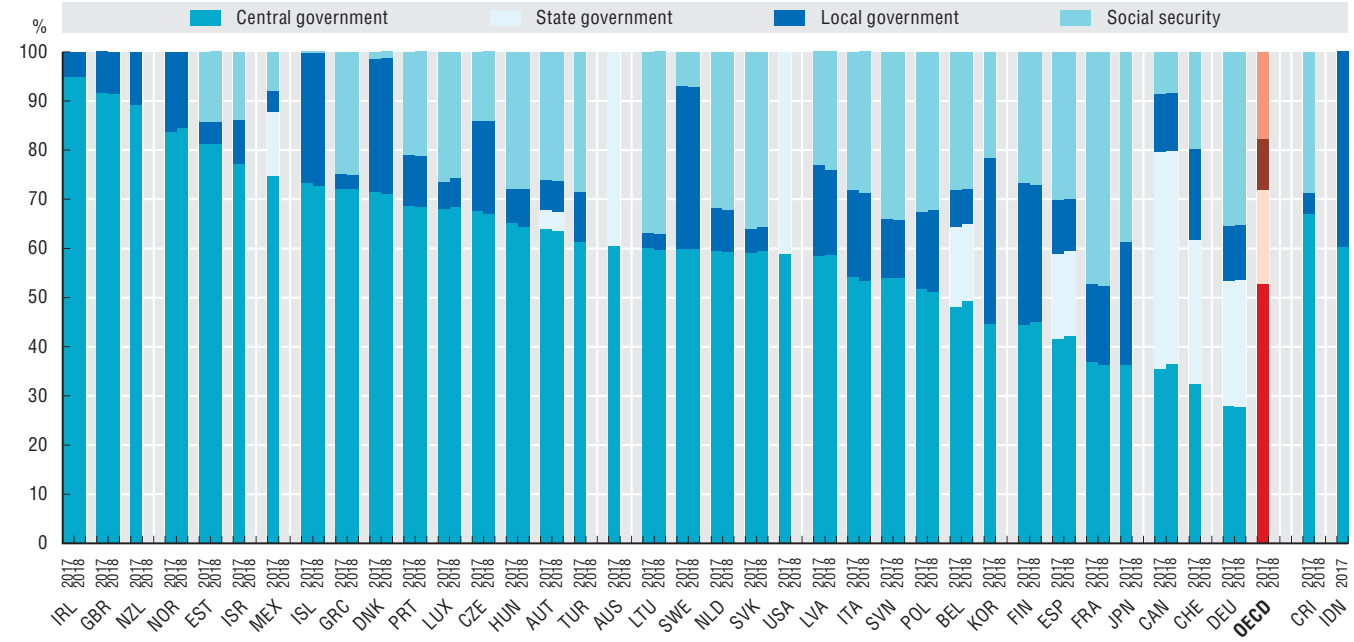
Australia does not operate government social insurance schemes. Social security funds are included in central government in Ireland, New Zealand, Norway, the United Kingdom and the United States.

Data for Chile are not available. On data for Israel, see *http://doi.org/10.1787/888932315602*. For Japan data for sub-sectors of general government refer to the fiscal year. Data for Turkey are not included in the OECD average due to missing time-series.

Data for Indonesia: 2016 rather than 2017

2.45 and 2.46. (Changes on revenue collection and expenditure by levels of government from 2007 to 2017) are available online in Annex F.

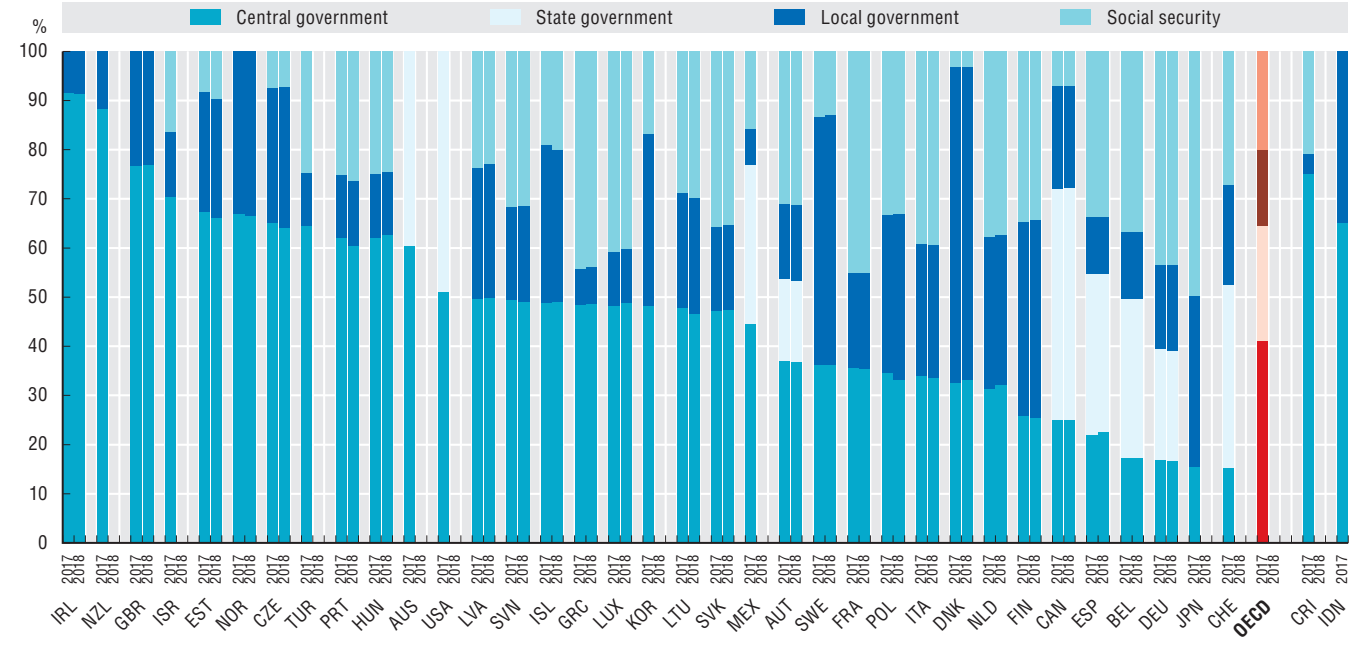
**2.43. Distribution of general government revenues across levels of government, 2017 and 2018**




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

StatLink https://doi.org/10.1787/888934031807

**2.44. Distribution of general government expenditures across levels of government, 2017 and 2018**




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

StatLink https://doi.org/10.1787/888934031826

# Government investment spending

Public investment can enhance productivity and promote economic growth as well as foster societal well-being. Investments are generally made in transport infrastructure, military defence systems, buildings (such as schools and hospitals) and other tangible or intangible assets.

In 2017, on average, OECD governments invested 3.1% of their GDP, a 0.5 p.p. decrease from 2007. Estonia and Norway (both 5.3%) invested the largest share of GDP. In Estonia, strategic public investment is a national priority as evidenced by the central identification of key public assets to be developed, a focus on raising the quality of public infrastructure and the achievement of green objectives in investment decisions, among others. On the other end, Israel invested the least (1.4%). In order to close the infrastructure gap (a comparatively low stock of public infrastructure), in relation to other developed economies, Israel has released a long-term national infrastructure strategy to 2030 including projects mainly in the transportation sector, but also in energy, water desalination and waste treatments. Consequently and despite different modalities foreseen to carry out this programme, public investment is expected to increase.

Between 2007 and 2017, Norway was the country that increased its investments the most (+1.6 p.p.) driven by substantial public investment in transport which has intensified in recent years, if transport projects are properly chosen and delivered they can help Norway transition away from oil-related activities (OECD, 2018). Ireland (2.9 p.p.) Spain (2.7 p.p.) and Greece (2.3 p.p.), on the contrary, reduced their investments the most; all these countries were severely hit by the 2007-08 crisis and conducted considerable consolidation efforts including investment reductions.

Across OECD countries, investments amounted to 7.7% of government expenditures in 2017-down from 9.3% in 2007. In 2017, Korea (15.6%), Estonia (13.5%) and Latvia (11.7%) spent the largest share on investments. On the other hand, Israel, Portugal and Belgium allocated the smallest proportion of spending on investments in 2017 (3.6%, 4.1% and 4.4% respectively). While in Portugal and Belgium, this is the result of consolidation efforts, in Israel, as discussed above, it is linked to structural low levels of investment. Investment by functions varies widely; on average over one-third (34.4%) of investment spending corresponds to economic affairs which includes transportation, followed by defence (15.4%) and education (14.1%). Investment in environmental protection represents a mere 4% of total investment and is highest in the Netherlands (12.2%) and Japan (11.3%), both countries with high exposure to environmental and natural risks.

Investment by levels of government varies widely and is different for federal and non-federal countries. While in Belgium (89.8%) and Canada (87.8%), in 2018, sub-central levels were responsible for most of the investment; in Greece and Hungary, the central level carried out over three-quarters of investment, while the local level just under one-quarter.

### *Methodology and definitions*

Data are 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 2008 SNA framework has been implemented by all OECD countries (see Annex A for details). General government investment includes gross capital formation and acquisitions, less disposals of non-produced nonfinancial assets. Gross fixed capital formation (also named as fixed investment) is the main component of investment consisting for government, mainly of transport infrastructure but also including infrastructure such as office buildings, housing, schools, hospitals, etc. In the SNA 2008 framework, expenditures in research and development have also been included in fixed investment. Government investments together with capital transfers constitute the category of government capital expenditures. Government consists of central, state and local governments and social security funds. State government is only applicable to the nine OECD countries that are federal states: Australia, Austria, Belgium, Canada, Germany, Mexico, Spain (considered a quasi-federal country), Switzerland and the United States.

## Further reading

OECD (2018), OECD Economic Surveys: Norway 2018, OECD Publishing, Paris, *http://doi.org/10.1787/eco_surveys-nor-2018-en*

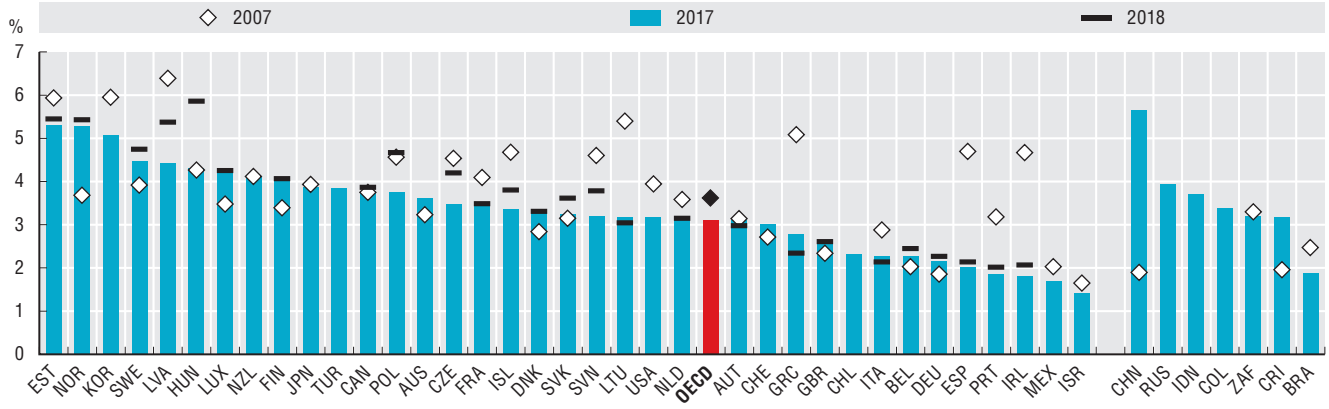
## Figure notes

2.47 and 2.48. Data for Chile and Turkey and are not in the OECD average because of missing time series. On data for Israel, see *http://doi.org/10.1787/888932315602*. Data for Brazil, China and Indonesia are for 2016 rather than 2017. Data for Russia are for 2015 rather than 2017.

2.49. Data for Chile are not available. Data for Indonesia are for 2016 rather than 2017. Data for Turkey are not included in the OECD average because of missing time series. Local government is included in state government for Australia and the United States. Australia does not operate government social insurance schemes. Social security funds are included in central government in Ireland, New Zealand, Norway, the United Kingdom and the United States.

2.50. (Government investment as a share of total investment) and 2.51. (Structure of general government investment by function) are available online in Annex F.

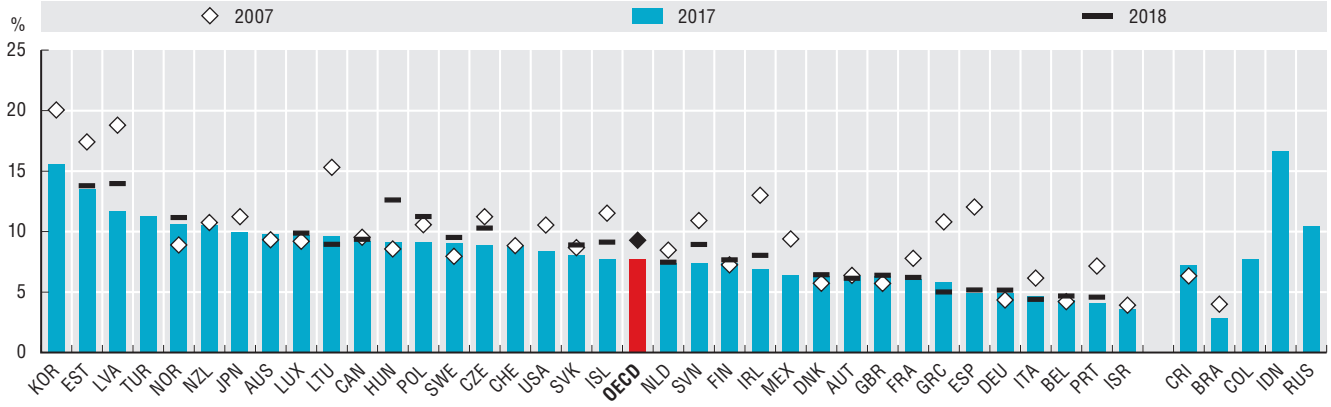
### 2.47. Government investment as percentage of GDP, 2007, 2017 and 2018




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

StatLink https://doi.org/10.1787/888934031845

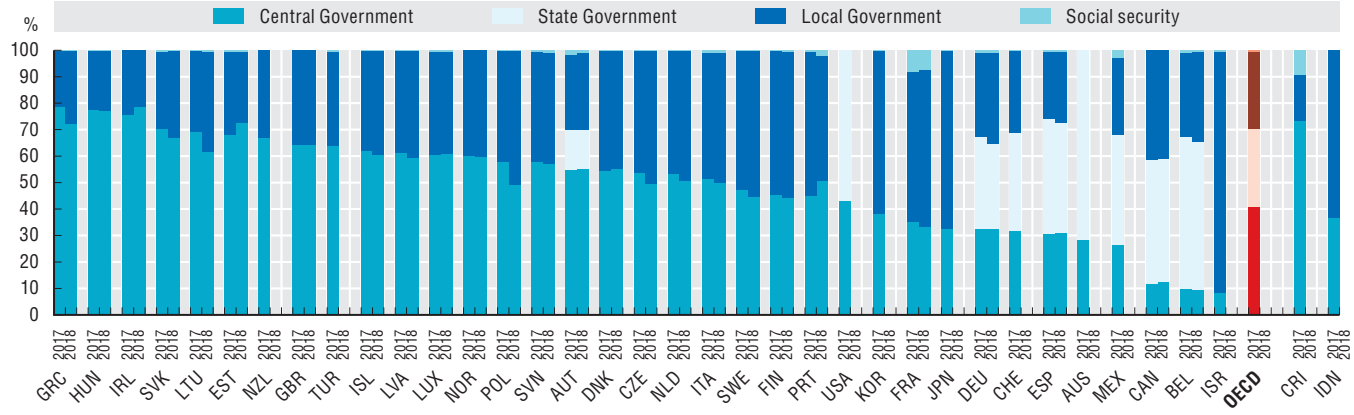
### 2.48. Government investment as a share of total government expenditures, 2007, 2017 and 2018




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

StatLink https://doi.org/10.1787/888934031864

### 2.49. Distribution of investment spending across levels of government, 2017 and 2018




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

StatLink https://doi.org/10.1787/888934031883

# Production costs and outsourcing of general government

Governments use a mix of their own employees, capital and purchasing from non-profits or private entities to produce goods and services delivered to citizens. There are two ways to outsource: by purchasing goods and services to be used as inputs (i.e. intermediate consumption), or by contracting out the provision of goods and services to private or non-profit providers.

The production costs of government accounted for 20.6% of GDP in 2017 across OECD countries. Compensation of employees is the largest component (9.2%), followed by costs of goods and services used and financed by government (8.7%). These proportions remained relatively stable when compared to 2007. Scandinavian countries such as Sweden (30.0%), Finland (29.7%) and Denmark (28.1%) have the highest production costs in terms of GDP reflecting generalised provision of publically funded services as well as relatively high costs. In turn, Mexico spent the least in the OECD explained (11.8%), among other factors, by comparatively fewer and lower quality public services and wealthiest segments of the population opting for private service providers.

While production costs in terms of GDP increased by 0.4 p.p. on average in the OECD between 2007-17, compensation of employees has decreased (0.2 p.p.). The largest reductions in compensation costs were observed in Ireland (3.1 p.p.) and Portugal (2.2 p.p.). Since 2008, Ireland and Portugal implemented compensation reforms such as reductions of remuneration for all staff, reduction or abolishment of allowances, reduction of performance-related pay/bonuses and pay freezes. Ireland also implemented a remuneration reform specifically directed at the top level. Compensation costs increased in Norway (3.1. p.p.) during the same period, as public employment grew between 2007-17.

The structure of production costs varies across OECD countries. On average compensation of employees amounted to 44.8% of total costs in OECD countries in 2017; goods and services used and financed by government represented 42.3%; and other production costs amounted to 12.9%. However, for example in Mexico, compensation of employees represented 71.5%, goods and services used and financed by government represented 27.5% and other production costs came to 1.0%. In turn, the cost allocation in Japan is substantially different from the OECD average: goods and services used and financed by government amounted to 58.7%; 25.5% were for compensation costs and 15.7% for other costs.

On average in 2017, across OECD countries, goods and services used by government represented 5.7% of GDP, and those financed for private provision to citizens represented 3.0%. In the Netherlands, services financed by the government represented 10.2% of the country's GDP (the highest in OECD countries) driven mainly by a health system managed by the government but supplemented by private insurers. Reaching 8.8% of GDP, the second-highest share among OECD countries spent on financing goods and services privately provided is in Japan, where only 3.7% of GDP is spent in intermediate consumption. Such low value reflects a model where the provision of services is largely left to the private sector while the government retains the primary roles of regulating and partially funding goods and services.

### *Methodology and definitions*

The concept and methodology of production costs builds on the classification of government expenditures in the *System of National Accounts* (SNA). The 2008 SNA framework has been implemented by all OECD countries (see Annex A for details).

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).

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.

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.

## Further reading

OECD (2012) Competitive Neutrality: Maintaining a Level Playing Field between Public and Private Business, OECD Publishing, Paris, *https://doi.org/10.1787/9789264178953-en*.

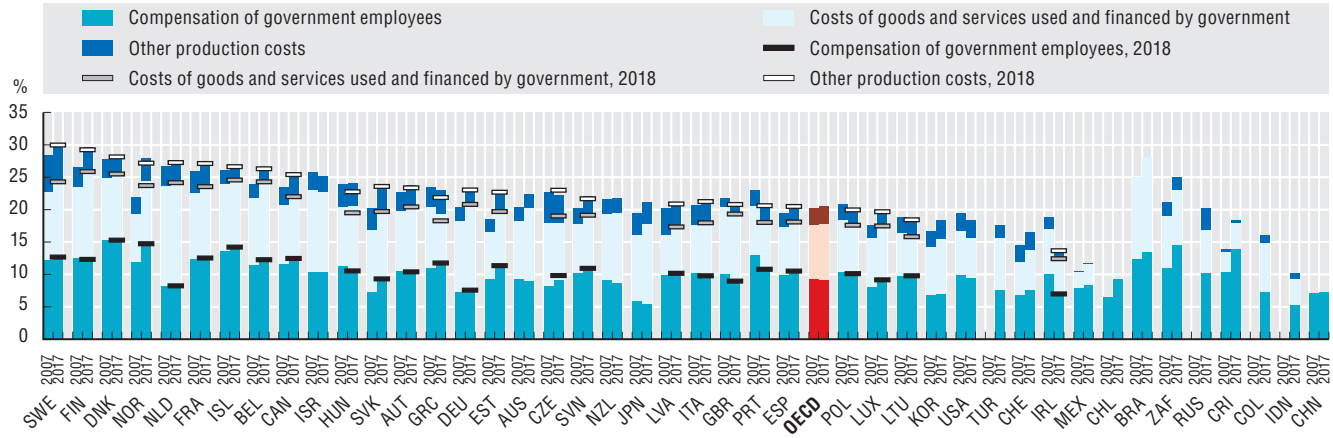
## Figure notes

Iceland, Mexico, United States, South Africa and Indonesia do not account separately for goods and services financed by general government in their national accounts. Data for Chile are not available. On data for Israel, see *http://doi.org/10.1787/888932315602*. Data for Turkey are not included in the OECD average because of missing time series.

Data for Brazil and Indonesia are for 2016 rather than 2017; data for Russia are for 2015 rather than 2017.

2.55. (Structure of government outsourcing expenditures, 2017 and 2018) is available online in Annex F.

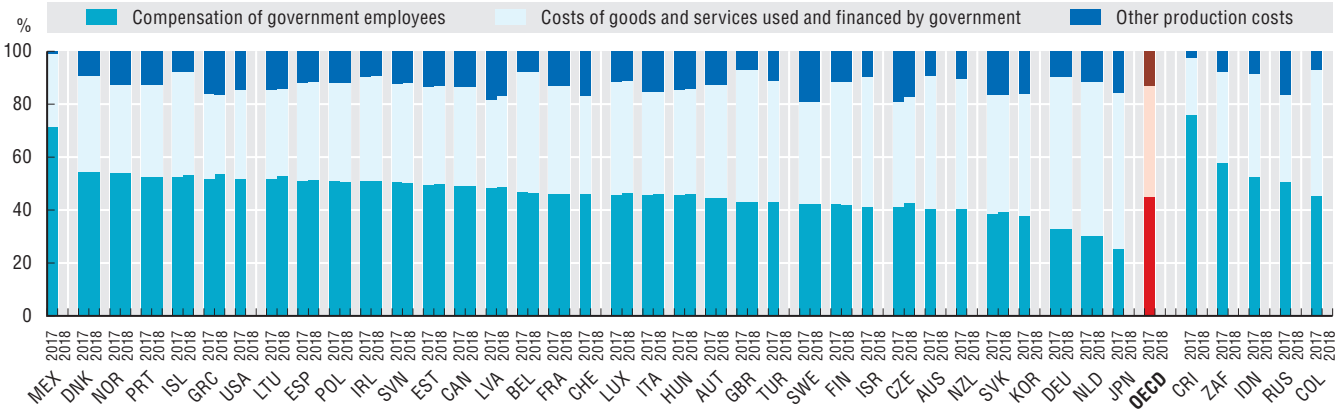
## 2.52. Production costs as a percentage of GDP, 2007, 2017 and 2018




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

StatLink https://doi.org/10.1787/888934031902

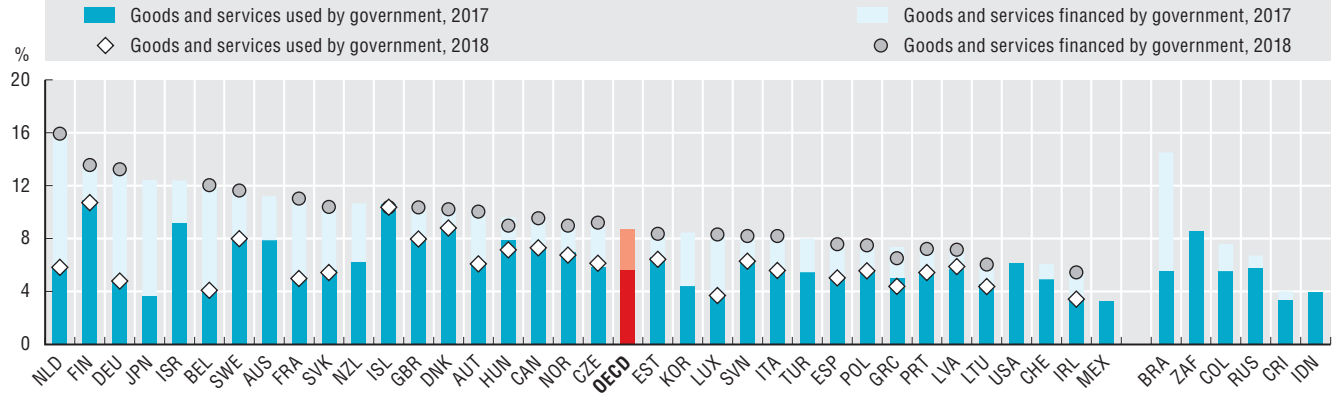
## 2.53. Structure of production costs, 2017 and 2018




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

StatLink https://doi.org/10.1787/888934031921

## 2.54. Expenditures on general government outsourcing as a percentage of GDP, 2017 and 2018




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

StatLink https://doi.org/10.1787/888934031940

# Special feature: Government expenditures by functions of social protection and health (COFOG)

Among other duties, the government is responsible for ensuring access to health care and administering benefits for specific population groups , e.g. pensions, unemployment benefits and family allowances. These services entail high costs, and thus health care and social protection are two of the main categories of government spending. Demographic and technological changes have accentuated the relative importance of these categories over the past half-century.

For example, the number of people of retirement age has increased with respect to the working-age population and the length of time in retirement has grown. According to OECD research, in 2015, there were 28 people aged 65 and over for every 100 persons aged between 20-64 across OECD countries, up from 18 in 1970. Projections indicate that, by 2060, this ratio will be 57 people (OECD, 2019). Moreover, while in 1970 a man would have spent on average 11 years in retirement and a woman 15 years, in 2016 they would have enjoyed 18 and 22 years respectively (OECD, 2017).

According to the latest available data, in 2017 over half of the funds for social protection were allocated to old age pensions: 10% of GDP on average in OECD countries. In Finland, Greece, France and Italy old age pensions represent more than 13% of GDP. Iceland (3.0%), Ireland (3.4%) and Israel (5.0%), on the other hand,spend the least on pensions. Still, pensions play a key social role as the main source of income for older people in the majority of OECD countries. While the replacement rate (i.e. how effectively a pension system provides a retirement income to replace earnings) varies across OECD countries and over time is dependent on whether or not pensions are indexed similarly to salaries, most OECD countries aim to protect low-income workers from old age poverty by ensuring them higher replacement rates (OECD, 2017).

With almost 15% of social protection expenditures, sickness and disability benefits follow in terms of relevance, reaching on average 2.8% of GDP. Norway (6.7%), Denmark (4.4%) and the Netherlands (4.1%) spend the most in terms of GDP in this category. Japan spends only 0.9% of its GDP on disability and sickness, due to multiple factors including the eligibility criteria for disability pensions, the relatively low proportion of the working-age population that reports experiencing disabilities, and the low levels of applications, approvals and appeals to these programmes (Rajnes, 2010).

Austria, Estonia, Japan, Luxembourg and Poland are the only countries spending more on allowances for family and children than on sickness and disability. These countries are below the OECD average fertility rates, hence improving them is a strategic priority (OECD, 2019).

In terms of health, the largest share is spent on hospital services (3.1% of GDP on average in 2017), followed by outpatient services (1.0%). In analogy with sickness and disability benefits, expenditure in hospital services (e.g. general and specialised hospitals, medical and maternity centres, as well as nursing and convalescent home services) in Norway, Denmark and the Netherlands are above the OECD average.

### *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 2008 SNA framework has been implemented by all OECD countries (see Annex A for details). Data on expenditures are disaggregated according to the classification of the Functions of Government (COFOG) into ten main functions (See Annex C for further information). From those functions, health expenditures are further divided into six sub-functions: medical products, appliances and equipment; outpatient services; hospital services; public health services; R&D health; and health n.e.c. Social protection expenditures are further divided into nine sub-functions: sickness and disability; old age (i.e. pensions); survivors; family and children; unemployment; housing; social exclusion n.e.c.; R&D social protection; and social protection n.e.c. In the OECD income distribution database old age poverty refers to individuals aged over 65 that have an income below half the national median equalised household income.

## Further reading

OECD (2019), Society at a Glance 2019: OECD Social Indicators, OECD Publishing, Paris, *https://doi.org/10.1787/soc_glance-2019-en*.

OECD (2017), Pensions at a Glance 2017: OECD and G20 Indicators, OECD Publishing, Paris, *http://doi.org/10.1787/pension_glance-2017-en*.

Rajnes, David (2010), "Permanent Disability Social Insurance Programs in Japan", *Social Security Bulletin*, Vol. 70, No. 1, pp. 61-84.

## Figure notes

Data for the non-European OECD countries (apart from Israel and Japan) and Turkey are not available On data for Israel, see *http://doi.org/10.1787/888932315602*. OECD Europe includes the European member countries of the OECD; data for Iceland are not included in the OECD average due to missing time series.

2.58 to 2.61. (Structure of government expenditures by government function of social protection and health in 2017 and its change since 2019) are available online in Annex F.

## 2.56. Government expenditures by function of social protection as percentage of GDP, 2017

| | Sickness and disability | Old age | Survivors | Family and children | Unemployment | Housing | Social exclusion n.e.c. | R&D Social protection | Social protection n.e.c. |
|---|---|---|---|---|---|---|---|---|---|
| Austria | 1.82 | 12.51 | 1.38 | 2.16 | 1.30 | 0.11 | 1.04 | 0.01 | 0.20 |
| Belgium | 3.29 | 9.19 | 1.72 | 2.19 | 1.65 | 0.21 | 1.13 | 0.01 | 0.16 |
| Czech Republic | 2.10 | 7.34 | 0.54 | 1.01 | 0.17 | 0.22 | 0.38 | 0.00 | 0.21 |
| Denmark | 4.44 | 8.24 | 0.01 | 4.39 | 2.26 | 0.67 | 1.88 | 0.02 | 0.47 |
| Estonia | 2.13 | 6.79 | 0.06 | 2.53 | 1.15 | 0.02 | 0.18 | 0.04 | 0.14 |
| Finland | 3.14 | 13.80 | 0.67 | 3.05 | 2.26 | 0.56 | 1.05 | 0.02 | 0.31 |
| France | 2.94 | 13.36 | 1.51 | 2.38 | 1.94 | 0.96 | 1.06 | 0.00 | 0.18 |
| Germany | 3.22 | 9.35 | 1.85 | 1.63 | 1.64 | 0.33 | 0.62 | 0.00 | 0.72 |
| Greece | 1.54 | 13.77 | 2.11 | 0.65 | 0.48 | 0.02 | 0.78 | 0.02 | 0.05 |
| Hungary | 2.58 | 6.96 | 0.97 | 2.08 | 0.30 | 0.15 | 0.78 | 0.00 | 0.19 |
| Iceland | 3.11 | 3.04 | 0.01 | 2.02 | 0.49 | 0.42 | 0.32 | 0.00 | 0.33 |
| Ireland | 1.90 | 3.42 | 0.56 | 1.34 | 1.09 | 0.82 | 0.30 | 0.00 | 0.05 |
| Israel | 2.63 | 4.97 | 0.58 | 1.42 | 0.27 | 0.16 | 0.54 | 0.00 | 0.48 |
| Italy | 1.82 | 13.35 | 2.62 | 1.56 | 1.11 | 0.04 | 0.36 | 0.00 | 0.01 |
| Japan | 0.91 | 10.88 | 1.50 | 1.85 | 0.27 | 0.00 | 0.29 | 0.00 | 0.43 |
| Latvia | 2.15 | 6.90 | 0.17 | 1.19 | 0.49 | 0.11 | 0.38 | 0.00 | 0.27 |
| Lithuania | 3.08 | 5.75 | 0.31 | 1.06 | 0.57 | 0.05 | 0.25 | 0.00 | 0.15 |
| Luxembourg | 2.84 | 9.89 | 0.00 | 3.74 | 1.06 | 0.08 | 0.68 | 0.00 | 0.16 |
| Netherlands | 4.11 | 6.55 | 0.07 | 1.35 | 1.62 | 0.47 | 1.69 | 0.01 | 0.00 |
| Norway | 6.71 | 7.31 | 0.19 | 3.52 | 0.49 | 0.11 | 0.95 | 0.04 | 0.44 |
| Poland | 2.37 | 8.99 | 1.66 | 2.67 | 0.37 | 0.04 | 0.21 | 0.00 | 0.12 |
| Portugal | 1.29 | 11.73 | 1.73 | 1.07 | 0.80 | 0.03 | 0.23 | 0.00 | 0.56 |
| Slovak Republic | 2.91 | 7.77 | 0.81 | 1.21 | 0.20 | 0.00 | 0.25 | 0.00 | 1.36 |
| Slovenia | 2.20 | 9.18 | 1.27 | 1.85 | 0.50 | 0.02 | 0.88 | 0.00 | 0.26 |
| Spain | 2.37 | 9.11 | 2.22 | 0.70 | 1.60 | 0.02 | 0.33 | 0.00 | 0.20 |
| Sweden | 4.11 | 10.31 | 0.25 | 2.45 | 1.29 | 0.28 | 1.41 | 0.00 | 0.08 |
| Switzerland | 2.93 | 6.81 | 0.31 | 0.48 | 1.19 | 0.02 | 1.53 | 0.00 | 0.27 |
| United Kingdom | 2.45 | 8.35 | 0.05 | 1.28 | 0.10 | 1.10 | 1.58 | 0.00 | 0.28 |
| **OECDE** | 2.78 | 9.97 | 1.35 | 1.71 | 1.20 | 0.43 | 0.86 | 0.00 | 0.29 |
| Colombia | 0.01 | 6.40 | .. | 0.83 | .. | 0.29 | 1.16 | .. | 0.26 |
| Costa Rica | 0.62 | 4.72 | 0.69 | 0.24 | 0.00 | 0.00 | 0.01 | 0.00 | 2.20 |

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

StatLink https://doi.org/10.1787/888934031959

## 2.57. Government expenditures by function of health as percentage of GDP, 2017

| | Medical products, appliances and equipment | Outpatient services | Hospital services | Public health services | R&D Health | Health n.e.c. |
|---|---|---|---|---|---|---|
| Austria | 1.12 | 1.47 | 4.64 | 0.18 | 0.46 | 0.31 |
| Belgium | 0.79 | 2.66 | 3.91 | 0.13 | 0.02 | 0.17 |
| Czech Republic | 0.90 | 1.57 | 3.40 | 1.34 | 0.05 | 0.21 |
| Denmark | 0.55 | 1.18 | 5.96 | 0.15 | 0.20 | 0.34 |
| Estonia | 0.66 | 0.54 | 3.64 | 0.04 | 0.12 | 0.05 |
| Finland | 0.63 | 3.15 | 3.10 | 0.03 | 0.12 | 0.04 |
| France | 1.43 | 2.91 | 3.39 | 0.11 | 0.09 | 0.10 |
| Germany | 1.60 | 2.13 | 2.72 | 0.06 | 0.08 | 0.51 |
| Greece | 1.49 | 0.48 | 3.20 | 0.00 | 0.04 | 0.03 |
| Hungary | 0.90 | 1.36 | 2.15 | 0.13 | 0.03 | 0.24 |
| Iceland | 0.49 | 1.80 | 5.09 | 0.02 | 0.00 | 0.16 |
| Ireland | 0.76 | 1.86 | 1.95 | 0.14 | 0.01 | 0.42 |
| Israel | 0.69 | 1.57 | 2.87 | 0.11 | 0.00 | 0.11 |
| Italy | 0.81 | 2.59 | 2.99 | 0.27 | 0.07 | 0.09 |
| Japan | 1.26 | 2.97 | 2.78 | 0.45 | 0.01 | 0.16 |
| Latvia | 0.55 | 0.93 | 1.88 | 0.05 | 0.00 | 0.09 |
| Lithuania | 0.74 | 1.46 | 2.11 | 0.06 | 0.00 | 1.29 |
| Luxembourg | 3.44 | 1.06 | 0.07 | 0.05 | 0.19 | 0.07 |
| Netherlands | 0.75 | 2.49 | 3.50 | 0.22 | 0.34 | 0.27 |
| Norway | 0.54 | 2.00 | 5.03 | 0.25 | 0.41 | 0.31 |
| Poland | 0.06 | 1.46 | 2.89 | 0.07 | 0.08 | 0.12 |
| Portugal | 0.35 | 2.08 | 3.30 | 0.04 | 0.11 | 0.12 |
| Slovak Republic | 1.48 | 2.22 | 3.02 | 0.04 | 0.00 | 0.35 |
| Slovenia | 0.95 | 2.21 | 2.73 | 0.34 | 0.08 | 0.27 |
| Spain | 0.97 | 4.60 | .. | 0.09 | 0.25 | 0.03 |
| Sweden | 0.75 | 3.03 | 2.55 | 0.22 | 0.18 | 0.19 |
| Switzerland | 0.00 | 0.19 | 1.70 | 0.13 | 0.11 | 0.05 |
| United Kingdom | 0.52 | 1.00 | 5.37 | 0.22 | 0.16 | 0.16 |
| **OECDE** | 0.97 | 2.23 | 3.14 | 0.16 | 0.13 | 0.22 |
| Colombia | 4.58 | .. | .. | 0.21 | 0.03 | 0.07 |
| Costa Rica | 0.27 | 2.32 | 3.03 | 0.13 | 0.12 | 0.24 |

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

StatLink https://doi.org/10.1787/888934031978

# 3. PUBLIC EMPLOYMENT

Employment in general government

General government employment across levels of government

Gender equality in public sector employment

Gender equality in politics

Gender equality in the judiciary

# Employment in general government

Governments across OECD countries carry out many tasks that are fundamental to well-functioning societies. The diversity of these tasks partly reflects distinct cultures of public administration across countries and diverging citizen expectations. The large difference in relative sizes of public sector employment highlights the variety of functions carried out by governments as well as the wide array of delivery mechanisms at their disposal to provide services. Services can be delivered 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, these and other types of professionals are employed by the private sector or non-profit organisations.

The size of general government employment varies significantly among OECD countries. Nordic countries report high levels of general government employment, reaching in some cases (Norway) more than 30% of total employment. On the other hand, less than 6% of people working in Japan and 8% of people working in Korea are working in general government. The average across the OECD is 18%.

In general, the numbers employed in general government tend to remain relatively stable over time. Some OECD countries reported considerable reductions in general government employment stemming from the 2007-08 financial crisis, but the average level of general government employment as a percentage of total employment across the OECD in 2017 (17.7%) was only marginally lower than the same figure in 2007 (17.8%). In the United Kingdom, Israel and Turkey, however, the number of people working in general government employment between 2007 and 2017 decreased by 3.1%, 2.9% and 2.3% respectively. In Norway, on the other hand, more people worked in general government in 2017 than in 2007 (around 1% more).

Regarding the annual growth rate of general government employment, the OECD average remains relatively stable with an average annual growth rate of 0.6% during 2007-09, a decrease of 0.2% during 2011-12, and 0.4% growth during 2016-17. Many countries show general government employment growth stifled during the 2011-12 period due to austerity measures, with close to half returning to recovery by 2017. However, a look at individual countries paints a more nuanced picture. For example, Ireland displays the highest growth in 2016-17 at 3.5%, while Estonia displays the greatest reductions of more than 5% in the same period.

### *Methodology and definitions*

Data are derived from the *OECD National Accounts Statistics* (database), which are based on the *System of National Accounts* (SNA), a set of internationally agreed concepts, definitions, classifications and rules for national accounting. General government employment covers employment in all levels of government (central, state, local and social security funds) and includes core ministries, agencies, departments and non-profit institutions that are controlled by public authorities. Data represent the total number of persons employed directly by those institutions. Total employment covers all persons engaged in productive activity that falls within the production boundary of the national accounts. The employed comprise all individuals who, during a specified brief period, were in the following categories: paid employment or self-employment.

## Further reading

OECD (2019), *Recommendation of the Council on Public Service Leadership and Capability*, *https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0445*.

OECD (2017), *Skills for a High Performing Civil Service*, OECD Public Governance Reviews, OECD Publishing, Paris, *https://doi.org/10.1787/9789264280724-en*

OECD (2016), *Engaging Public Employees for a High-Performing Civil Service*, OECD Public Governance Reviews, OECD Publishing, Paris, *https://doi.org/10.1787/9789264267190-en*.

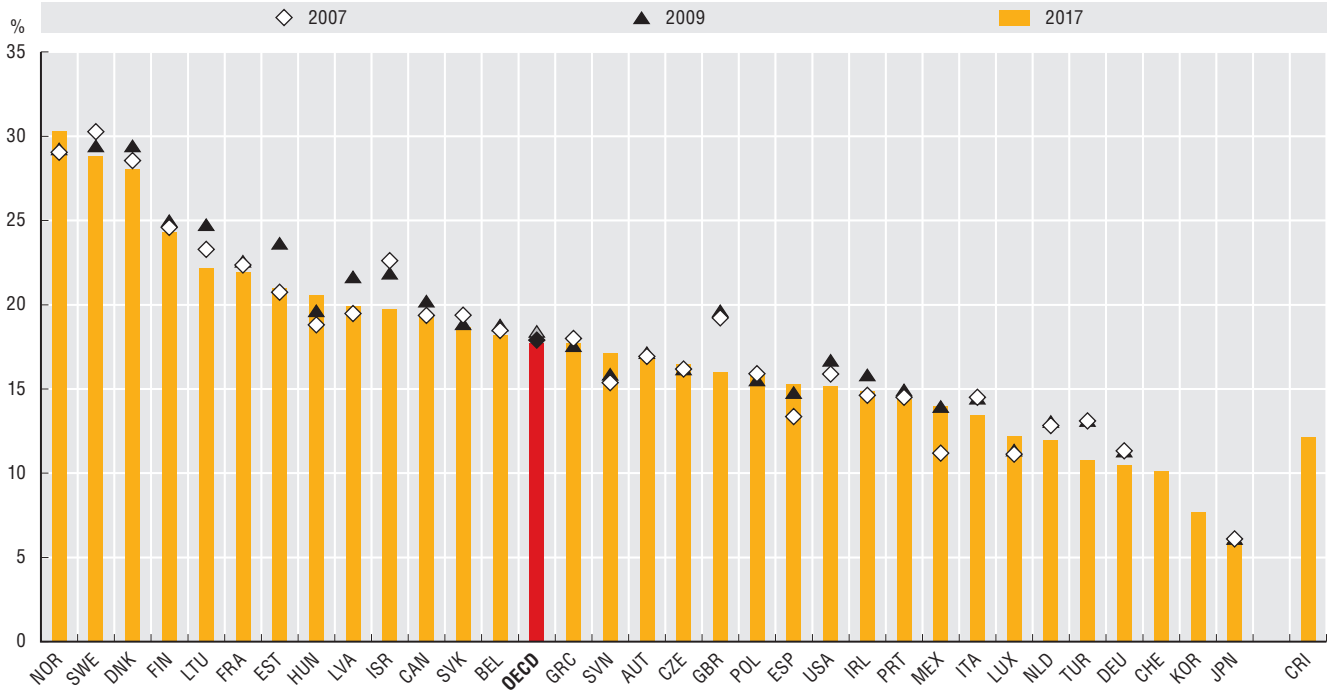
## Figure notes

Data for Australia, Chile, Iceland and New Zealand are not available. On data for Israel, see *http://doi.org/10.1787/888932315602*. Data for Korea and Switzerland are not included in the OECD average due to missing time series. Data for Poland before 2010 are based on estimates. Data for Poland before 2010 are based on estimates.

3.1. Data for Mexico, Switzerland and Costa Rica refer to 2016 rather than 2017. Data for the United States refer to 2008 rather than 2009.

3.2. 2007-09: annual average growth rate. Data for Mexico, Switzerland and Costa Rica are for 2015-16 rather than 2016-17. Data for the United States refer to 2008-09 rather than 2007-09.

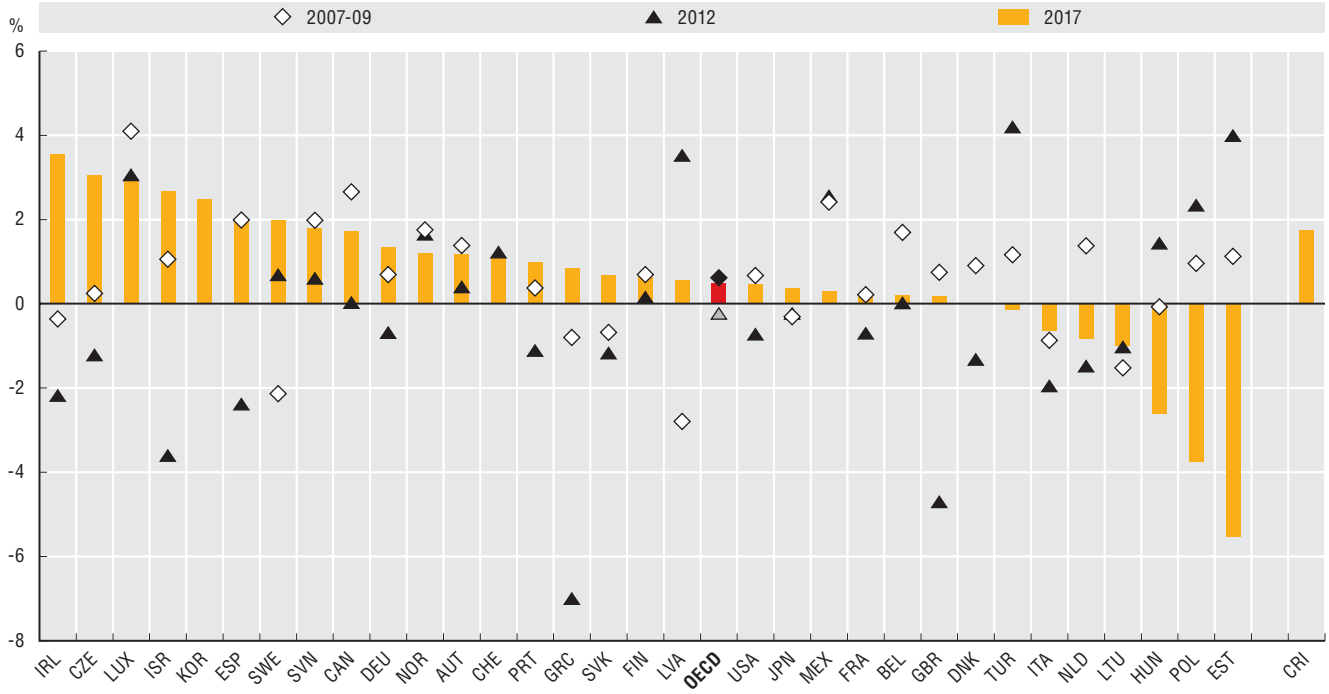
### 3.1. Employment in general government as a percentage of total employment, 2007, 2009 and 2017




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

StatLink https://doi.org/10.1787/888934031997

### 3.2. Annual growth rate of government employment, 2007-09, 2012 and 2017




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

StatLink https://doi.org/10.1787/888934032016

# General government employment across levels of government

The proportion of staff employed at sub-central levels of government is an indicator of the level of decentralisation of public administrations. Larger shares of government employees employed at the sub-central level typically means that local and regional governments have more responsibility for providing public services. While decentralisation can increase the responsiveness of government to local needs and priorities, it can also result in variations in service delivery within countries.

In 2017, more general government employees were employed at the sub-central level than at the central level, though this varies across countries. Some federal states, such as Belgium, Germany and Switzerland, characteristically demonstrate higher levels of general government employees working at the sub-central level. Others with a unitary state model, such as Ireland, Israel and Turkey, tend to concentrate most general government workers at the central level.

Between 2011 and 2017, the percentage of general government staff employed at the central level has remained relatively stable, continuing a trend observed during the period 2009-14. This suggests that in countries that experienced adjustments to government employment levels over this period (see Employment in general government), these adjustments were, on the whole, equally shared at central and sub-central levels and have not markedly changed since the 2007-08 financial crisis. Only Hungary has experienced significant change over this period, where the share of government staff employed at the central level has increased by 27 p.p. This increase was due to the reorganisation of the territorial public administration during this period. Additionally, the proportion of government staff employed at the central level in the United Kingdom as well as in the Netherlands grew by 8.5 p.p. and 5 p.p., respectively, between 2011 and 2017. In both cases, this was the result of an increase in the staff employed at the central level and a decrease in the staff at the sub-central levels that produced an overall reduction of the general government staff over this period.

### *Methodology and definitions*

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

## Further reading

OECD (2019), *Recommendation of the Council on Public Service Leadership and Capability*, *https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0445*OECD (2017), *Skills for a High Performing Civil Service*, OECD Public Governance Reviews, OECD Publishing, Paris, *https://doi.org/10.1787/9789264280724-en*

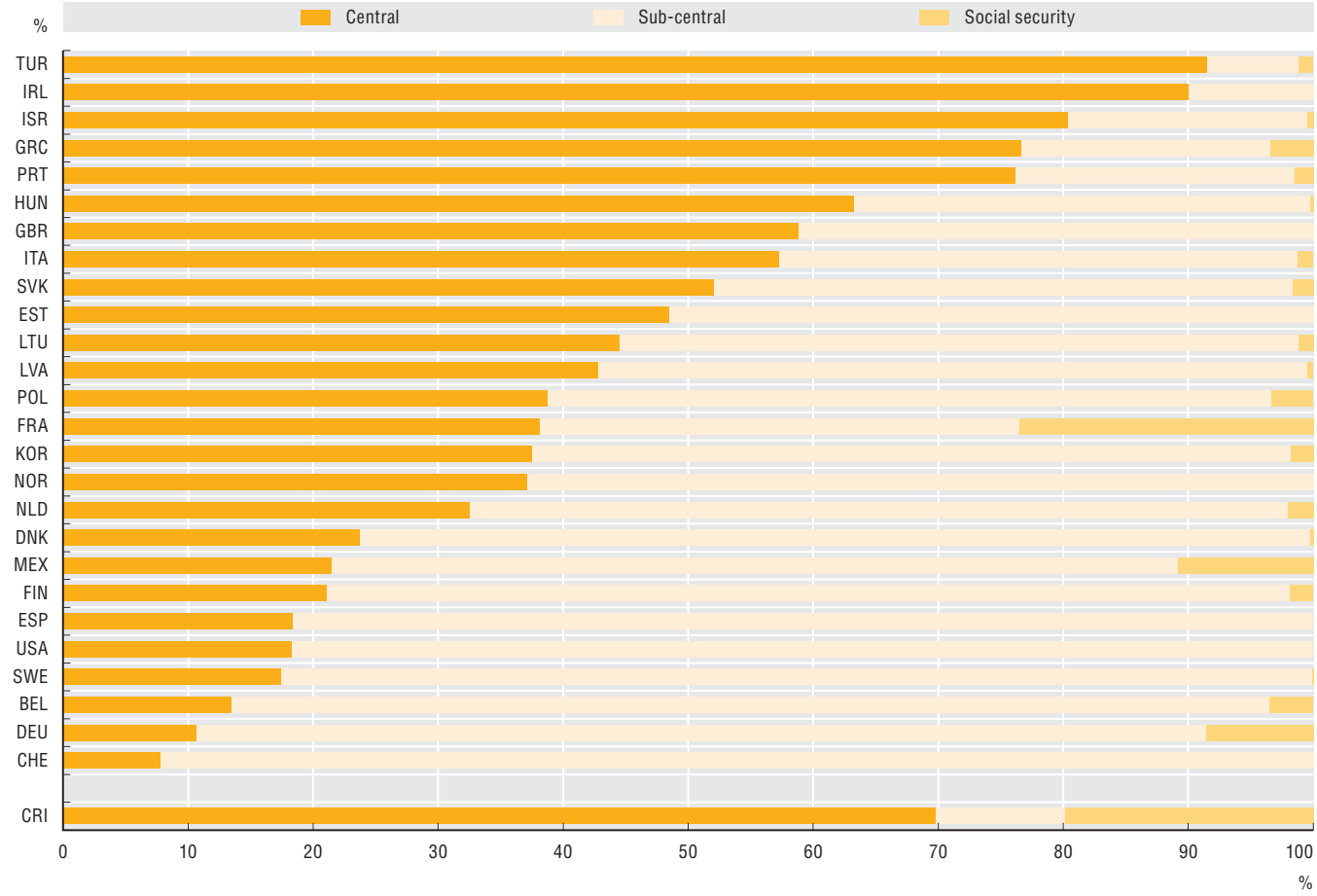
OECD (2016), *Engaging Public Employees for a High Performing Civil Service*, OECD Public Governance Reviews, OECD, Paris, *https://doi.org/10.1787/9789264267190-en*.

## Figure notes

Data for Australia, Austria, Canada, Chile, Iceland, Japan, Luxembourg, New Zealand and Slovenia are not available. Data for Estonia, Greece, Spain and Costa Rica are based on the Labour Force Survey. Social security funds are not separately identified (i.e. recorded under central and/or sub-central government) for Estonia, Ireland, Norway, Spain, Switzerland, the United Kingdom and the United States. Data for France, Hungary, Mexico and Switzerland are for 2016. On data for Israel, see *http://doi.org/10.1787/888932315602*. For Poland other non-profit institutions (NPIs) have been redistributed among central and sub-central levels of government.

3.4. Data for Lithuania are for 2010 rather than 2011.

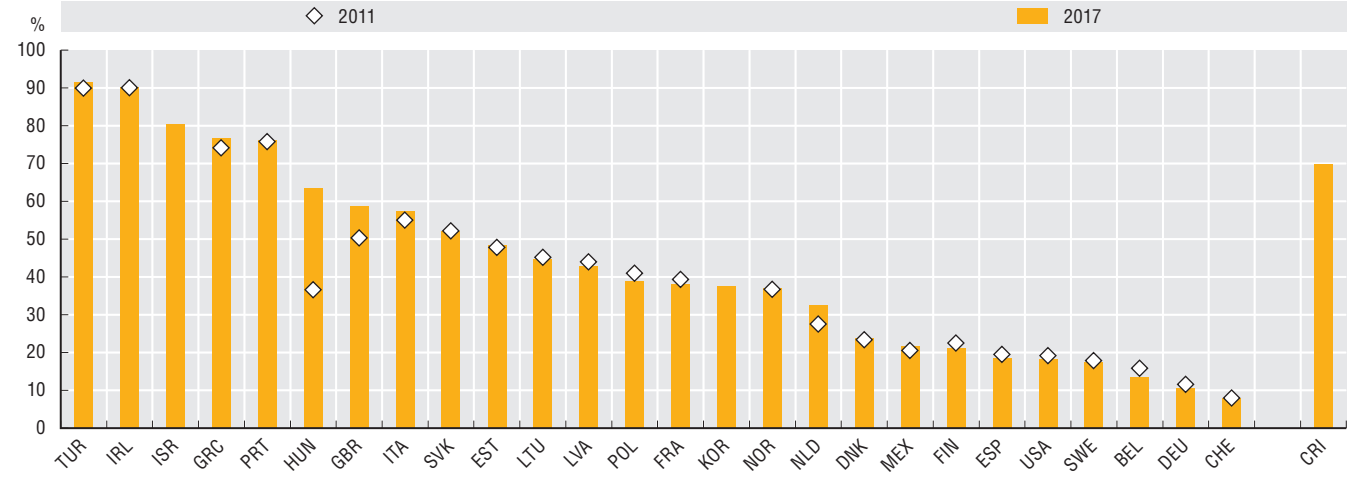
### 3.3. Distribution of general government employment across levels of government, 2017




*Source*: International Labour Organization (ILO), *ILOSTAT* (database), *Public employment by sectors and sub-sectors of national accounts*.

StatLink https://doi.org/10.1787/888934032035

### 3.4. Percentage of government staff employed at the central level, 2011 and 2017




*Source*: International Labour Organization (ILO), *ILOSTAT* (database), *Public employment by sectors and sub-sectors of national accounts*.

StatLink https://doi.org/10.1787/888934032054

# Gender equality in public sector employment

Equal representation of women in the public sector represents a key indicator of progress towards building a more diverse and inclusive workforce. The public sector is expected to lead the way and set standards in implementing gender equality and promoting diversity in the public sector. In turn, encouraging a greater diversity of staff in public employment can contribute to organisational performance and foster policies and services that better reflect citizens' needs.

In OECD countries on average, women are over-represented in the public sector workforce (59.6%), though there are broad variations. In 2017, only one-quarter of positions in the Turkish public sector were filled by women, whereas the corresponding figure for the Nordic countries (Finland, Sweden, Norway, Denmark) was between 69% and 71.3%. Some countries, such as Mexico (51.5%) and Greece (48%) approached parity between the sexes in the public sector workforce. The trend across OECD countries points to an increasing rate of participation of women in the public sector workforce from 2011 to 2017. Japan, for example, increased the share of women working in the public sector by almost 3 p.p. between 2011 and 2017.

The share of women working in public sector workforces (60.1%) has usually been higher than in total employment in OECD countries (45.9%). It is also the case in all OECD countries with the exceptions of the Netherlands and Turkey, where the share of women employed in the public sector is slightly lower. The relative difference in the shares of women in public sector employment compared to that in total employment is as high as 20 p.p. in countries such as Finland, Sweden, Norway and Denmark. At the same time, these countries also record the highest shares of women in total employment. One reason for explaining the relative higher women participation in the public sector workforce is that some key public sector occupations, such teachers and nurses, are traditionally considered "women's jobs". Discouraging such gender stereotyping and ensuring that women have access to varied public sector occupations is a key goal across OECD countries. Ensuring that women can access and compete on an equal footing for leadership and decision-making positions (traditionally dominated by men), is part of the move toward more diverse, inclusive – and effective – public sector workforces.

### *Methodology and definitions*

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

## Further reading

OECD (2019), *Recommendation of the Council on Public Service Leadership and Capability*, *https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0445*.

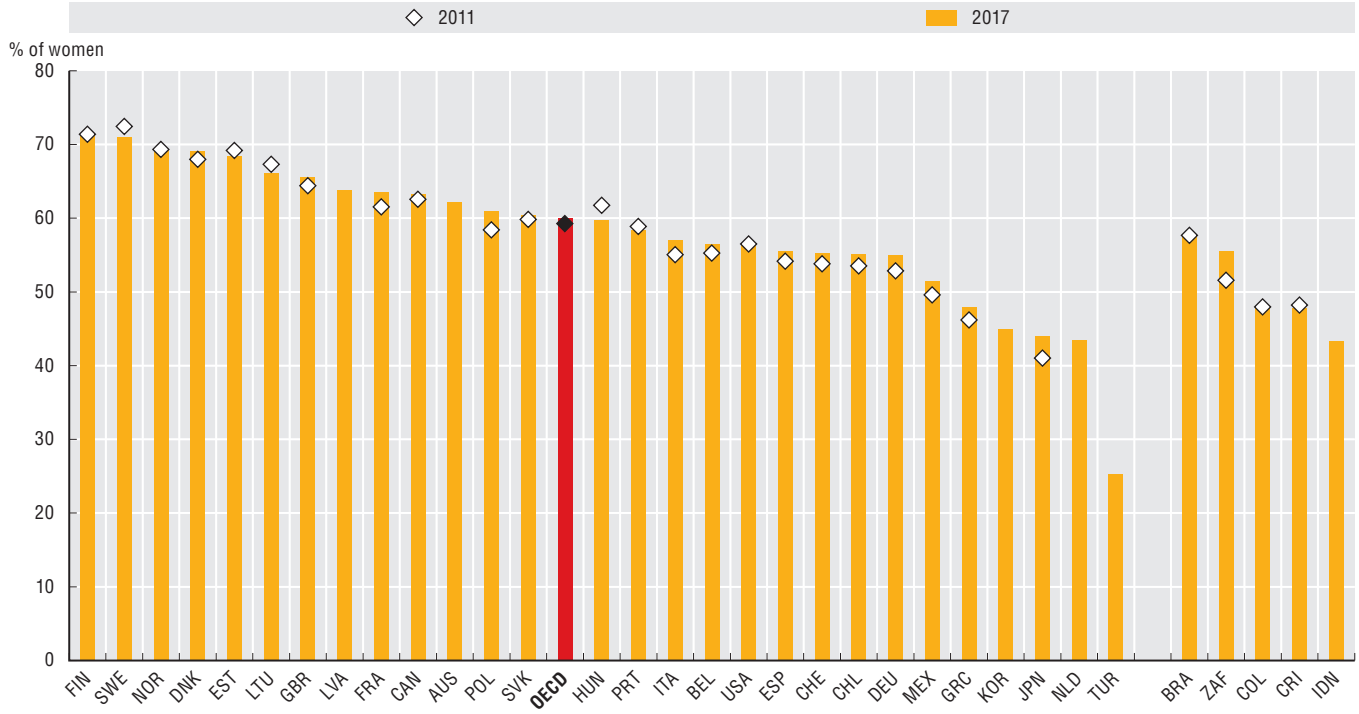
OECD (2017), *Skills for a High Performing Civil Service*, OECD Public Governance Reviews, OECD Publishing, Paris, *https://doi.org/10.1787/9789264280724-en*

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

## Figure notes

Data for Austria, the Czech Republic, Iceland, Ireland, Israel, Luxembourg, New Zealand and Slovenia are not available. Data for Australia, Korea, Latvia, the Netherlands and Turkey are not included in the OECD average due to missing time series. Data for Denmark, Germany and Switzerland are based on administrative records or establishment survey. Data for Japan are for 2010 rather than 2011. Data for Switzerland are for 2015 rather than 2017. Data for Brazil are for 2012 rather than 2011. Data for Indonesia are for 2016 rather than 2017.

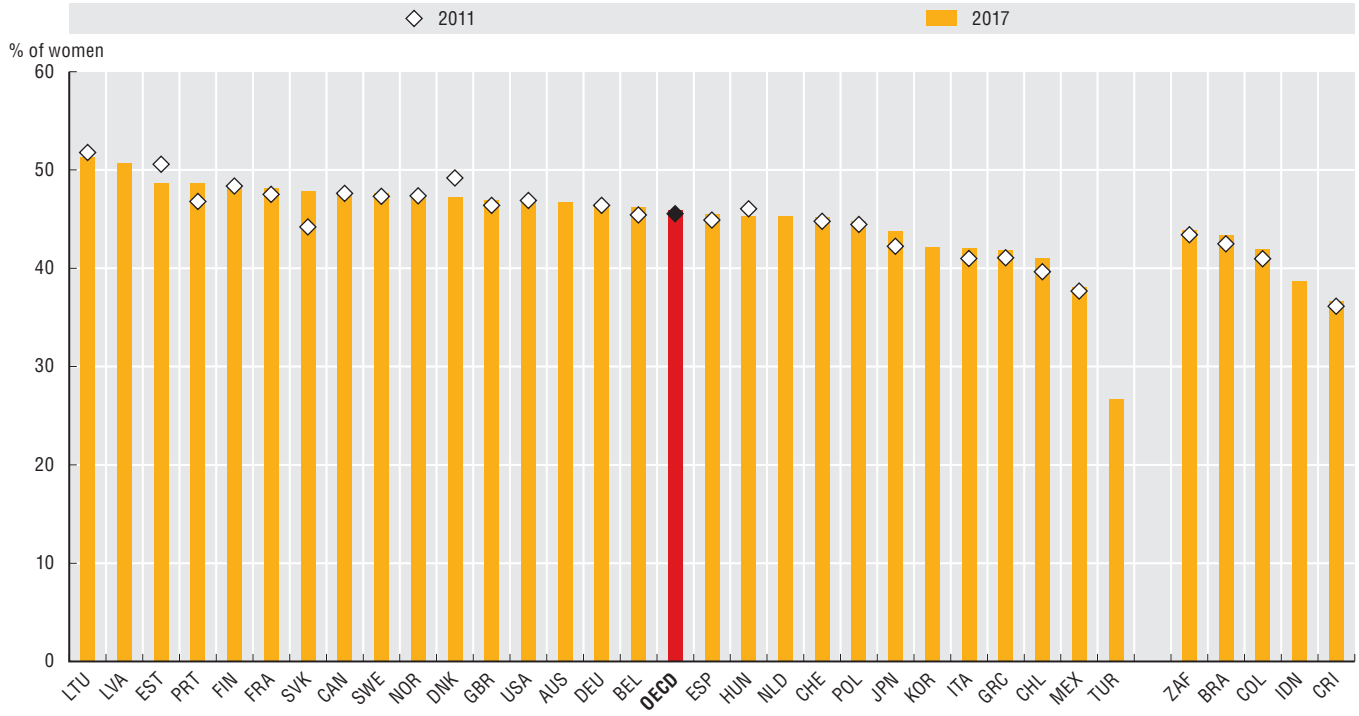
### 3.5. Gender equality in public sector employment, 2011 and 2017




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

StatLink https://doi.org/10.1787/888934032073

### 3.6. Gender equality in total employment, 2011 and 2017




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

StatLink https://doi.org/10.1787/888934032092

# Gender equality in politics

Cabinets and legislatures are key players of institutional efforts to promote gender equality and diversity in public life. The laws and policies that create the legislative and regulatory framework for promoting gender equality and for preventing and responding to gender-based discrimination can be initiated, debated and adopted within the legislatures. These laws and policies help shape societal attitudes toward women's roles, capacities and responsibilities. Given this role, it is important that legislatures themselves serve the needs of women and men as well as manifest the values they seek to promote through legislative processes. However, gender equality in politics is not merely achieving an equal share of seats and positions. A co-ordinated, whole-of-government commitment is crucial, as well as clear and effective mechanisms for translating public policies, services and budgets into concrete benefits for men and women from diverse backgrounds.

In 2019, women's participation in the lower/single house of parliaments across OECD countries averaged at 30.1% and have ranged between over 45% in Finland, Mexico and Sweden to less than 15% in Hungary and Japan. There is an overall positive trend in women's participation in the lower/single house of parliaments in OECD countries marking with an average 3.8 p.p. increase between 2012 and 2019. During this period, Mexico, France and Italy have witnessed a steady and sharp increase (over 10 p.p.) in the number of women elected to the lower/single house of parliaments. In most of the cases, the results can be attributed to changes in the political landscape and initiatives that favoured gender equality. In France, for example, the current governing party's decision to nominate women for seats in "winnable districts" had a positive impact on the 2017 electoral results, with the highest proportion of women elected that any party ever reached. Ensuring continued balance in women's representation in political decision-making requires ongoing vigilance. Between 2015 and 2019, the Netherlands, Germany and Slovenia have undergone important setbacks in this regard (-6 p.p., -5.6 p.p., and -12.3 p.p. respectively).

On average across OECD countries, women held one-third of federal/central governments' ministerial positions in 2019. This marks an increase of over 6 p.p. since 2012. The gender composition of the cabinet can be a strong signal of a government's commitment to gender equality. An increasing number of OECD countries manifest such political will: Sweden, Canada and France have achieved gender parity in the Cabinet since 2015. Women held nearly 65% of ministerial posts in Spain in 2019, marking a sharp increase of almost 34 p.p. in comparison to 2015. Despite the overall positive trend, several countries have witnessed backslides. Between 2015 and 2019, women's participation in the cabinet posts in Finland, Lithuania and Slovenia have decreased by 25 p.p., 21 p.p. and 19 p.p., respectively.

### *Methodology and definitions*

Data for gender equality in parliament refer to the share of women in lower/single house of parliament obtained from the Inter-Parliamentary Union's *PARLINE* database. Legislative quotas are enshrined in the election law, political party law or other comparable law of a country. By definition, quotas based on election and political party laws oblige all political entities participating in elections to apply them equally. Data on quotas were obtained from the Institute for Democracy and Electoral Assistance (*IDEA*) Global Database of Quotas for Women.

Data on gender equality in ministerial positions in national government were obtained from the Inter-Parliamentary Union's "Women in Politics" database. Data represent women appointed ministers as of January 1 of each year of reference. 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.

## Further reading

OECD (2019), Fast Forward to Gender Equality: Mainstreaming, Implementation and Leadership, OECD Publishing, Paris, *https://doi.org/10.1787/g2g9faa5-en*

OECD (2018), Gender Equality in Canada: Mainstreaming, Governance and Budgeting, OECD Publishing, Paris, *https://doi.org/10.1787/9789264301108-en*.

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

## Figure notes

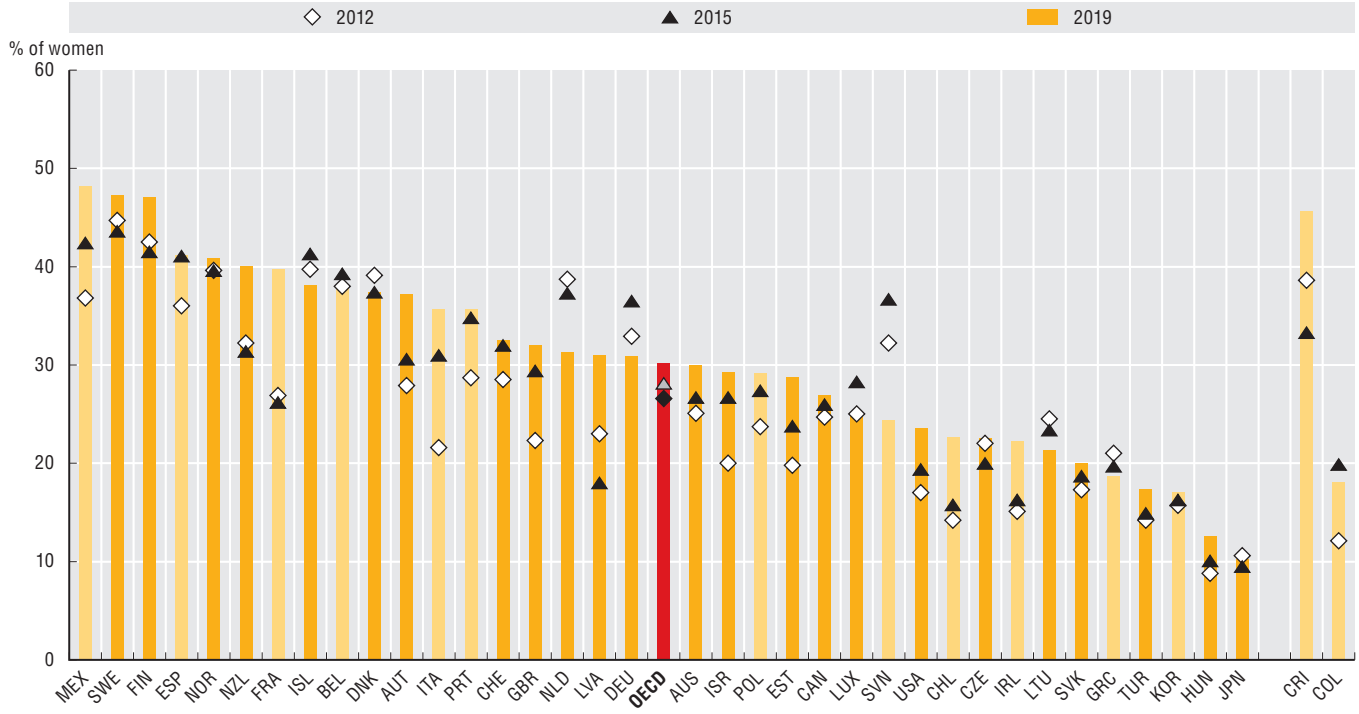
3.7. Bars in light orange represent countries with lower or single house of parliaments with legislated candidate quotas as of April 2019. Data refer to the share of women parliamentarians recorded as of 1 January 2019, 1 December 2015 and 31 October 2012. Percentages represent the number of women parliamentarians as a share of total filled seats.

3.8. Data represent women appointed ministers as of January 1 of each year of reference.

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

### 3.7. Gender equality in parliament and legislated gender quotas, 2012, 2015 and 2019

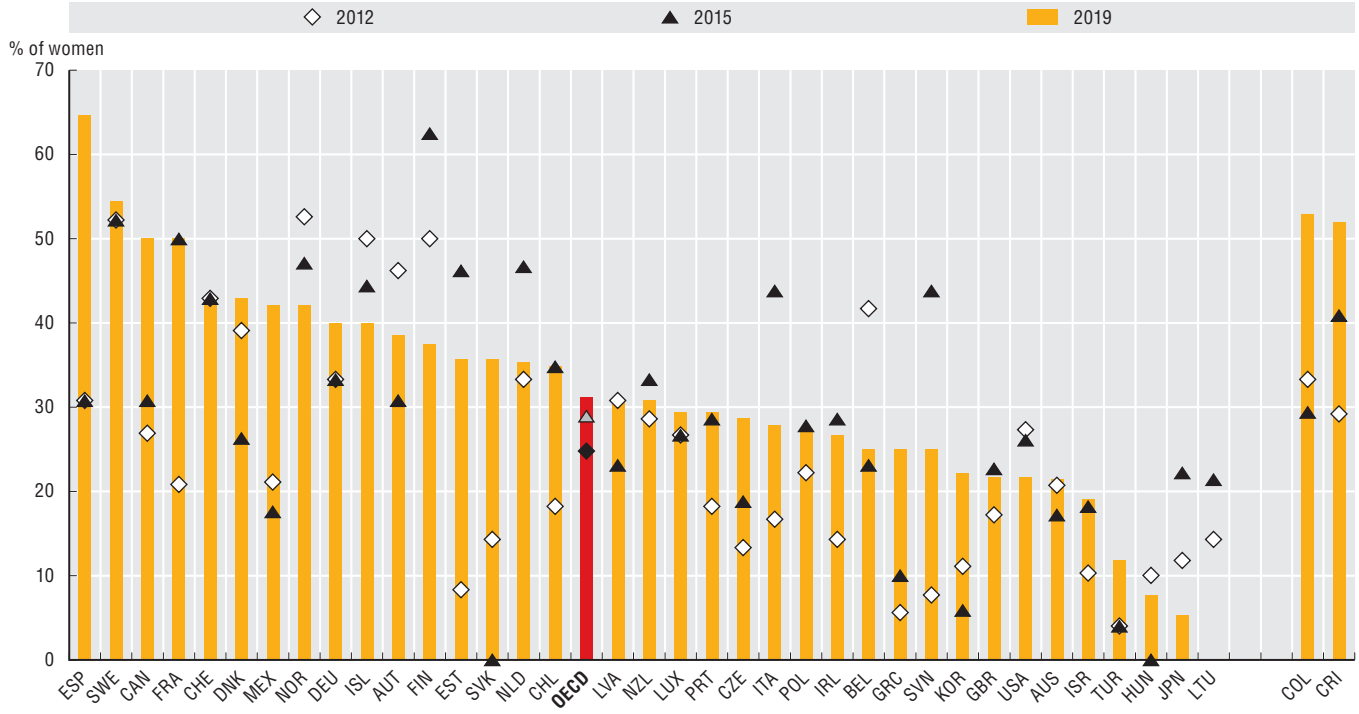
*Lower or single house of Parliament*




*Source*: Inter-Parliamentary Union (IPU) *PARLINE* (database), and *IDEA Quota Project* (database). Data for Finland for 2019 were provided by national authorities.

StatLink https://doi.org/10.1787/888934031199

### 3.8. Gender equality in ministerial positions, 2012, 2015 and 2019




*Source*: Inter-Parliamentary Union (IPU) "Women in Politics", 2019, 2015 and 2012.

StatLink https://doi.org/10.1787/888934031218

# Gender equality in the judiciary

Ensuring gender balance in judicial leadership has been increasingly highlighted by OECD countries as a key governance issue related to fairness, transparency and the effective rule of law. A diverse judicial workforce, composed of both men and women from different backgrounds, can bring different voices and perspectives to the bench. Such diversity can also strengthen the integrity of the judiciary, promoting citizens' trust in justice services. Strengthened participation of women in judicial professions, particularly at senior levels, can help eliminate gender stereotypes and increase women's willingness to enforce their rights.

Gender equality in the judicial workforce has made important progress in various OECD countries. As of 2016, women composed 50% of the professional judges on average across OECD countries ranging from 77% in Latvia to 20% in Mexico. Greece, Ireland, Luxembourg, Switzerland and Turkey experienced at least a 10 p.p. increase in the share of women in the judiciary between 2010 and 2016. Among OECD countries where time series is available, there has been an overall increase in the average share of women as professional judges – from 44% in 2010 to 50% in 2016. When comparing gender balance among judges, it is important to consider the unique features of national legal systems and professional development patterns. For example, differences exist between the civil law system and the common law system: through the former, women can be recruited directly from law schools before they face possible career disruptions, while in the latter, women face a statutory requirement for at least five or seven years post-qualification experience for legally qualified posts in the judiciary. In Canada, for instance, federally appointed judges are drawn from existing legal professionals, after ten years of membership at a provincial or territorial law society, or directly from provincially or territorially appointed judges. In turn, this may delay the start of their careers within the judiciary, limiting their reach to senior-level appointments due to potential career interferences.

Despite recent progress in women's overall presence in the judicial workforce, gender representation remains uneven in high-level courts. In fact, in 2016, while women represented on average 56% of first-instance courts and 48% in courts of second instances in OECD countries, they only held 33% of positions in supreme courts. This pattern can be explained by persisting bias and gender stereotypes that continue to affect younger women in particular, as they often do not correspond to the perceived image of a judge. In addition, throughout the recruitment stage, the lack of encouragement and professional development opportunities can also hinder women's presence among the senior lawyers who usually serve as the pool for the selection of senior judicial positions.

### *Methodology and definitions*

Data on gender equality of professional judges refers to the overall share of women occupying judgeship positions in 2010 and 2016 in all instances. The data were retrieved from the Council of Europe European Commission for the Efficiency of Justice (CEPEJ) and the OECD 2017 Survey on Gender-sensitive Practices in the Judiciary.

Data on gender equality of professional judges by court refers to the share of women occupying judgeships in all three-instance courts as of 2016: first, second, and supreme courts. The data were retrieved from the CEPEJ and the OECD 2017 Survey on Gender-sensitive Practices in the Judiciary.

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

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

## Further reading

OECD (2019), Fast Forward to Gender Equality: Mainstreaming, Implementation and Leadership, OECD Publishing, Paris, *https://doi.org/10.1787/g2g9faa5-en*

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

## Figure notes

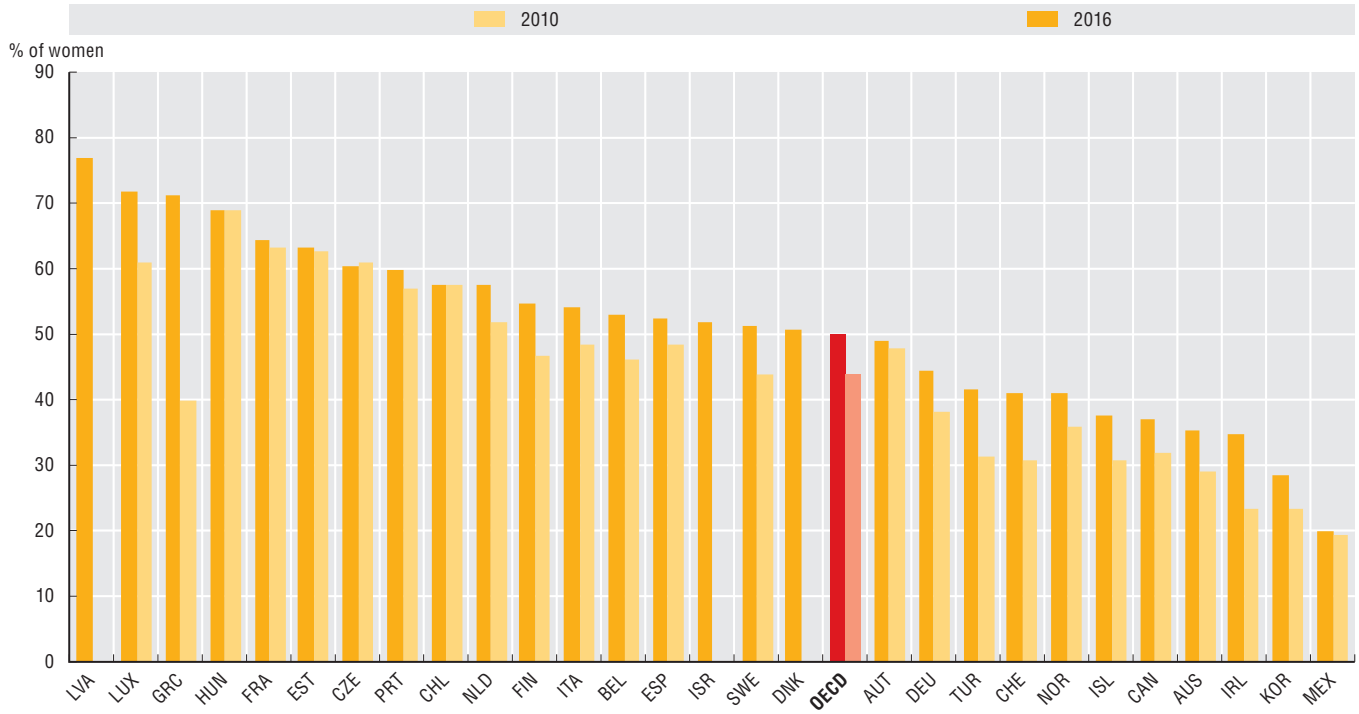
OECD average represents a simple arithmetic average.

3.9. Data for Latvia and Luxembourg are for 2014 rather than 2016. Data for Portugal are for 2011 rather than 2010. Data for Denmark, Israel and Luxembourg are not included in the OECD average because of missing time series.

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

### 3.9. Gender equality of professional judges, 2010 and 2016

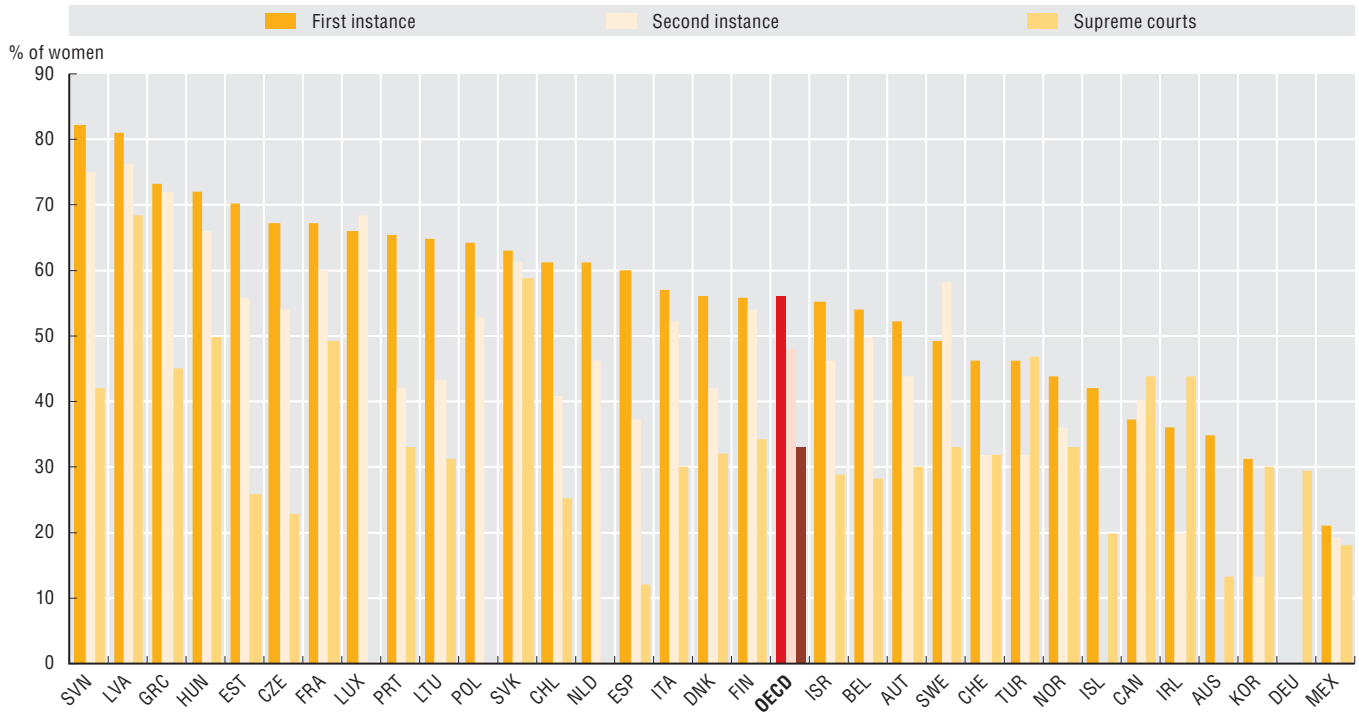
*All instances*




*Source*: OECD 2017 Survey on Gender-sensitive Practices in the Judiciary. Data for Germany and Portugal were provided by national authorities.

StatLink https://doi.org/10.1787/888934032111

### 3.10. Gender equality of professional judges by level of court, 2016




*Source*: Council of Europe European Commission for the Efficiency of Justice data (2016); OECD 2017 Survey on Gender-sensitive Practices in the Judiciary. Data for Germany and Portugal were provided by national authorities.

StatLink https://doi.org/10.1787/888934031237

# 4. INSTITUTIONS

Roles and responsibilities of the centres of government

Role of the centre of government in open government

Institutionalisation of policy evaluation systems

Promoting the use of policy evaluations

# Roles and responsibilities of the centres of government

The centre of government (CoG), also known as the Cabinet Office, Office of the President, Privy Council, General Secretariat of the Government, among others, is the structure that supports the Prime Minister and the Council of Ministers (i.e. the regular meeting of government ministers). The CoG includes the body that serves the head of government and the Council, as well as the office that specifically serves the head of government (e.g. Prime Minister's Office).

The scope of the responsibilities assigned to such a structure varies largely among countries. In Greece, the CoG is responsible for 11 functions, including communication with the public, policy formulation and analysis. In Ireland and Japan, only the preparation of cabinet meetings falls entirely under CoG responsibility. When considering both shared and exclusive tasks, the CoG has the broadest influence in Mexico, the United States and Greece (16 areas of responsibility in total). At the other end of the spectrum, in the Netherlands the centre is responsible for co-ordination and communication functions, but not policy content (e.g. it is not responsible for preparing the government programme or for policy analysis).

All OECD countries assign the preparation of cabinet meetings to the CoG. The preparation of such meetings is mostly co-ordinated through briefings, ministerial committees and inter-ministerial or department meetings.

In addition, CoG is involved in reviewing items submitted to the cabinet. All CoGs ensure that the procedures for preparation and presentation are respected, and the majority also ensure that the item has been subject to an adequate consultation process (e.g. with external stakeholders). In Estonia, the Ministry of Justice is also involved when the items in question is a draft law. In Finland, Japan and Switzerland, the CoG is not involved in reviewing the consultation process. The CoG is responsible for ensuring that the items presented to the cabinet are in line with the programme of the government in 28 countries. In Finland, Japan and Norway, this is the responsibility of the sponsoring ministry.

When reviewing the costing of items, the CoG is the sole responsible in 11 countries, and it shares the task in another 9. The Ministry of Finance is involved in reviewing the costing of items in Australia, Belgium, Canada, the Czech Republic, Estonia, Iceland, the Netherlands, Norway, the Slovak Republic, Slovenia, Spain and Turkey.

The responsibility for co-ordinating policies across government falls under the CoG in all OECD countries, either alone or together with another body. Four countries (Australia, Estonia, Iceland and Mexico) indicated that the Ministry of Finance is also involved in this task and another four (Ireland, Italy, Norway and Sweden) specified that each ministry is responsible for policy co-ordination. The preferred mechanisms for co-ordinating policies are regular cabinet meetings (mentioned by 28 countries), followed by ad hoc meetings of senior officials (26 countries). Australia and the Netherlands use a wide range of instruments, including performance management and providing written guidance to ministries. Hungary and Spain, on the other hand, use only regular cabinet meetings for this purpose.

The CoG is involved in strategic planning in all OECD countries, except for Turkey – where the Ministry of Development is mandated with this task. In six countries (Chile, Estonia, Iceland, Lithuania, Mexico and the United Kingdom) the responsibility is shared with the Ministry of Finance.

Transition planning and management falls under the sole responsibility of CoG in 21 countries and is shared with other bodies in another 11. In five of these, each ministry is responsible for briefing the incoming government. Relations with Parliament fall within the scope of CoG responsibilities in all OECD countries. In 16 of them, the CoG is solely responsible for this task. In another 18 countries, this responsibility is shared with other ministries, according to the subject at hand.

### *Methodology and definitions*

The data were collected via the 2017 OECD Survey on Organisation and Functions of the Centre of Government, to which 34 OECD countries and 4 other economies 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 year 2016.

Typical units of the centre of government include the ministry or general secretariat of the presidency, the Office of the Prime Minister, and the Cabinet Office, although these functions can in some cases be performed by units based in other parts of the government (e.g. finance, planning, budget office).

## Further reading

OECD (2018), *Centre Stage II: The Organisation and Functions of the Centre of Government in OECD countries, https://www.oecd.org/gov/centre-stage-2.pdf*.

OECD (2014), *Centre Stage: Driving Better Policies from the Centre of Government, https://www.oecd.org/gov/Centre-Stage-Report.pdf*.

## Figure notes

Data for Korea and Poland are not available. On data for Israel, see *http://doi.org/10.1787/888932315602*. Data for Italy, where available, refer to 2019.

4.3 (Involvement of CoG and other bodies in reviewing items sent to Cabinet) and 4.4 (Mechanisms for co-ordinating policies) are available online in Annex F.

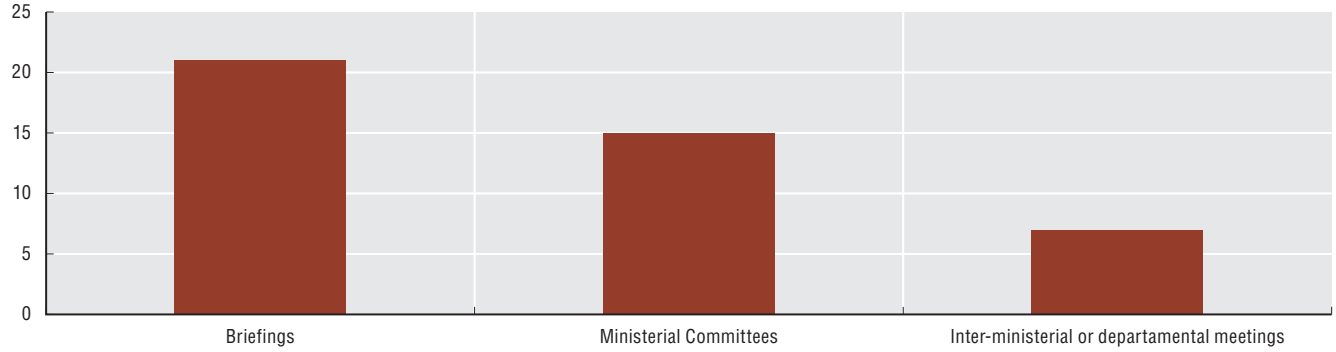
## 4.1. Responsibilities of the centre of government, 2016

| | Preparation of Cabinet meetings | Policy co-ordination | Transition planning and management | Strategic planning | Government programme | Monitoring of government policy | Relations with parliament |
|---|---|---|---|---|---|---|---|
| Australia | ● | ◖ | ◖ | ● | ◖ | ◖ | ◖ |
| Austria | ● | ◖ | ● | ◖ | ◖ | ● | ◖ |
| Belgium | ● | ● | ◖ | ● | ● | ● | ◖ |
| Canada | ● | ● | ● | ● | ● | ● | ● |
| Chile | ● | ● | ◖ | ◖ | ◖ | ● | ● |
| Czech Republic | ● | ● | ● | ◖ | ❍ | ◖ | ◖ |
| Denmark | ● | ● | ● | ◖ | ● | ◖ | ◖ |
| Estonia | ● | ◖ | ● | ◖ | ● | ● | ● |
| Finland | ● | ● | ● | ● | ◖ | ● | ● |
| France | ● | ● | ● | ● | ● | ◖ | ● |
| Germany | ● | ● | ● | ● | ● | ● | ◖ |
| Greece | ● | ● | ● | ● | ● | ● | ● |
| Hungary | ● | ● | ● | ● | ❍ | ● | ● |
| Iceland | ● | ● | ● | ◖ | ● | ◖ | ● |
| Ireland | ● | ◖ | ◖ | ◖ | ❍ | ◖ | ◖ |
| Israel | ● | ● | ● | ● | ◖ | ● | ◖ |
| Italy | ● | ◖ | ● | ● | ● | ◖ | ◖ |
| Japan | ● | ◖ | ◖ | ◖ | ◖ | ❍ | ◖ |
| Latvia | ● | ● | ● | ● | ● | ● | ◖ |
| Lithuania | ● | ● | ● | ◖ | ● | ● | ◖ |
| Luxembourg | ● | ● | ● | ● | ◖ | ◖ | ● |
| Mexico | ● | ◖ | ◖ | ◖ | ◖ | ◖ | ◖ |
| Netherlands | ● | ● | ◖ | ● | ❍ | ❍ | ◖ |
| New Zealand | ● | ● | ◖ | ● | ● | ● | ● |
| Norway | ● | ◖ | ● | ◖ | ◖ | ❍ | ◖ |
| Portugal | ● | ● | ❍ | ● | ◖ | ◖ | ● |
| Slovak Republic | ● | ● | ◖ | ● | ● | ● | ● |
| Slovenia | ● | ● | ◖ | ◖ | ◖ | ● | ● |
| Spain | ● | ● | ● | ● | ● | ◖ | ● |
| Sweden | ● | ◖ | ● | ● | ● | ◖ | ◖ |
| Switzerland | ● | ◖ | ◖ | ● | ● | ● | ◖ |
| Turkey | ● | ● | | ❍ | ● | ◖ | ● |
| United Kingdom | ● | ● | ● | ◖ | ● | ◖ | ● |
| United States | ● | ● | ● | ● | ◖ | ◖ | ◖ |
| **OECD Total** | | | | | | | |
| ● Responsibility of the CoG | 34 | 24 | 21 | 20 | 18 | 16 | 16 |
| ◖ Shared between CoG and another body | 0 | 10 | 11 | 13 | 12 | 15 | 18 |
| ❍ Responsibility of another body | 0 | 0 | 1 | 1 | 4 | 3 | 0 |
| Brazil | ● | ● | ◖ | ◖ | ◖ | ◖ | ● |
| Costa Rica | ● | ● | ● | ● | ◖ | ● | ● |

*Source*: OECD (2017), OECD Survey on Organisation and functions of the Centre of Government.

StatLink https://doi.org/10.1787/888934032130

## 4.2. Instruments to co-ordinate discussion of Cabinet agenda items prior to meeting, 2016




*OECD (2017), OECD Survey on Organisation and functions of the Centre of Government.*

StatLink https://doi.org/10.1787/888934032149

# Role of the centre of government in open government

Open government is defined as a culture of governance that promotes the principles of transparency, integrity, accountability and stakeholder participation in support of democracy and inclusive growth (OECD, 2017). Due to the cross-cutting nature of its strategies and initiatives, they require strong institutional arrangements for co-ordination. In this way, countries can ensure goals are met and an adequate involvement of a wide range of stakeholders, including independent institutions, civil society organisations, academia, the media, and others. The centre of government (CoG) has a strategic position to co-ordinate, implement, monitor and evaluate open government strategies and initiatives, since these require a whole-of-government approach and strong political leverage, commitment, support and leadership.

In the majority of OECD countries, the CoG plays an important role in designing, implementing, communicating, co-ordinating, monitoring and evaluating open government strategies and initiatives. In Australia, the Czech Republic, Estonia, Israel, Latvia, Lithuania, Mexico and the United Kingdom, the CoG is involved throughout the life-cycle of these strategies. In Canada, France, Japan and Slovenia, the CoG intervenes only at one stage of the process. In Belgium, Denmark, Finland, Ireland, Norway, Spain, Sweden and Switzerland, other institutions outside the CoG carry out the open government agenda. For instance, in Spain, this role is played by the Ministry of Territorial Policy and Public Administration and in Finland by the Ministry of Finance.

In 28 OECD countries, the CoG directly consults with stakeholders on policies. Citizens and professional associations (such as trade unions) are the most mentioned by respondents, followed by academic institutions. Australia, Estonia, Greece, Ireland, Japan, Lithuania, Mexico and the United Kingdom carry out consultations with a wide range of stakeholders, including civil society organisations, the media, independent state institutions and representatives from subnational levels of government. Twenty-four countries link such consultations to the policy cycle, and all of them consult at the time of drafting. For instance, in the Czech Republic, consultations took place for the end-of-term self-assessment report of the second Open Government Partnership (OGP) national plan, the development of the third plan, as well as for the lobbying and whistleblowing regulations. The CoGs of Australia, the Czech Republic, Greece, Hungary, Israel, Latvia and Mexico also consult stakeholders when defining policy priorities and when implementing, monitoring and evaluating policies.

CoGs are using digital platforms to collect suggestions or feedback on proposed policies from citizens. Some countries, like Lithuania, have a single open government platform for such purposes. In other cases, a portal is designed to collect feedback on a specific draft policy. For example, when considering the reform of the federal electoral system in 2016-17, the Privy Council Office of Canada collected feedback on an online platform where citizens were asked their views on democratic practices. After completing the questionnaire, respondents received information on their own perspective compared to the public discussion. By providing a user-friendly interface, the site sought to attract the participation of citizens in general, and the youth in particular. In this way, the CoG was able to raise awareness of the policy and collect data on citizens' opinion.

### *Methodology and definitions*

The data were collected via the 2017 OECD Survey on Organisation and Functions of the Centre of Government, to which 34 OECD countries and 4 other economies. 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 year 2016

Typical units of the centre of government include the ministry or general secretariat of the presidency, the Office of the Prime Minister, and the Cabinet Office, although other parts of the government can perform the functions.

Open government strategy is a document that defines the open government agenda of the central government and/or of any sub-national level, or of a single public institution or thematic area. Such a document includes key open government initiatives, together with short, medium and long-term goals and indicators.

Open government initiatives are actions undertaken by the government, or by a single public institution, to achieve specific objectives in this area, ranging from the drafting of laws to the implementation of specific activities such as online consultations.

## Further reading

OECD (2017), Recommendation of the Council on Open Government, *https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0438*.

OECD (2016), *Open Government: The Global Context and the Way Forward*, OECD Publishing, Paris, *https://dx.doi.org/10.1787/9789264268104-en*.

## Figure notes

Data for Korea and Poland are not available. On data for Israel, see *http://doi.org/10.1787/888932315602*. Data for Italy, when available, refer to 2019.

4.7 (Stages of the policy-cycle at which CoG consults with stakeholders) is available online in Annex F.

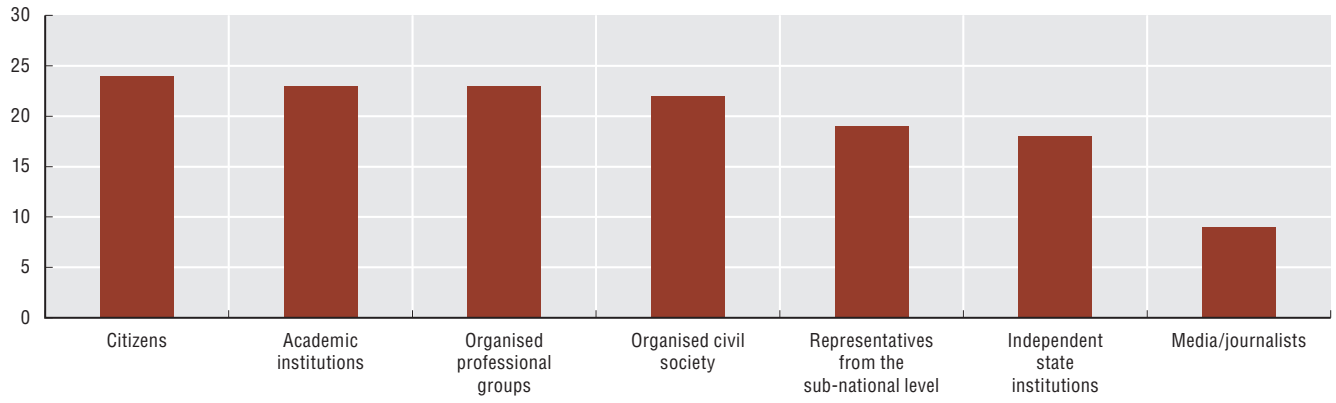
### 4.5. Role of the centre of government in open government strategies and initiatives, 2016

| Country | Design | Implementation | Communication | Co-ordination | Monitoring | Evaluation |
|---|---|---|---|---|---|---|
| Australia | ● | ● | ● | ● | ● | ● |
| Austria | ● | ● | ❍ | ● | ❍ | ● |
| Belgium | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| Canada | ❍ | ❍ | ❍ | ❍ | ● | ❍ |
| Chile | ● | ● | ● | ● | ❍ | ❍ |
| Czech Republic | ● | ● | ● | ● | ● | ● |
| Denmark | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| Estonia | ● | ● | ● | ● | ● | ● |
| Finland | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| France | ❍ | ❍ | ❍ | ● | ❍ | ❍ |
| Germany | ● | ● | ❍ | ❍ | ❍ | ❍ |
| Greece | ● | ❍ | ● | ● | ● | ● |
| Hungary | ● | ● | ❍ | ❍ | ❍ | ❍ |
| Iceland | ● | ❍ | ● | ● | ● | ❍ |
| Ireland | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| Israel | ● | ● | ● | ● | ● | ● |
| Italy | ● | ● | ● | ● | ● | ❍ |
| Japan | ❍ | ● | ❍ | ❍ | ❍ | ❍ |
| Latvia | ● | ● | ● | ● | ● | ● |
| Lithuania | ● | ● | ● | ● | ● | ● |
| Luxembourg | ● | ● | ● | ❍ | ❍ | ❍ |
| Mexico | ● | ● | ● | ● | ● | ● |
| Netherlands | ● | ● | ● | ❍ | ❍ | ❍ |
| New Zealand | ● | ● | ● | ● | ● | ❍ |
| Norway | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| Portugal | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| Slovak Republic | ● | ● | ● | ● | ❍ | ● |
| Slovenia | ❍ | ❍ | ● | ❍ | ❍ | ❍ |
| Spain | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| Sweden | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| Switzerland | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| Turkey | ● | ● | ● | ● | ❍ | ❍ |
| United Kingdom | ● | ● | ● | ● | ● | ● |
| United States | ● | ● | ● | ● | ● | ❍ |
| **OECD Total** | | | | | | |
| ● Yes | 21 | 20 | 19 | 18 | 14 | 11 |
| ❍ No | 13 | 14 | 15 | 16 | 20 | 23 |
| Brazil | ● | ❍ | ❍ | ❍ | ❍ | ❍ |
| Costa Rica | ● | ❍ | ● | ● | ● | ❍ |

OECD (2017), OECD Survey on Organisation and functions of the Centre of Government.

StatLink https://doi.org/10.1787/888934032168

### 4.6. Stakeholders involved in consultations carried out by centres of government, 2016




OECD (2017), OECD Survey on Organisation and functions of the Centre of Government.

StatLink https://doi.org/10.1787/888934032187

# Institutionalisation of policy evaluation systems

Policy evaluation can be understood as the structured and objective assessment of the design, implementation and/or results of a future, ongoing or completed policy initiative. The goal of an evaluation could be to assess the efficiency, effectiveness, impact or sustainability of a given policy. Evaluation provides an insight into why and how a policy was successful or not, and can lead to understanding how the links between decisions and outcomes can be strengthened. As such, it is a crucial element of evidence-informed policy making, and thus of good governance.

The importance of policy evaluation can be gauged by its inclusion in legal frameworks. Germany, Mexico and Switzerland have embedded it in their constitutions. The United States has framed it as part of the 2010 GPRA (Government Performance and Results Act Modernization Act), which was a large public management reform aimed at improving performance.

Institutional arrangements vary across countries, as policy evaluation can be embedded in the public sector through the executive branch, the legislative branch and/or Supreme Audit Institutions. The majority of OECD and partner economies have explicitly allocated the responsibility for policy evaluation across government to one or several institutions within the executive, except Denmark and Sweden. Twenty-one OECD countries have assigned competencies to more than one institution in the executive, and another twelve have allocated them to a single one. In particular, France and the Slovak Republic have assigned responsibilities to several institutions.

The centre of government (CoG) is where policy evaluation is the most institutionalised. Greece, Korea, Latvia and Turkey assigned it exclusive overall competence for policy evaluation across government. The Ministry of Finance was selected by 22 countries, out of which Ireland, the Netherlands, Norway and Switzerland singled it out as the sole institution with responsibilities in this area. Austria, Belgium and Japan have assigned the competency of policy evaluation across government only to the Ministry of Public Sector Reform (or equivalent), and the Czech Republic has chosen the Ministry for Regional Development to carry out this function. Beyond the previously mentioned institutions, France, Mexico, Poland and the United States have also assigned competencies at the level of one or more autonomous agencies.

From those countries that assigned responsibilities for government wide policy evaluation to the CoG, 19 have tasked it with promoting its use across government. In Canada and New-Zealand, this is the only responsibility of the CoG. This institution was assigned the task of defining and updating the evaluation policy in 16 countries. Further, 14 countries indicated that this institution is in charge of developing guidelines and 13 indicated that providing incentives for carrying out evaluations falls under its duty. Iceland has only assigned the CoG the role of serving as a knowledge centre and providing a platform for exchange across government.

Portugal has assigned the CoG the widest range of responsibilities on policy evaluation among OECD countries, with 14 duties falling under it. These include undertaking evaluations, training evaluators, promoting stakeholder engagement, following up on reports, among others. Ministries of finance have received the duties of promoting the use and of defining guidelines in twelve countries, while Ministries of public sector reform serve as a knowledge centre, provide a platform for exchange and develop guidelines in seven countries.

### *Methodology and definitions*

The data come from the OECD Survey on Policy Evaluation launched in May 2018. The survey seeks to assess the main features and the maturity of a country's policy evaluation system through three main components: nature and degree of institutionalisation (trends, practices and, challenges); promotion of the quality of policy evaluations; and, promotion of the use of policy evaluations.

Survey respondents were OECD countries and selected economies, from the centre of government and line ministries (health ministry, public sector reform ministry, and a third, optional line ministry). In March 2019, 37 OECD and partner economies have responded to the survey.

Responses represent countries' own assessments of current practices and procedures. Data refer only to central/federal governments and exclude policy evaluation practices at the state/local levels.

## Further reading

OECD (forthcoming), *Institutionalisation, Quality and Use of Policy Evaluation: Governance Lessons from Countries' Experience* OECD Publishing, Paris.

OECD (2018), *Survey on Policy Evaluation*, *www.oecd.org/gov/policy-monitoring-evaluation.htm*.

## Figure notes

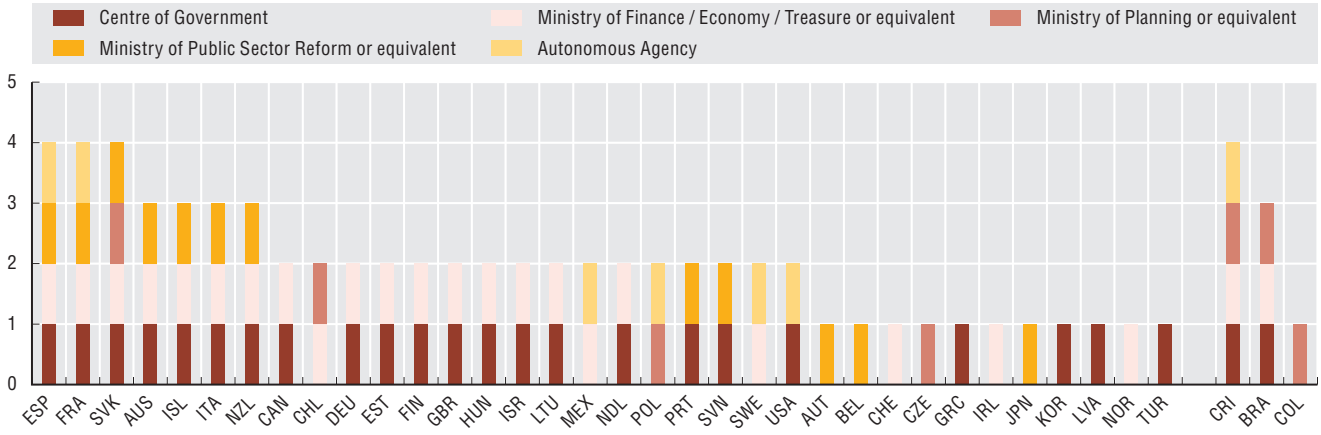
Denmark and Sweden are not displayed because they have not attributed competences related to policy evaluation across government to an institution within the executive. On data for Israel, see *http://doi.org/10.1787/888932315602*. Data is not available for Luxembourg.

4.8 Answers reflect responses to the question "Which of the following institutions within the executive have competences related to policy evaluation across government?"

4.9 Answers reflect responses to the question "Please list the duties and responsibilities of this/these institution(s) related to policy evaluation across government"

4.10 (Legal frameworks guiding policy evaluation across government) is available online on Annex F.

## 4.8. Institutions within the executive with competences related to policy evaluation across government, 2018




*Source*: OECD (2018) Survey on Policy Evaluation

StatLink https://doi.org/10.1787/888934032206

## 4.9. Duties and responsibilities of key government bodies related to policy evaluation across government (selected), 2018

| Country | Defining and updating the evaluation policy | Developing guideline(s) for policy evaluation | Providing incentives for carrying out policy evaluations | Requiring government institutions to undertake specific policy evaluations | Ensuring quality standards of evaluations | Promoting the use of evaluation | Serving as a knowledge centre and providing a platform for exchange |
|---|---|---|---|---|---|---|---|
| Australia | ○ | ■ | ○ | ● | ○ | ●■ | ▲ |
| Austria | ▲ | ▲ | ○ | ▲ | ○ | ▲ | ▲ |
| Belgium | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| Canada | ■ | ■ | ○ | ■ | ○ | ●■ | ■ |
| Chile | ■♦ | ■♦ | ○ | ■ | ♦ | ■♦ | ■♦ |
| Czech Republic | ♦ | ♦ | ♦ | ♦ | ♦ | ♦ | ♦ |
| Denmark | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| Estonia | ● | ●■ | ● | ○ | ○ | ● | ○ |
| Finland | ○ | ● | ● | ○ | ● | ● | ● |
| France | ● | ●■▼ | ● | ●■ | ● | ●■▼ | ○ |
| Germany | ● | ●■ | ● | ○ | ● | ●■ | ●■ |
| Greece | ● | ● | ○ | ● | ● | ● | ○ |
| Hungary | ● | ● | ●■ | ● | ■ | ● | ● |
| Iceland | ○ | ○ | ○ | ○ | ○ | ○ | ●■▲ |
| Ireland | ■ | ■ | ■ | ■ | ○ | ■ | ■ |
| Israel | ● | ● | ●■ | ●■ | ● | ● | ● |
| Italy | ●■▲ | ●▲ | ● | ● | ○ | ●■ | ● |
| Japan | ▲ | ▲ | ○ | ○ | ▲ | ▲ | ▲ |
| Korea | ● | ● | ● | ● | ● | ● | ● |
| Latvia | ● | ● | ● | ● | ● | ● | ● |
| Lithuania | ● | ●■ | ● | ●■ | ○ | ●■ | ● |
| Mexico | ■▼ | ■▼ | ○ | ■▼ | ■▼ | ■▼ | ○ |
| Netherlands | ■ | ■ | ■ | ○ | ○ | ●■ | ■ |
| New Zealand | ○ | ○ | ■ | ○ | ○ | ● | ○ |
| Norway | ■ | ■ | ○ | ○ | ○ | ■ | ■ |
| Poland | ♦ | ♦ | ○ | ○ | ♦ | ♦ | ♦ |
| Portugal | ●▲ | ●▲ | ●▲ | ●▲ | ●▲ | ●▲ | ●▲ |
| Slovak Republic | ■♦ | ■♦▲ | ●■ | ■▲ | ■▲ | ●■ | ●■ |
| Slovenia | ●▲ | ▲ | ● | ● | ● | ●▲ | ▲ |
| Spain | ●▲ | ▲ | ■▲ | ■▲▼ | ▲ | ▲ | ▲ |
| Sweden | ○ | ○ | ○ | ○ | ○ | ■▼ | ○ |
| Switzerland | ■ | ○ | ■ | ○ | ■ | ○ | ■ |
| Turkey | ● | ○ | ○ | ● | ○ | ○ | ○ |
| United Kingdom | .. | .. | .. | .. | .. | .. | .. |
| United States | ● | ● | ● | ● | ●▼ | ●▼ | ●▼ |
| **OECD Total** | | | | | | | |
| ● Centre of Government | **15** | **13** | **14** | **13** | **10** | **19** | **12** |
| ■ Ministry of Finance or equivalent | **9** | **12** | **8** | **9** | **4** | **13** | **9** |
| ▲ Ministry of PSR or equivalent | **6** | **7** | **2** | **4** | **4** | **5** | **7** |
| ♦ Ministry of Planning or equivalent | **4** | **4** | **1** | **1** | **3** | **3** | **3** |
| ▼ Autonomous Agency | **1** | **2** | **0** | **2** | **2** | **4** | **1** |
| ○ No institution | **7** | **7** | **14** | **13** | **15** | **5** | **9** |
| Brazil | ○ | ● | ●♦ | ●♦ | ○ | ○ | ○ |
| Colombia | ○ | ♦ | ○ | ○ | ♦ | ♦ | ○ |
| Costa Rica | ●■♦▼ | ●♦▼ | ■♦ | ●♦ | ♦▼ | ●■♦▼ | ♦ |

*Source:* OECD (2018) Survey on Policy Evaluation.

StatLink https://doi.org/10.1787/888934032225

# Promoting the use of policy evaluations

The use of policy evaluation plays an important role as a feedback loop in the policy cycle, both *ex ante* to gauge the impact of future initiatives, and *ex post* to assess the results and outcomes of policy implementation. It helps to assess policy outcomes, impacts, and to connect them with the decisions of policy makers, facilitating mutual learning with a strong focus on accountability. Policy evaluations are demanding in terms of time, human and financial resources. Governments, therefore, face the task of ensuring that the invested resources generate public value by promoting the use of findings in decision-making.

The majority of OECD countries have developed mechanisms to promote the use of policy evaluation findings (e.g. incorporation of findings in the budget cycle, discussion at the Council of Ministers), except Belgium, the Czech Republic, Iceland, Slovenia, Spain, and Turkey. Japan and Mexico have currently five different mechanisms in place to promote the use of policy findings, and Latvia has four. Eight OECD countries have two mechanisms in place and eight have three. Nine countries have one single mechanism in place.

Twenty-one countries explicitly incorporate evaluation findings into the budget cycle. This is the sole mechanism for promoting their use in France, Israel, Sweden and the United Kingdom. In Canada, findings are required to inform the Treasury Board decisions on expenditure and allocation as they are part of the management accountability framework.

The results are brought for consideration at the highest political level in 11 countries, and this is the only mechanism to promote their use in Hungary and Lithuania. In Korea, for instance, line ministries inform the Council of Ministers on the implementation of specific items requiring improvement according to the annual evaluation results. The United States has created an Interagency Council on Evaluation Policy, co-chaired by the Office on Management and Budget (OMB and the Department of Labour, composed of about ten high-capacity officers from government agencies, who every month to discuss evaluation results.

A management response mechanism exists in ten countries in order to promote the use of policy findings, and it is the only way of doing so in New Zealand. Eleven OECD countries (Estonia, Finland, Germany, Ireland, Japan, Latvia, Mexico, Norway, Poland, the United Kingdom and the United States) use co-ordination platforms across government for such purpose. Norway has chosen it to be the only way to promote the use of findings.

In eight of those countries, online platforms share evaluation findings with practitioners and local governments. In Norway, for instance, the creation of the web service that gathers the findings of evaluations carried out by the central government in one place aims to increase the use of evidence in all state policy areas and future evaluations. The platforms aim to ensure that evidence is directed to inform policy design in seven countries. Other mechanisms, such as the mapping of the evidence brokerage function are less used, although Estonia and the United States stand out in this area. In Germany and Mexico, the co-ordination platforms serve four different functions. In Poland and Japan, they serve none of the aforementioned functions.

### *Methodology and definitions*

The data come from the OECD survey on Policy evaluation launched in May 2018. Survey respondents were OECD countries and selected economies, from the centre of government and line ministries (health ministry, public sector reform ministry, and a third, optional, line ministry).

Policy evaluation is defined in the survey as the structured and objective assessment of an ongoing or completed policy or reform initiative, its design, implementation and results. The aim is to determine the relevance and fulfilment of objectives, efficiency, effectiveness, impact and sustainability, etc. Evaluation also refers to the process of determining the worth or significance of a policy.

## Further reading

OECD (forthcoming), *Institutionalisation, Quality and Use of Policy Evaluation: Governance Lessons from Countries' Experience*, OECD Publishing, Paris

OECD (2019) *Building Capacity for Evidence Informed Policy Making,* lessons from the countries experience, OECD Publishing, Paris.

OECD (2018), *Survey on Policy Evaluation*, OECD Publishing, Paris, www.oecd.org/gov/policy-monitoring-evaluation.htm

## Figure notes

On data for Israel, see *http://doi.org/10.1787/888932315602*. Data are not available for Luxembourg.

4.11 Data reflect responses to the question "How does your government promote the use of the findings of policy evaluations?"

4.12 Data reflect responses to the question "What functions are being carried out by this co-ordination platform?"

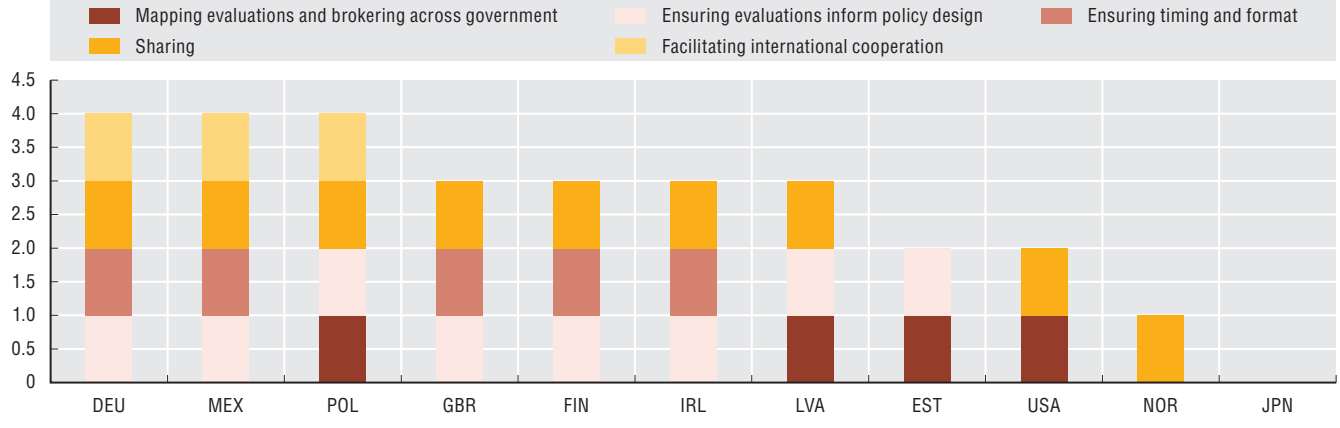
### 4.11. Mechanisms to promote the use of the findings of policy evaluations in OECD countries, 2018

| Country | Incorporating evaluation findings into the budget cycle | Discussing findings at the Council of Ministers | Co-ordination platform to promote the use of evaluation | Management response mechanism in institutions | Grading system on the robustness of findings | Other | No specific initiatives |
|---|---|---|---|---|---|---|---|
| Australia | ● | ○ | ○ | ○ | ○ | ● | ○ |
| Austria | ● | ○ | ○ | ● | ○ | ○ | ○ |
| Belgium | ○ | ○ | ○ | ○ | ○ | ○ | ● |
| Canada | ● | ○ | ○ | ● | ○ | ● | ○ |
| Chile | ● | ● | ○ | ○ | ○ | ○ | ○ |
| Czech Republic | ○ | ○ | ○ | ○ | ○ | ○ | ● |
| Denmark | ○ | ○ | ○ | ○ | ○ | ● | ○ |
| Estonia | ● | ○ | ● | ● | ○ | ○ | ○ |
| Finland | ● | ● | ● | ○ | ○ | ○ | ○ |
| France | ● | ○ | ○ | ○ | ○ | ○ | ○ |
| Germany | ● | ● | ● | ○ | ○ | ○ | ○ |
| Greece | ● | ● | ○ | ● | ○ | ○ | ○ |
| Hungary | ○ | ● | ○ | ○ | ○ | ● | ○ |
| Iceland | ○ | ○ | ○ | ○ | ○ | ○ | ● |
| Ireland | ● | ○ | ● | ○ | ○ | ○ | ○ |
| Israel | ● | ○ | ○ | ○ | ○ | ○ | ○ |
| Italy | ○ | ○ | ○ | ○ | ○ | ● | ○ |
| Japan | ● | ● | ● | ● | ● | ○ | ○ |
| Korea | ○ | ● | ○ | ● | ○ | ● | ○ |
| Latvia | ● | ● | ● | ● | ○ | ○ | ○ |
| Lithuania | ● | ● | ○ | ○ | ○ | ○ | ○ |
| Mexico | ● | ● | ● | ● | ● | ● | ○ |
| Netherlands | ● | ○ | ○ | ○ | ○ | ○ | ○ |
| New Zealand | ○ | ○ | ○ | ● | ○ | ○ | ○ |
| Norway | ○ | ○ | ● | ○ | ○ | ○ | ○ |
| Poland | ○ | ○ | ● | ○ | ● | ○ | ○ |
| Portugal | ● | ● | ○ | ○ | ○ | ○ | ○ |
| Slovak Republic | ● | ○ | ○ | ● | ○ | ● | ○ |
| Slovenia | ○ | ○ | ○ | ○ | ○ | ○ | ● |
| Spain | ○ | ○ | ○ | ○ | ○ | ○ | ● |
| Sweden | ● | ○ | ○ | ○ | ○ | ○ | ○ |
| Switzerland | ○ | ○ | ○ | ○ | ○ | ○ | ● |
| Turkey | ○ | ○ | ○ | ○ | ○ | ○ | ● |
| United Kingdom | ● | ○ | ● | ○ | ○ | ○ | ○ |
| United States | ● | ○ | ● | ○ | ○ | ● | ○ |
| **OECD Total** | | | | | | | |
| ● Yes | **16** | **10** | **8** | **9** | **2** | **7** | **3** |
| ○ No | 19 | 25 | 27 | 26 | 33 | 28 | 32 |
| Brazil | ○ | ○ | ● | ○ | ○ | ○ | ○ |
| Colombia | ○ | ● | ● | ○ | ○ | ○ | ○ |
| Costa Rica | ○ | ● | ○ | ● | ● | ● | ○ |

*Source*: OECD (2018) Survey on Policy Evaluation

StatLink https://doi.org/10.1787/888934032244

### 4.12. Number of functions carried out by the co-ordination platform across government to promote the use of the findings of policy evaluations in policy making, 2018




*Source*: OECD (2018) Survey on Policy Evaluation

StatLink https://doi.org/10.1787/888934032263

# 5. BUDGETING PRACTICES AND PROCEDURES

Capital budgeting and infrastructure

Fiscal risks management

Gender budgeting

Budget transparency

Budgeting for environmental and sustainable development

# Capital budgeting and infrastructure

A sound capital budgeting framework ensures the alignment of the budget with national strategic priorities in a cost-effective and coherent manner. The OECD Principles of Budgetary Governance highlight: 1) the grounding of capital investment plans in objective appraisal of economic capacity gaps, infrastructural development needs and sectoral/social priorities; 2) the prudent assessment of costs and benefits of such investments, affordability, relative priority among various projects, and overall value for money; 3) the evaluation of investment decisions independently of the specific financing mechanism; and 4) the development and implementation of a national framework for supporting public investment.

There are several possibilities for including capital expenditures in the budget process ranging from full integration with current expenditures to having a completely separate budget. Each of these has advantages and disadvantages. While full integration can improve planning, facilitate co-ordination and increase flexibility, separated budgets can ensure that mandatory items such as entitlements do not crowd out discretionary items such as capital investment (Posner, Ryu and Tkachenko, 2009). According to the latest available data, 74% of surveyed countries reported that line ministers submit their capital and current expenditure in an integrated way to the central budget authority (CBA). In the remaining 26%, the submission of capital budget requests and the approval by the CBA is fully separated from the process that decides on current expenditures.

Likewise, there have been improvements in strategic, long-term planning, with more than half of OECD countries reporting having an overall, long-term strategic infrastructure vision that cuts across all sectors. This is a new practice in some countries such as Luxembourg and Norway. Motivations for long-term strategies differ across countries and heavily depend on the strategic priorities and economic conditions. Transport bottlenecks, demographic trends, and regional development imbalances are the most common drivers of strategic infrastructure plans in surveyed OECD countries. A good practice, currently implemented by countries such as Ireland and Norway is the identification of shortlists of priority projects that can form the basis of "project pipeline planning" and communication.

Infrastructure projects are usually built and used over long periods. Although the preparation and construction phases inevitably require the majority of resources, responsibility for the monitoring and evaluation of projects over their lifespan needs to be clearly allocated. To do so, in most countries (69%), there is a formal policy ensuring that the relevant line ministry or agency conducts performance assessment of each project. From these, in 31% of surveyed countries, the policy is defined and managed by the central government, while in 38% of countries, there is a general mandate, but it is the line department's responsibility to decide upon such policies.

### *Methodology and definitions*

Data are drawn from the 2018 OECD Survey of Capital Budgeting and Infrastructure Governance. The survey was conducted at the beginning of 2018, encompassing 26 OECD country responses. Respondents were predominantly senior officials in the central/federal ministry of finance, as well as in other relevant line ministries.

The governance of infrastructure encompasses a range of processes, tools and norms of interaction, decision making and monitoring used by governments and their counterparts providing infrastructure services. It thus relates to the interactions between government institutions internally, as well as their interactions with private sector users and citizens.

Value for money (VfM) can be defined as what a government judges to be an optimal combination of quantity, quality, features and price (i.e. cost), expected over the whole of the project's lifetime.

## Further reading

OECD (2019), Budgeting and Public Expenditures in OECD Countries 2019, OECD Publishing, Paris, https://doi.org/10.1787/9789264307957-en.

OECD (2017), Getting Infrastructure Right: A Framework for Better Governance, OECD Publishing, Paris, *https://doi.org/10.1787/9789264272453-en*.

Posner, P., S. Ryu and A. Tkachenko (2009), "Public-private partnerships: The relevance of budgeting", *OECD Journal on Budgeting*, Vol. 9/1, *https://doi.org/10.1787/budget-v9-art3-en*.

## Figure notes

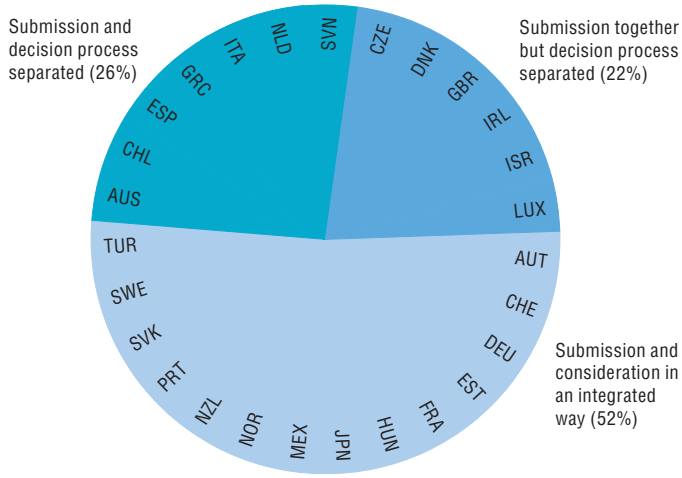
Data for Belgium, Canada, Finland, Iceland, Korea, Latvia, Poland and the United States are not available. On data for Israel, see *http://doi.org/10.1787/888932315602*. Data for Lithuania were not collected.

5.1. In Germany capital and current expenditures are outlined separately in the budget, but negotiated and decided in an integrated way.

5.2. The Slovak Republic indicated that the Office of the Deputy Prime Minister for Investment and Informatization is responsible for preparing the National Investment Plan.

5.3. Data for Portugal are not available for this question.

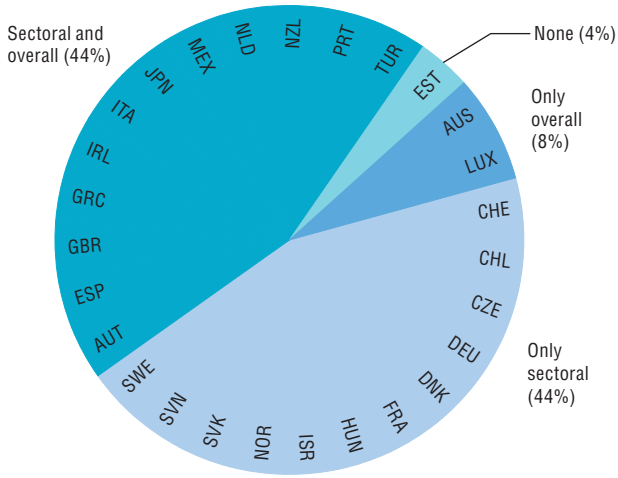
### 5.1. Distinction between capital and current expenditure requests, 2018




*Source*: OECD (2018), *OECD Survey of Capital Budgeting and Infrastructure Governance*.

StatLink https://doi.org/10.1787/888934032282

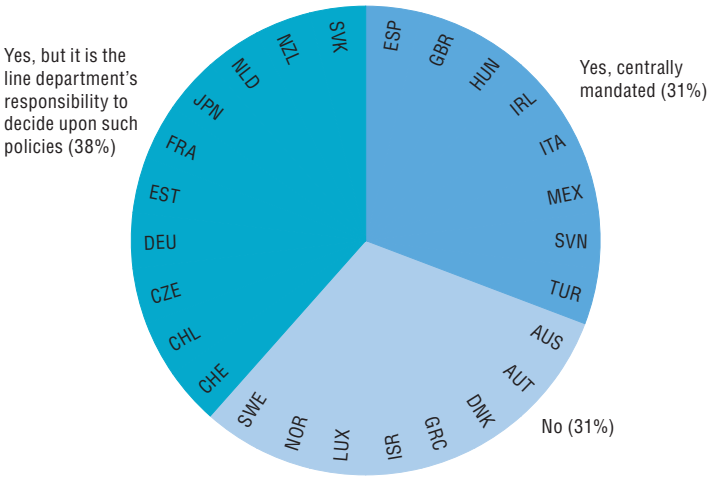
### 5.2. Existence of long-term strategic infrastructure plans, 2018




*Source*: OECD (2018), *OECD Survey of Capital Budgeting and Infrastructure Governance*.

StatLink https://doi.org/10.1787/888934032301

### 5.3. Formal policy for the implementation of a performance assessment of each project, 2018




*Source*: OECD (2018), *OECD Survey of Capital Budgeting and Infrastructure Governance*.

StatLink https://doi.org/10.1787/888934032320

# Fiscal risks management

In OECD countries and beyond, the government has the ultimate responsibility to guarantee the smooth functioning of the economic system as a whole. To do so, it has to deploy several tools and assume different responsibilities. This, in turn, means that the risks affecting government finances can emanate from countless sources and government's forecasts and plans are constantly at risks of being derailed or proven wrong.

Although fiscal risks are, by definition uncertain, awareness and understanding of them allow policy makers to increase a government's capacity to adapt and rebound from them. Accordingly, the 2015 OECD *Recommendation of the Council on Budgetary Governance* advises governments to "identify, assess and manage prudently longer-term sustainability and other fiscal risks."

In 2018, the trend was clear: a majority of OECD countries have taken steps to strengthen their fiscal risk management. About 60% of OECD countries have in place a framework or guidance – in the form of a supra-national directive or national law, regulation or policy document – for monitoring fiscal risks. Responsibility for implementing the framework often lies within the Ministry of Finance. Some countries, such as Austria and the United Kingdom have, however, taken the step to establish dedicated cross-ministerial committees to monitor fiscal risks, so as to enhance co-ordination of actors involved in fiscal risks monitoring and management. In Belgium, the Czech Republic, Luxembourg, and the United Kingdom, the independent fiscal institution identifies and analyses fiscal risks as part of its oversight function of government's economic and/or fiscal forecasts (OECD, 2019).

Public reporting on fiscal risks is also increasingly common practice: around 75% of OECD countries publicly disclose some information on their fiscal risks. However, the means for disclosing them, as well as the breadth and depth of information published, varies widely. Information on fiscal risks is often provided in the annual budget documentation, alongside economic and fiscal forecasts. For example, Canada includes a chapter on "upside and downside risks to the economic and fiscal outlook" in its budget plan. Only Finland and the United Kingdom have taken the step to establish stand-alone fiscal risks reports. There are also some countries, like Sweden, which disclose high-quality information on specific risks in a range of reports but do not provide a consolidated vision.

OECD countries monitor similar types of fiscal risks. A vast majority of countries monitor the main variables that underlie fiscal forecasts and macroeconomic forecasts, such as the government debt, growth and demography; the stability of the financial sector; as well as potential claims on budgetary resources due to guarantees granted by the government. Within these broad categories, each country may identify specific risks related to its own circumstances. For example, risks related to government debt can include financing risks (liquidity and refinancing risks), market risks (interest and foreign exchange risks), credit risks, legal and operational risks, and model risks. Risks related to macro-economy can include the fiscal impact of an unexpected fall in output, and risks related to the demography can include an increase in age-related expenditure, such as pensions and health care expenditure (e.g. Mexico). Litigations, guarantees associated with public-private partnerships (PPPs), recapitalisation of state-own enterprises, bailouts of sub-national governments, or natural disasters are identified as fiscal risks by fewer countries. Additional fiscal risks mentioned include tax expenditures (France) and mandatory spending.

### *Methodology and definitions*

Data are derived from the 2018 OECD Budget Practices and Procedures Survey. Respondents were predominantly senior budget officials in OECD countries. Responses represent the countries' own assessment of current practices. Unless specified otherwise responses refer to central/federal government.

According to Kopits (2014), fiscal risks denote the uncertainty associated with the outlook in public finances and can be defined as the probability of significant differences between actual and expected fiscal performance, over the short to medium-term horizon.

A balance sheet is a financial statement that reports a government's assets, liabilities and net worth at a specific point in time.

## Further reading

Kopits, G. (2014), "Coping with fiscal risk: Analysis and practice", OECD Journal on Budgeting, Vol. 14/1, https://doi.org/10.1787/budget-14-5jxrgssdqnlt.

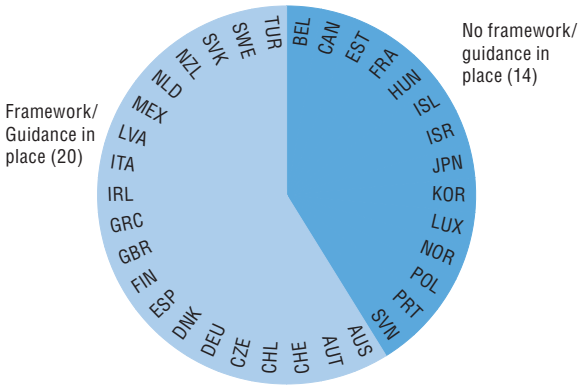
Moretti, D. and T. Youngberry (2018), "Getting added value out of accruals reforms", OECD Journal on Budgeting, Vol. 18/1, *https://doi.org/10.1787/budget-18-5j8l804hpvmt*.

OECD (2019), Budgeting and Public Expenditures in OECD Countries 2019, OECD Publishing, Paris, https://doi.org/10.1787/9789264307957-en

## Figure notes

On data for Israel, see *http://doi.org/10.1787/888932315602*. Data for the United States are not available.

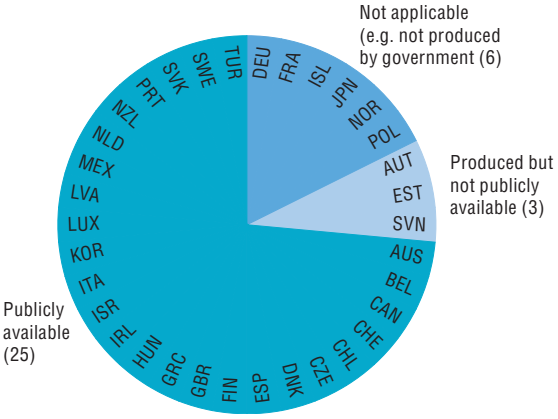
### 5.4. Framework or guidance for fiscal risks management, 2018




*Source*: OECD (2018), *OECD Budget Practices and Procedures Survey*.

StatLink https://doi.org/10.1787/888934032339

### 5.5. Disclosure of fiscal risks in a report, 2018




*Source*: OECD (2018), *OECD Budget Practices and Procedures Survey*.

StatLink https://doi.org/10.1787/888934032358

### 5.6. Fiscal risks monitored by countries, 2018

| | Macro-economic shocks | Financial sector crisis | Change in debt interest rates | Demographic changes | Natural disasters | Government guarantees | Government litigations and lawsuits | Public private partnerships and/or private financial initatives | Environmental degradation | Local government and/or developed administrations | State owned entreprises |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Australia | ● | ● | ● | ● | ○ | ● | ● | ○ | ○ | ○ | ○ |
| Austria | ● | ● | ● | ● | ● | ● | ● | ○ | ● | ● | ● |
| Belgium | ● | ○ | ● | ● | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| Canada | ● | ○ | ● | ● | ○ | ● | ● | ○ | ○ | ○ | ● |
| Chile | ○ | ● | ○ | ○ | ○ | ● | ● | ● | ○ | ○ | ○ |
| Czech Republic | ● | ○ | ● | ● | ○ | ● | ● | ● | ● | ● | ● |
| Denmark | ● | ○ | ● | ● | ○ | ● | ○ | ○ | ○ | ○ | ○ |
| Estonia | ● | ○ | ○ | ○ | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| Finland | ● | ● | ● | ● | ○ | ● | ○ | ● | ○ | ● | ● |
| France | ● | ● | ● | ● | ○ | ● | ● | ● | ○ | ○ | ○ |
| Germany | ○ | ○ | ○ | ● | ○ | ● | ○ | ○ | ● | ○ | ● |
| Greece | ○ | ○ | ● | ● | ○ | ● | ○ | ○ | ○ | ● | ○ |
| Hungary | ● | ● | ● | ● | ○ | ● | ● | ● | ○ | ● | ● |
| Iceland | ● | ● | ● | ○ | ○ | ● | ○ | ● | ● | ○ | ○ |
| Ireland | ● | ○ | ● | ● | ○ | ● | ○ | ● | ○ | ○ | ○ |
| Israel | ● | ● | ● | ○ | ○ | ● | ○ | ○ | ○ | ○ | ○ |
| Italy | ● | ● | ● | ● | ● | ● | ○ | ○ | ○ | ○ | ○ |
| Japan | ● | ○ | ● | ● | ● | ● | ● | ○ | ○ | ○ | ○ |
| Korea | ● | ○ | ● | ○ | ○ | ● | ○ | ○ | ○ | ○ | ○ |
| Latvia | ○ | ○ | ○ | ● | ○ | ● | ● | ● | ○ | ● | ● |
| Luxembourg | ● | ○ | ● | ● | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| Mexico | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Netherlands | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| New Zealand | ○ | ○ | ○ | ○ | ○ | ● | ● | ● | ● | ○ | ● |
| Norway | ● | ○ | ○ | ○ | ○ | ● | ○ | ○ | ○ | ○ | ○ |
| Poland | ● | ○ | ● | ○ | ○ | ● | ○ | ○ | ○ | ○ | ○ |
| Portugal | ● | ● | ● | ● | ○ | ● | ○ | ● | ○ | ● | ● |
| Slovak Republic | ● | ● | ● | ● | ○ | ● | ● | ● | ○ | ○ | ○ |
| Slovenia | ● | ○ | ● | ● | ○ | ○ | ● | ○ | ○ | ○ | ○ |
| Spain | ● | ● | ● | ○ | ○ | ● | ● | ○ | ○ | ● | ● |
| Sweden | ● | ● | ● | ● | ○ | ● | ○ | ● | ○ | ● | ● |
| Switzerland | ● | ● | ● | ● | ● | ● | ● | ○ | ● | ○ | ● |
| Turkey | ● | ● | ● | ● | ● | ● | ● | ● | ○ | ● | ● |
| United Kingdom | ● | ● | ● | ● | ○ | ● | ● | ○ | ○ | ● | ○ |
| **OECD Total** | | | | | | | | | | | |
| ● Yes | 29 | 18 | 28 | 25 | 7 | 30 | 18 | 15 | 8 | 13 | 15 |
| ○ No | 5 | 16 | 6 | 9 | 27 | 4 | 16 | 19 | 26 | 21 | 19 |

*Source*: OECD (2018), *OECD Budget Practices and Procedures Survey*.

StatLink https://doi.org/10.1787/888934032377

# Gender budgeting

Gender inequalities are still inherent in many public policy areas, and these are often reinforced through decisions on how public resources are allocated and used. Gender budgeting is a practice that can help ensure that gender equality considerations are systematically taken into account in budget decisions. The 2015 OECD Recommendation on Gender Equality in Public Life identifies gender budgeting as a key tool of a system-wide government approach to deliver gender equality outcomes. Effective implementation of gender budgeting can help redress gender inequalities, through raising awareness of how policies included in the budget impact people differently, and prioritising projects that help close gender gaps.

Results from the 2018 OECD Budget Practices and Procedures Survey, show that gender budgeting is becoming more popular among OECD countries. Almost half of OECD countries (17) have now introduced gender budgeting, compared to 12 in 2016. Of the 17 OECD countries that have already introduced gender budgeting, more than half have legal provisions underpinning the practice (Austria, Belgium, Canada, Iceland, Italy, Korea, Mexico, Norway, Portugal and Spain). A legal foundation can contribute to safeguarding gender budgeting from fluctuations arising from the short-term economic or political context.

Where countries are in terms of implementing gender budgeting varies. The OECD's exploratory "first pass at a composite index on gender budgeting" is designed to summarise discrete, qualitative information on key aspects of gender budgeting and to help policy makers and the public assess adoption and depth. It intends to capture three different components of gender budgeting: the strategic framework, tools of implementation and the enabling environment in place. Each of these is measured independently allowing countries to assess their performance in each dimension. While implementation tools are essential for gender budgeting, a strong strategic framework and the right enabling environment can help make the practice more effective. In consequence, weightings of the sub-components emphasise the tools of implementing gender budgeting (40%), followed by the strategic framework (30%) and the enabling environment (30%).

The value of a composite index ranges from 0 to 1; a high score in the three dimensions indicates that countries have created a strong strategic framework, have a wide range of tools applied across the budget cycle and a comprehensive enabling environment supporting the practice. Countries have been categorised as having an advanced gender budgeting practice (score 0.9 or above); a mainstreamed gender-budgeting practice (score between 0.5 and 0.9); an introductory gender budgeting practice (score between 0.2 and 0.5); or a threshold gender budgeting practice, where there is limited gender budgeting in place (score below 0.2). The index shows that no countries yet qualify as advanced practice. However, Spain, Canada, Mexico, Korea, Iceland, Sweden, Austria, Japan and Norway have successfully attained a level of gender budgeting practice that can be categorised as mainstreamed. For example, Spain, Mexico and Iceland each have a national gender equality strategy guiding the implementation of gender budgeting, have legal provisions underpinning the practice, use a broad range of implementation tools and have general availability of gender-disaggregated data.

Further development of the index would entail moving from the availability of frameworks, tools and a supportive environment to an assessment of how well systems of gender budgeting operate and the extent to which that operation is helping achieve overarching gender objectives.

### *Methodology and definitions*

Data are derived from the 2018 OECD Budget Practices and Procedures Survey. Respondents were predominantly senior budget officials in OECD countries. Responses represent the country's own assessment of current practices and procedures. Data refer only to central/federal governments and exclude the subnational level.

The composite index contains 15 variables. Weightings are based on expert judgement. For further details about the questions used, the weighting structure and the composite calculation see Annex E. The composite index is the result of adding together the normalised scores from the three subcomponents that individually vary from 0 to 1. The variables comprising the index were selected based on their relevance to the concept by OECD experts and have been reviewed by county delegates to the Senior Budgeting Officers Experts Meeting on Gender Budgeting.

## Further reading

Downes, R. and S. Nicol (2019), "Designing and implementing gender budgeting - a path to action", *https://www.oecd.org/gov/budgeting/designing-and-implementing-gender-budgeting-a-path-to-action.pdf*.

OECD (2019), *Budgeting and Public Expenditures in OECD Countries 2019*, OECD Publishing, Paris, *https://doi.org/10.1787/9789264307957-en*.

OECD (2015), Recommendation of the Council on Gender Equality in Public Life, *https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0418*.

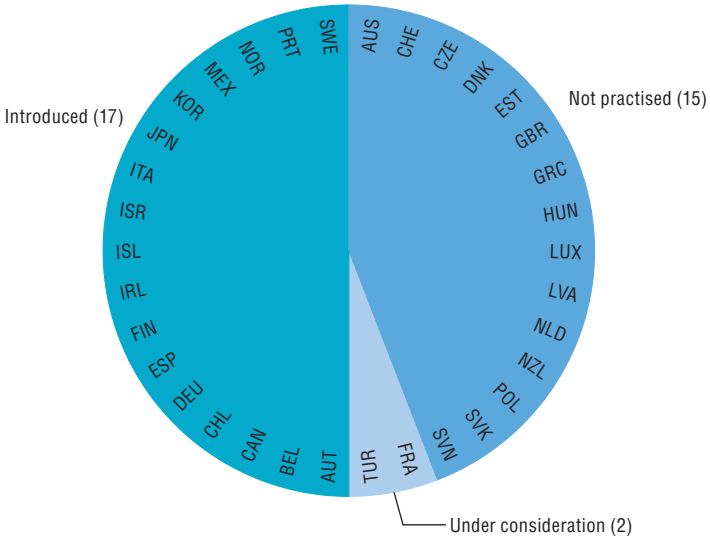
## Figure notes

On data for Israel, see *http://doi.org/10.1787/888932315602*. Data for the United States are not available.

5.7. France and Turkey report that the introduction of gender budgeting is under consideration.

5.8. Only shows data for OECD countries that have introduced gender budgeting. Data for Canada reflects the introduction of the Canada Gender Budgeting Act in December 2018. Information for countries will continue to be updated as new information is collected.

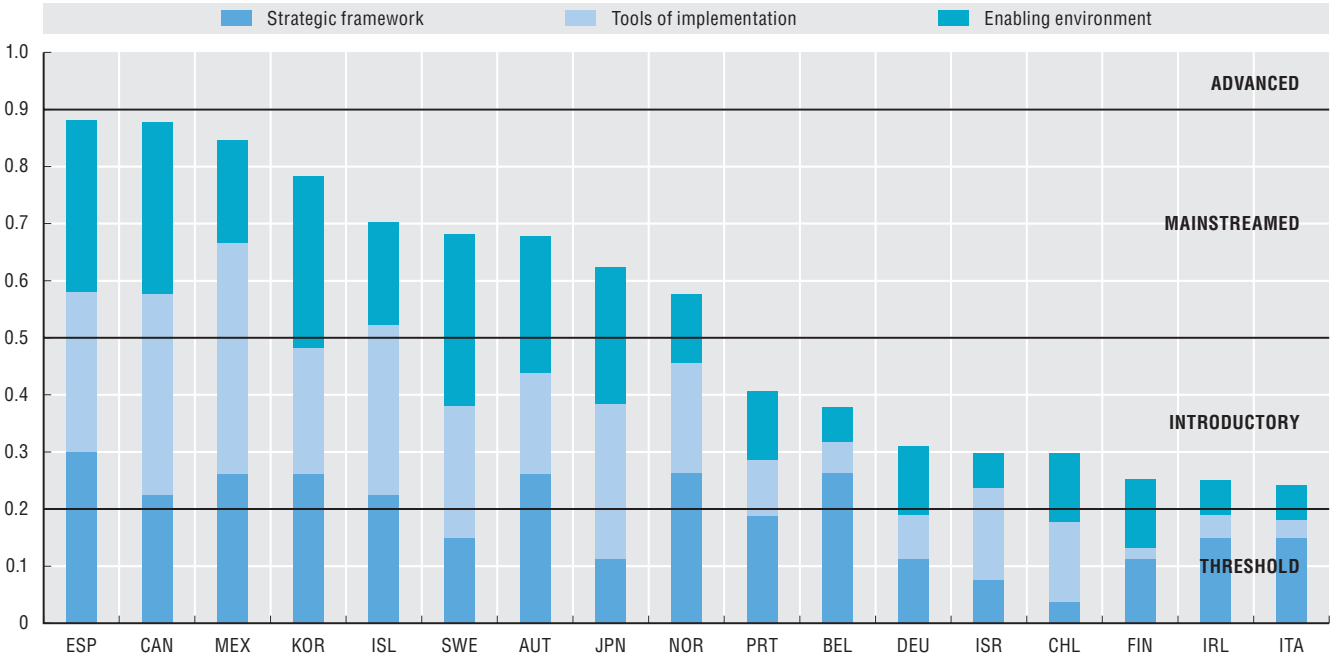
### 5.7. Existence of gender budgeting, 2018




*Source*: OECD (2018), *OECD Budget Practices and Procedures Survey*.

StatLink https://doi.org/10.1787/888934032396

### 5.8. First pass at a composite indicator on gender budgeting, 2018




*Source*: OECD (2018), *OECD Budget Practices and Procedures Survey*.

StatLink https://doi.org/10.1787/888934031256

# Budget transparency

Budget transparency refers to the full disclosure of all relevant fiscal information in a timely and systematic manner. It is a multi-dimensional concept addressing the clarity, comprehensiveness, reliability, timeliness, accessibility and usability of public reporting on public finances, as well as citizen engagement in the budget process. Some of the most important benefits of budget transparency include enhanced accountability, legitimacy, integrity, inclusiveness and quality of budget decisions all of which could ultimately develop trust between governments and citizens. Beyond the disclosure of key budgetary information, budget transparency also encompasses public participation in the budget process (OECD, 2017, 2019). The OECD actively promotes and guides the adoption of practices aimed at increasing budget transparency as reflected in the OECD *Best Practices for Budget Transparency* (2001), its *Recommendation of the Council on Budgetary Governance* (2015), and the *OECD Budget Transparency Toolkit* (2017).

As a general trend, budget transparency has improved in recent years across OECD countries, driven mainly by the availability of core budget reports. All OECD countries with available information now publish a draft budget and the approved budget (34 countries), with a majority of countries also making available the underlying datasets of these documents in a machine-readable format (e.g. open data), (respectively 24 and 27 countries). A similar trend is observed with the publication of citizens' guides to these key budget documents, which are short, easy-to-understand documents aimed at presenting budget decisions simply and clearly. While in 2012, citizens' guides to the budget were produced in 14 OECD countries (42%), they are now produced in 23 (68% of surveyed countries). The nine countries that have started producing citizens' guides to the budget since 2012 include the Czech Republic, Denmark, France, Hungary, Portugal, Slovenia, Spain, Turkey and the United Kingdom. In 2018, citizens' guides were most often published for the approved budget (17 countries) and the executive budget proposal (11 countries) and were less likely to be published for the wider range of budget documents, although these documents and their underlying datasets remain widely available.

Parliaments are responsible for approving the executive budget proposal and ensuring that the budget reflects citizens' preferences while being aligned with fiscal constraints. For all countries with available information, the breadth of budget documents provided to parliament by OECD countries has increased since 2012, signalling countries' efforts to promote transparency and encourage improved budget oversight. In 2018, all surveyed OECD countries presented macroeconomic assumptions to the legislature, 97% presented budget priorities, and 82% presented a medium-term perspective on total revenue and expenditure. A further trend in relation to budget oversight is the growing role of OECD country parliaments at the *ex ante* phase of the budget process. The number of countries reporting that the government submits a pre-budget report to the legislature increased from 19 in 2012 to 22 in 2018. While in 2012 only 3 OECD countries reported that the legislature held a pre-budget debate, this figure increased to 15 in 2018. Of these, more than half send the results of the pre-budget debate as a report to the government, including Canada, France, Greece, Ireland, Italy and Sweden.

### *Methodology and definitions*

Data are derived from the 2012 and 2018 OECD Budget Practices and Procedures Surveys, as well as the 2018 OECD Parliamentary Budget Officials (PBO) Network Survey on Parliamentary Budgeting Practices. Respondents to the 2012 and 2018 OECD Budget Practices and Procedures Surveys were predominantly senior budget officials in the central/federal ministry of finance. For the 2012 survey, data comprises all 34 OECD countries at the time. For the 2018 Survey, data are available for all OECD countries except the United States. Respondents to the 2018 OECD Parliamentary Budgeting Practices Survey were predominantly parliamentary budget officials in OECD countries. Responses represent the country's own assessment of current practices and procedures.

Open data refers to digital data that are made available with the technical and legal characteristics necessary for it to be freely used, re-used and redistributed by anyone, anytime, anywhere.

A citizens' guide is an easy-to-understand summary of the main features of the annual budget or other budget-related documents. It is a user-friendly summary that helps the general reader to make sense of the technical information and avoids technical language.

## Further reading

OCDE (2019), Budgeting and Public Expenditures in OECD Countries 2019, OECD Publishing, Paris, *https://doi.org/10.1787/9789264307957-en*.

OECD (2017), OECD Budget Transparency Toolkit: Practical Steps for Supporting Openness, Integrity and Accountability in Public Financial Management, OECD Publishing, Paris, *https://doi.org/10.1787/9789264282070-en*.

OECD (2015), *Recommendation of the Council on Budgetary Governance*, *https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0410*.

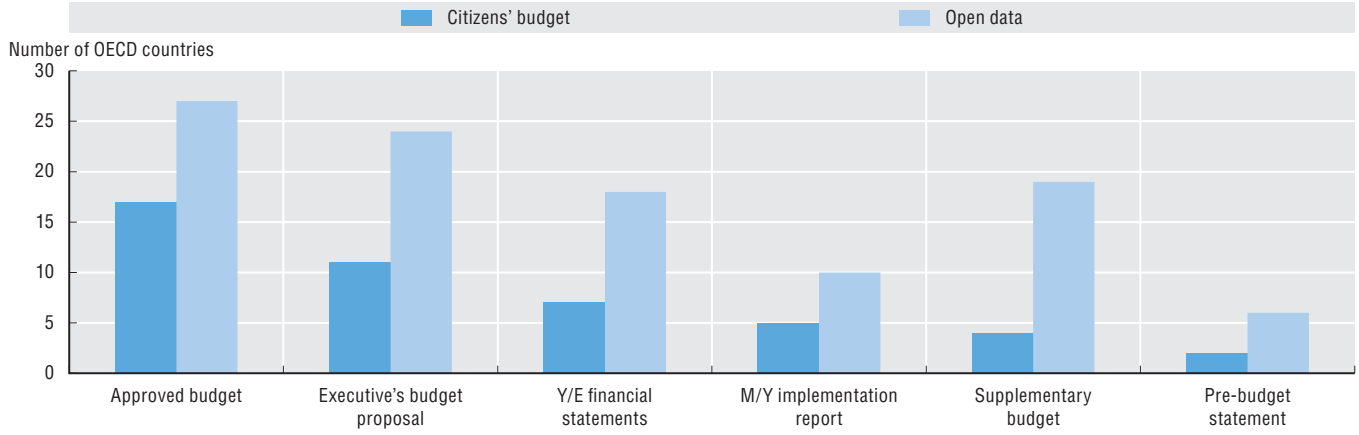
## Figures notes

On data for Israel, see *http://doi.org/10.1787/888932315602*.

5.9 and 5.10. Data for the United States are not available.

5.11. Data for Mexico are not available.

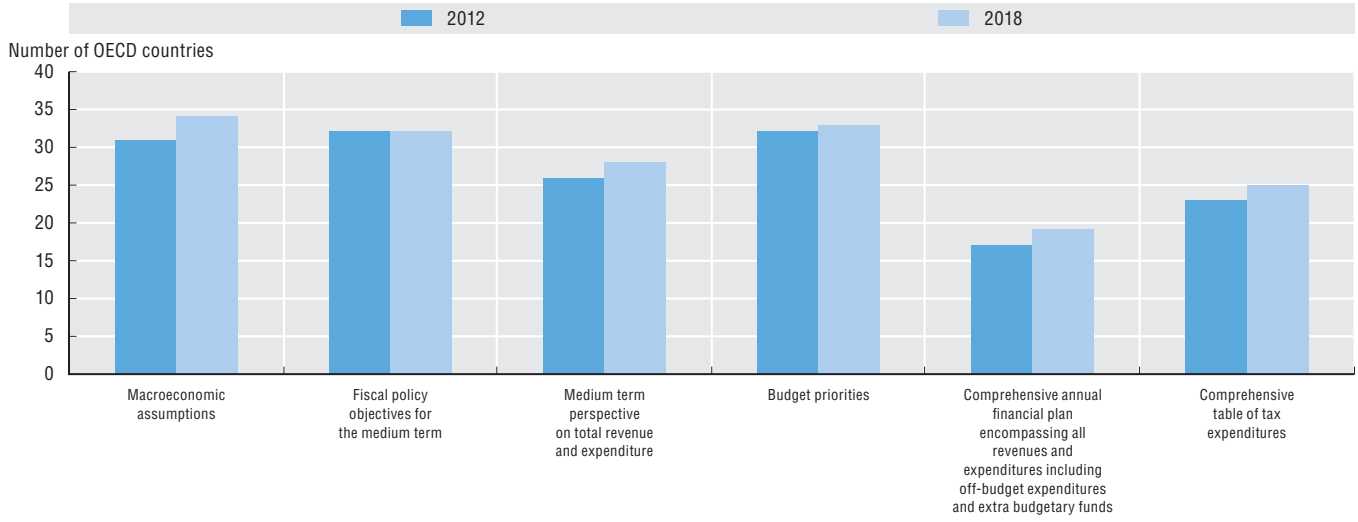
### 5.9. Means of availability and transparency of key budgetary information, 2018




*Source*: OECD (2018), *OECD Budget Practices and Procedures Survey*.

StatLink https://doi.org/10.1787/888934032415

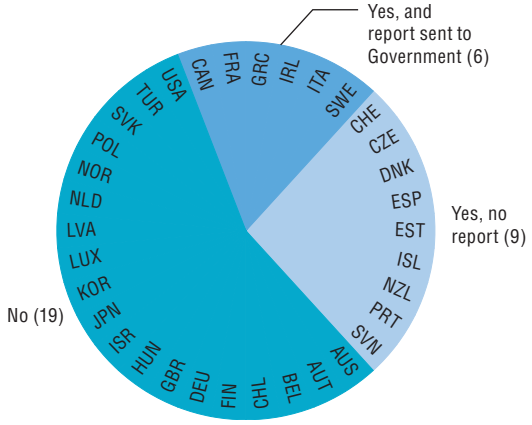
### 5.10. Budget documents presented to the legislature, 2018




*Source*: OECD (2012, 2018), *OECD Budget Practices and Procedures Survey*.

StatLink https://doi.org/10.1787/888934032434

### 5.11. Does the legislature hold a pre-budget debate?, 2018




*Source*: OECD (2018), *OECD PBO Network Survey on Parliamentary Budgeting Practices*.

StatLink https://doi.org/10.1787/888934032453

# Budgeting for environmental and sustainable development

The process and arrangements for allocating public funds are key levers for achieving sustainable development. In recent decades, countries all over the globe have committed to domestic and international objectives for sustainable development, including the Paris Agreement on Climate Change and the Sustainable Development Goals (SDGs) - with the implication to advance national policy responses. To support governments in this context, the OECD is engaging in new approaches to budget planning and preparation, promoting transparency and engagement with citizens and advocating for monitoring and evaluation processes that can support the achievement of national and international commitments. The Paris Collaborative on Green Budgeting is one of these initiatives, working closely with countries to align public revenue and spending processes with environmental and climate goals.

Green budgeting aims to provide decision makers, parliament and public with a clearer sense of the potential environmental impacts of budgeting choices. Having complete information on the long term effects of policies could shape revenue raising and resource-allocation decisions by incorporating the interests of future generations and considerations on the sustainability of resources. Still, the availability of data on environmental impacts of budget choices can be limited or not systematically used. In 2018, 20% of surveyed OECD countries published the environmental and climate impact of individual budget measures. Only Germany and Italy followed a more comprehensive approach by disclosing the impact that implementing the budget as a whole would have on the environment. Information on the effects of the budget on societal wellbeing indicators is equally rare (26% of surveyed countries). In the case of capital investments, such an environmental assessment is more common. Most OECD countries conduct environmental impact assessments at the beginning of the development of public infrastructure projects, but only 12 OECD countries estimate a project's potential carbon dioxide emissions.

Integrating environmental considerations across all policy domains of the budget, ranging from environment and climate to transport, health and finances, would support the alignment of incentives and lead to a coherent environmentally informed approach to policy making supported by budgetary decisions. In most OECD countries, climate change is reflected in the budget programmes of the ministry with the lead responsibility (e.g. Ministry of Environment). A few countries, such as Canada, Finland and Ireland reflect on climate change systematically across budgetary programmes). Performance information associated to the budget could contribute to a more systematic reflection on sustainability, as well as increase transparency and accountability of progress towards environmental goals and other international commitments. Only 25% of surveyed OECD countries have started to systematically reflect (6%) or closely align (19%) the SDGs in performance budgeting systems. For example, in Norway, each of the 17 SDGs is assigned to one co-ordinating ministry that needs to report on the follow-up of various targets under the goal of the budget documents since 2016. In Mexico, the systematic alignment of budget programmes with the SDGs through the performance evaluation system was introduced in 2018.

### *Methodology and definitions*

Data are drawn from the 2018 OECD Budget Practices and Procedures Survey, the 2018 OECD Performance Budgeting Survey and the 2018 OECD Survey of Capital Budgeting and Infrastructure Governance. Respondents to the surveys were predominantly senior officials in the ministry of finance, as well as in other relevant line ministries.

Sustainable development refers to development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It assumes the conservation of natural assets for future growth and development.

The Paris Collaborative on Green Budgeting is the first cross-country and cross-sectoral initiative to support governments in their efforts to embed environmental sustainability commitments and green growth within budget and policy frameworks. It serves as a platform to advance analytical and methodological groundwork, support peer learning and exchange of best practices, test innovative tools and pilot projects and channel this knowledge to offer targeted assistance to governments.

In most OECD countries, the budget is presented to the legislature as a set of budgetary programmes or functional areas consisting of related budget activities. This may be in addition to, or replace, presentation based on administrative and economic classification. Programme budgeting is a characteristic element of a performance-based budgeting system.

## Further reading

OECD Paris Collaborative on Green Budgeting, *http://www.oecd.org/environment/green-budgeting/*

## Figure notes

On data for Israel, see *http://doi.org/10.1787/888932315602*. Data for the United States are not available.

5.13. Greece did not reply to this survey question. Ireland is in the process of systematically integrating climate considerations across budgetary programmes.

5.14. Belgium, Ireland and Italy did not reply to this survey question.

5.15. (Environment and climate effect considerations in public infrastructure projects) is available on line in Annex F.

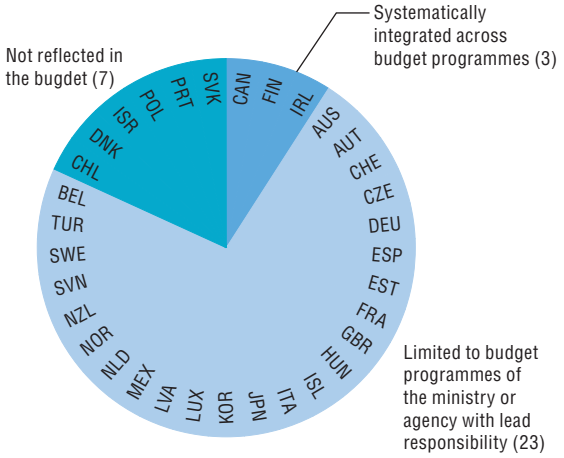
### 5.12. Environmental and general well-being considerations published in the budget, 2018

| | Environmental impacts/Climate change | Effects on range of societal well-being indicators |
|---|---|---|
| Australia | ☒ | ☒ |
| Austria | ⊖ | ☒ |
| Belgium | ☒ | ☒ |
| Canada | ☒ | ☒ |
| Chile | ☒ | ☒ |
| Czech Republic | ⊖ | ⊖ |
| Denmark | ☒ | ☒ |
| Estonia | ☒ | ☒ |
| Finland | ☒ | ☒ |
| France | ⊖ | ⊖ |
| Germany | ⦿ | ⦿ |
| Greece | ☒ | ☒ |
| Hungary | ⊖ | ⊖ |
| Iceland | ☒ | ☒ |
| Ireland | ☒ | ☒ |
| Israel | ☒ | ☒ |
| Italy | ⦿ | ⦿ |
| Japan | ☒ | ☒ |
| Korea | ☒ | ☒ |
| Latvia | ☒ | ⊖ |
| Luxembourg | ☒ | ☒ |
| Mexico | ⊖ | ⊖ |
| Netherlands | ☒ | ⦿ |
| New Zealand | ☒ | ☒ |
| Norway | ⊖ | ☒ |
| Poland | ☒ | ☒ |
| Portugal | ☒ | ☒ |
| Slovak Republic | ☒ | ☒ |
| Slovenia | ☒ | ☒ |
| Spain | ⊖ | ⊖ |
| Sweden | ☒ | ☒ |
| Switzerland | ☒ | ☒ |
| Turkey | ☒ | ☒ |
| United Kingdom | ☒ | ☒ |
| **OECD Total** | | |
| Not published ☒ | 25 | 25 |
| For individual measures ⊖ | 7 | 6 |
| For the budget ⦿ | 2 | 3 |

*Source:* OECD (2018), *OECD Budget Practices and Procedures Survey*.

StatLink https://doi.org/10.1787/888934032472

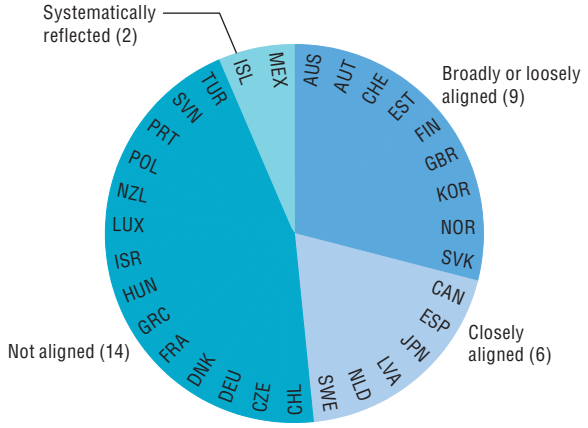
### 5.13. Process for integrating climate change in the budget, 2018




*Source:* OECD (2018), *OECD Performance Budgeting Survey*.

StatLink https://doi.org/10.1787/888934032491

### 5.14. Reflection of Sustainable Development Goals in performance budgeting systems, 2018




*Source:* OECD (2018), *OECD Performance Budgeting Survey*.

StatLink https://doi.org/10.1787/888934032510

# 6. HUMAN RESOURCES MANAGEMENT

Employment conditions of civil servants and other public employees

Learning and development in the civil service

Performance management of senior leaders in the public service

# Employment conditions of civil servants and other public employees

Governments employ people in a variety of ways through different types of employment contract, or "contractual modality". One of the most common distinctions is between people hired as statutory civil servants (usually governed by a distinct legal framework) and other employees hired under a different type of legal framework, such as the private sector labour law, with different employment conditions. Employment modalities can affect pay, job security, performance evaluation and access to training, among others. They also have a clear impact on the effectiveness of public employment systems in attracting and retaining skilled employees, and motivating them to contribute at the best of their potential to the production of good governance outcomes. If used well, different employment modalities can give public services the flexibility they need to develop and manage a workforce with the appropriate range of skills. However, without a clear understanding of the ideal mix of modalities and employment contracts for various occupational functions, public administrations risk fragmentation of their internal labour market.

A common trend in most OECD countries is for central government administrations to be staffed mainly by civil servants. The average share of civil servants in central administration across OECD countries where data were available was 68% in 2018. In Italy, the Netherlands, Poland, Slovenia and Switzerland, people who work in central government administrations apart from external consultants and temporary workers are all civil servants. On the other end of the spectrum, Sweden does not distinguish between civil servants and "other employees". Similarly, Denmark, Mexico and Ireland, too, count relatively few statutory civil servants in their central public administration. The importance of this distinction derives from the fact that the roles and responsibilities of civil servants and other public employees vary greatly from country to country.

In 67% of OECD countries, civil servants are reported to have more job security compared to other public employees. Civil servants also undergo a more rigorous recruitment process in 58% of the cases, have greater access to career advancement opportunities and have a different pay scale. Slightly less than half of OECD countries have a specific performance management regime for civil servants and, in 39% of countries, specific values and ethical standards apply to civil servants. When it comes to health insurance and pension rights, there appears to be less difference between civil servants and other public employees.

The policy challenges of the future will require a continuous reassessment of the mix of skills and competences in the civil service (OECD, 2017). Clear and transparent employment modalities, aligned to the job and labour market, are key to prospective candidates and retain in-house talent in the public sector, particularly in areas where there could be skills shortages.

### *Methodology and definitions*

Data were initially collected through the 2016 OECD Survey on Strategic Human Resources Management (SHRM) and updated in 2019. Most respondents were senior officials in central government human resources management (HRM) departments, and data refer to HRM practices in central government. The survey was completed by all OECD countries, as well as the OECD accession countries Colombia and Costa Rica. Considerable variation in definitions of the civil service, as well as the organisations governed at the central level of government, exists. In this survey, civil servants are only those public employees covered under a specific public legal framework or other specific provisions, whereas the category of other employees covers the persons hired under a different type of legal framework, such as the private sector labour law, with different employment conditions. The data do not capture consultants contracted under a different employment framework in the public sector.

## Further reading

OECD (2019), *Recommendation of the Council on Public Service Leadership and Capability*, *https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0445*.

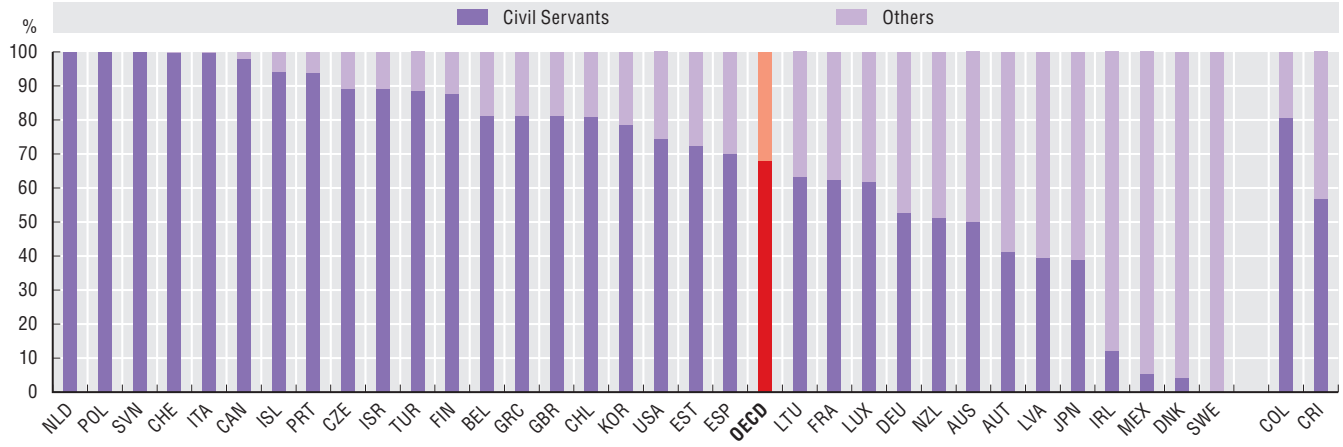
OECD (2017), *Skills for a High Performing Civil Service*, OECD Public Governance Reviews, OECD Publishing, Paris, *https://doi.org/10.1787/9789264280724-en*

## Figure notes

Data for, Iceland, Turkey and Colombia refer to 2016. On data for Israel, see *http://doi.org/10.1787/888932315602*.

6.1. Data for Denmark, Israel, Japan, Mexico and New Zealand refer to 2019. Data for France, Germany, Korea and Poland refer to 2017. Data for Italy, Latvia, and the United States refer to 2016. Data for Slovenia refer to 2015. Data on other public employees were not available for Hungary, Norway and the Slovak Republic. For Korea, data for civil servants were compiled by the Ministry of Personnel Management and data for 'other public employees' were compiled by the Ministry of Employment and Labour. For Portugal, 'other public employees' includes executive limited-term managers. Civil servants defined as civil public employees covered under a specific public legal framework or other specific provisions refers in Denmark to "tjenstemænd".

### 6.1. Civil servants and other employees in central administrations, 2018




*Source*: OECD (2019), *OECD Survey on Strategic Human Resource Management (SHRM)*.

StatLink https://doi.org/10.1787/888934032529

### 6.2. Differences in employment frameworks for civil servants compared to other employees in central administrations, 2019

| | Civil servants have | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | More… | | | | | Better… | Specific… | | Different… |
| | job security | health insurance | training opportunities | career advancement opportunities | vigorous recruitment process | retirement pensions | values and ethical standards | performance management | pay scales |
| Australia | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| Austria | ■ | □ | □ | □ | □ | □ | □ | □ | ■ |
| Belgium | ■ | ■ | □ | ■ | ■ | ■ | □ | □ | □ |
| Canada | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| Chile | ■ | □ | ■ | ■ | ■ | □ | ■ | ■ | ■ |
| Czech Republic | ■ | □ | □ | □ | ■ | □ | □ | ■ | ■ |
| Denmark | ■ | ■ | □ | □ | □ | ■ | □ | □ | □ |
| Estonia | □ | □ | □ | □ | ■ | □ | ■ | □ | □ |
| Finland | ■ | □ | □ | □ | □ | □ | ■ | □ | □ |
| France | ■ | □ | ■ | ■ | ■ | □ | □ | □ | ■ |
| Germany | ■ | ■ | □ | ■ | ■ | ■ | ■ | □ | ■ |
| Greece | □ | □ | □ | ■ | ■ | □ | □ | ■ | □ |
| Hungary | ■ | □ | ■ | ■ | □ | □ | ■ | ■ | ■ |
| Iceland | □ | □ | □ | □ | □ | □ | □ | □ | □ |
| Ireland | □ | □ | □ | □ | □ | □ | □ | ■ | ■ |
| Israel | ■ | □ | ■ | ■ | □ | ■ | □ | □ | ■ |
| Italy | ■ | ■ | ■ | ■ | ■ | ■ | □ | ■ | ■ |
| Japan | □ | x | x | ■ | x | x | ■ | ■ | ■ |
| Korea | ■ | □ | ■ | ■ | ■ | x | ■ | ■ | ■ |
| Latvia | ■ | □ | □ | ■ | ■ | □ | □ | □ | □ |
| Lithuania | ■ | □ | ■ | ■ | ■ | □ | ■ | ■ | ■ |
| Luxembourg | ■ | □ | □ | ■ | ■ | ■ | ■ | □ | ■ |
| Mexico | ■ | □ | □ | ■ | ■ | □ | □ | ■ | □ |
| Netherlands | □ | □ | □ | □ | □ | □ | □ | □ | □ |
| New Zealand | □ | □ | □ | □ | □ | □ | □ | □ | □ |
| Norway | ■ | □ | □ | □ | ■ | □ | □ | □ | □ |
| Poland | ■ | □ | ■ | □ | ■ | □ | ■ | ■ | ■ |
| Portugal | ■ | □ | □ | □ | □ | □ | □ | □ | □ |
| Slovak Republic | ■ | □ | ■ | ■ | ■ | □ | ■ | ■ | ■ |
| Slovenia | □ | □ | □ | ■ | ■ | □ | □ | □ | □ |
| Spain | ■ | □ | □ | ■ | ■ | □ | □ | □ | ■ |
| Sweden | □ | □ | □ | □ | □ | □ | □ | □ | □ |
| Switzerland | □ | □ | □ | □ | □ | □ | □ | □ | □ |
| Turkey | ■ | □ | □ | ■ | □ | □ | □ | ■ | ■ |
| United Kingdom | □ | □ | □ | □ | □ | □ | ■ | ■ | ■ |
| United States | □ | □ | □ | □ | □ | □ | □ | ■ | ■ |
| **OECD Total** | | | | | | | | | |
| Yes ■ | **24** | **6** | **11** | **20** | **20** | **8** | **14** | **17** | **21** |
| No □ | 12 | 29 | 24 | 16 | 15 | 27 | 22 | 19 | 15 |
| Not applicable x | | 1 | 1 | | 1 | 2 | | | |
| Colombia | ■ | □ | ■ | □ | □ | □ | □ | ■ | ■ |
| Costa Rica | □ | □ | □ | □ | □ | □ | □ | □ | □ |

*Source*: OECD (2019), *OECD Survey on Strategic Human Resource Management (SHRM)*.

StatLink https://doi.org/10.1787/888934032548

# Learning and development in the civil service

Historically, the recruitment and development model of the public sector in many countries has been to recruit at entry-level and develop civil servants through specific training. However, cuts to training budgets implemented during recent periods of austerity have reduced access to traditional classroom training in many OECD countries (OECD, 2016). Nevertheless, strategic and targeted learning and development investments are essential for public services to keep up with fast-changing demands of citizens and technological advancements. Furthermore, access to learning opportunities can be an important attractor and motivator for high-performing civil servants. The 2019 OECD Recommendation on Public Service Leadership and Capability recommends that adherents create a learning culture and environment in the public service that extends well beyond traditional classroom training.

In 2019, around 61% of OECD countries (22 out of 36) have civil-service-wide training strategies or action plans – an increase from slightly less than half in 2016. In 2016, Portugal revised its approach to skills development in the civil service: the current civil service-wide training strategy includes initial training (compulsory for most staff), continuous training and self-training. Even more, about 70% of countries develop organisational learning plans within the central public administration. However, only half of the countries (18) require civil servants themselves to develop individual learning plans. The data suggest a focus on executive leadership training and coaching as a training priority, and that mixed learning models are increasingly sought after. Coaching and mentoring for non-executives is a training priority in eleven OECD countries, such as Germany and Korea.

Used strategically, mobility programmes can be a part of learning and development initiatives, and a valuable development tool for staff and organisations. However, less than half of OECD countries have specific programmes to encourage mobility in the civil service. In turn, less than one-third of OECD countries reported civil servants having the right to a minimum amount of time to pursue training initiatives each year.

These data suggest a wide recognition of the importance of learning and development in OECD countries, as seen, for example, in the number of civil services that now have civil-service-wide training strategies. The prioritisation of training for executive leadership in two-thirds of OECD countries demonstrates the important role of this group as catalysts for strategic reforms across the civil service. For example, Germany has established a coaching pool for executive leaders, while the United States uses its Centre for Leadership Development. The relatively low investments in coaching and mentoring initiatives indicates scope for enhancing learning and development by drawing on institutional knowledge.

### *Methodology and definitions*

Data were initially collected through the 2016 OECD Survey on Strategic Human Resources Management and updated in 2019. Most respondents were senior officials in central government HRM departments, and data refer to HRM practices in central government. The survey was completed by all OECD countries, as well as by the OECD accession countries, Colombia and Costa Rica.

Considerable variation in definitions of the civil service, as well as the organisations governed at the central level of government, exists. In this survey, civil servants are only those public employees covered under a specific public legal framework or other specific provisions. For more information on the classification of senior managers, please refer to Annex D.

## Further reading

OECD (2019), *Recommendation of the Council on Public Service Leadership and Capability*, *https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0445*.

OECD (2017), *Skills for a High Performing Civil Service*, OECD Public Governance Reviews, OECD Publishing, Paris, *https://doi.org/10.1787/9789264280724-en*.

OECD (2016), *Engaging Public Employees for a High-Performing Civil Service*, OECD Public Governance Reviews, OECD Publishing, Paris, *https://doi.org/10.1787/9789264267190-en*.

## Figure notes

Data for Colombia, Iceland and Turkey refer to 2016. On data for Israel, see *http://doi.org/10.1787/888932315602*.

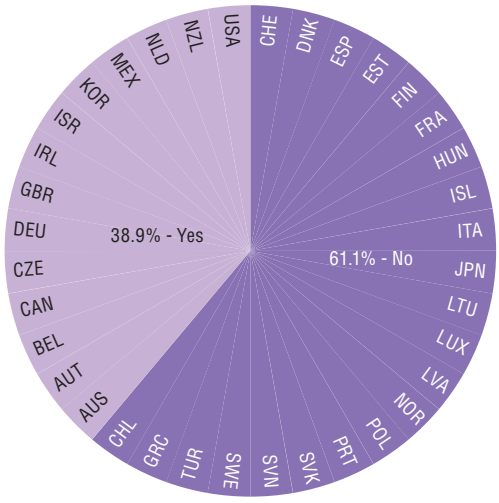
### 6.3. Learning and development initiatives and training priorities in central administrations, 2019

| | Planning learning and training | | | Training priorities | | | |
|---|---|---|---|---|---|---|---|
| | Civil service-wide training strategy and/or action plan | Organizational learning plans in each organisation within the central public administration | Civil servants required to develop individual learning plans | Online course development (e-learning, m-learning, blended learning) | Executive leadership training and coaching | IT / digital skills training | Coaching and mentoring |
| Australia | ■ | ■ | ■ | □ | ■ | ■ | □ |
| Austria | □ | ■ | □ | ■ | □ | ■ | □ |
| Belgium | ■ | □ | ■ | ■ | ■ | □ | ■ |
| Canada | ■ | □ | ■ | ■ | ■ | □ | □ |
| Chile | □ | ■ | □ | ■ | ■ | □ | □ |
| Czech Republic | ■ | ■ | ■ | □ | □ | □ | □ |
| Denmark | □ | □ | ■ | ■ | ■ | ■ | □ |
| Estonia | ■ | ■ | □ | ■ | ■ | □ | ■ |
| Finland | □ | ■ | ■ | ■ | ■ | ■ | □ |
| France | ■ | ■ | □ | ■ | ■ | ■ | ■ |
| Germany | □ | ■ | □ | □ | ■ | ■ | ■ |
| Greece | ■ | □ | □ | □ | □ | ■ | □ |
| Hungary | ■ | ■ | ■ | ■ | □ | ■ | □ |
| Iceland | □ | ■ | ■ | □ | □ | □ | □ |
| Ireland | ■ | □ | ■ | □ | ■ | □ | ■ |
| Israel | ■ | ■ | □ | ■ | ■ | □ | □ |
| Italy | ■ | □ | □ | ■ | □ | ■ | □ |
| Japan | ■ | ■ | □ | □ | □ | □ | ■ |
| Korea | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| Latvia | □ | ■ | □ | ■ | ■ | □ | □ |
| Lithuania | ■ | ■ | □ | □ | □ | □ | □ |
| Luxembourg | ■ | □ | ■ | ■ | ■ | ■ | ■ |
| Mexico | ■ | □ | □ | ■ | ■ | □ | □ |
| Netherlands | □ | □ | □ | ■ | □ | ■ | □ |
| New Zealand | □ | ■ | ■ | □ | ■ | □ | □ |
| Norway | □ | □ | ■ | ■ | □ | ■ | □ |
| Poland | ■ | ■ | ■ | ■ | □ | □ | □ |
| Portugal | ■ | ■ | ■ | □ | ■ | ■ | □ |
| Slovak Republic | ■ | ■ | ■ | □ | ■ | □ | ■ |
| Slovenia | □ | ■ | □ | ■ | ■ | □ | □ |
| Spain | ■ | ■ | □ | ■ | ■ | ■ | □ |
| Sweden | □ | ■ | ■ | ■ | ■ | ■ | □ |
| Switzerland | ■ | □ | □ | ■ | ■ | ■ | □ |
| Turkey | □ | ■ | □ | ■ | ■ | ■ | ■ |
| United Kingdom | ■ | ■ | ■ | □ | ■ | □ | □ |
| United States | □ | ■ | □ | □ | ■ | □ | ■ |
| **OECD Total** | | | | | | | |
| Yes ■ | **22** | **25** | **18** | **23** | **25** | **18** | **11** |
| No □ | **14** | **11** | **18** | **13** | **11** | **18** | **25** |
| Colombia | ■ | ■ | ■ | ■ | □ | □ | □ |
| Costa Rica | ■ | ■ | □ | ■ | ■ | ■ | □ |

*Source*: OECD (2019), *OECD Survey on Strategic Human Resource Management (SHRM)*.

StatLink https://doi.org/10.1787/888934032567

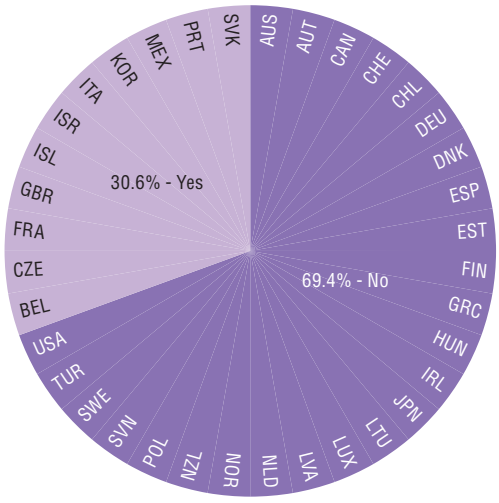
### 6.4. Existence of specific programmes to encourage mobility in the civil service, 2016




*Source*: OECD (2019), *OECD Survey on Strategic Human Resource Management (SHRM)*.

StatLink https://doi.org/10.1787/888934032586

### 6.5. Right for civil servants to a certain amount of training days per year, 2019




*Source*: OECD (2019), *OECD Survey on Strategic Human Resource Management (SHRM)*.

StatLink https://doi.org/10.1787/888934032605

# Performance management of senior leaders in the public service

Senior civil servants and managers work at the interface of political and administrative authority, often drawing on vast institutional knowledge and networks built over the course of a broad and varied career. They are responsible not only for a wide variety of outputs and outcomes but also for overseeing the processes, budgets and people that achieve these. Increasingly, civil services of OECD countries use performance management systems to help focus leadership and management efforts and align incentives with desired behaviour and outcomes. When designed and used effectively, performance management systems can ensure accountability for results and develop important professional and leadership competencies. Previous OECD research has suggested, however, that all-encompassing, technocratic performance monitoring systems and contractual arrangements have had mixed results, as have performance-related pay reforms (OECD, 2015).

In two-thirds of OECD countries where there exists a performance management regime for senior managers, senior civil servants are often subject to specific performance agreements with their minister (15 countries) and/or the administrative head of the civil service (7 countries). For example, countries such as the Netherlands and Norway use both. In slightly over half of OECD countries, senior managers can be granted a bonus if they meet certain performance criteria. Whereas just 17% of countries link promotion prospects with good performance, 19 OECD countries allow for dismissal in the case of poor results in performance assessment.

In slightly over three-quarters of OECD countries, senior managers are subject to fixed-term appointments. This may reflect a desire in these countries to facilitate mobility and provide the flexibility to bring in new skills and experience for this important cohort. Slightly more than 60% of OECD countries link appointment renewal for senior managers to performance assessment. However, in about 70% of the countries where this link is established, senior managers are not obliged to meet a certain minimum standard.

Based on available data, central public administrations reported prioritising mechanisms to deal with poor performance over establishing a more strategic use of performance management to identify, retain and promote high achievers (such as the Australian Public Service Commission's emphasis on talent management). More than 60% of OECD countries do not report having policies in place to identify potential senior managers early on in their careers.

### *Methodology and definitions*

Evidence presented here was initially collected through the 2016 OECD Survey on Strategic Human Resources Management and updated in 2019. Most respondents were senior officials in central government HRM departments, and data refer to HRM practices in central government. The survey was completed by all OECD countries, as well as the OECD accession countries Colombia and Costa Rica.

The definitions of the civil service, as well as the organisations governed at the central level of government, vary significantly. In this survey, civil servants are only those public employees covered under a specific public legal framework or other specific provisions. Senior managers are D1 and D2 managers, alternatively referred to as "senior civil servants" or "top managers". The word "senior" denotes rank, and is not a reference to age or seniority in terms of length of career or tenure. Senior managers can be younger and have fewer years of experience than middle managers, for example. The D1 and D2 managers for which data is presented here are adapted from the International Standard classification of occupations (ISCO-08) developed by the International Labour Organization. For detailed definitions of each of the levels, see Annex D online. A performance agreement is an agreement between an employee and his/her supervisor concerning objectives against which the employee's performance can be assessed.

## Further reading

OECD (2019), *Recommendation of the Council on Public Service Leadership and Capability*, *https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0445*.

OECD (2017), Skills for a High Performing Civil Service, OECD Public Governance Reviews, OECD Publishing, Paris, *https://doi.org/10.1787/9789264280724-en*

OECD (2016), Engaging Public Employees for a High-Performing Civil Service, OECD Public Governance Reviews, OECD Publishing, Paris. http://doi.org/10.1787/9789264267190-en.

## Figure notes

Data for Colombia, Iceland, and Turkey refer to 2016. On data for Israel, see *http://doi.org/10.1787/888932315602*.

6.6. In Austria, the Netherlands, Slovenia, Switzerland, Turkey and Costa Rica, there exists a performance management regime that is the same for all civil servants.

For Germany, the answer "yes" for "Existence of a performance-management regime for senior managers" and "Performance appraisal system which includes Outcome indicators" only applies to those senior managers who are civil servants. The answer "yes" for "Performance-related pay" and "Dismissal for bad performance" only applies to those senior managers who are public employees.

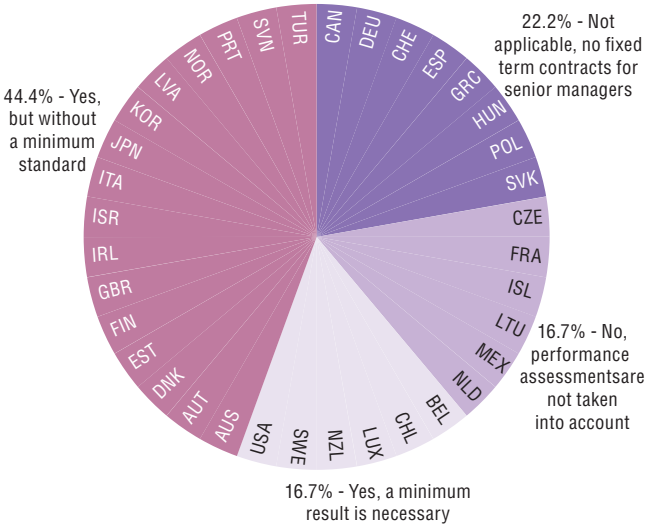
## 6.6. Features of the performance regime for senior managers, 2019

| | Existence of a performance-management regime for senior managers | Performance-related pay | Performance agreement with the Minister (at D1 level) | Performance agreement with the Administrative head of the Civil Service (at D1 level) | Performance appraisal system which includes: | | | | Promotion for good performance | Dismissal for bad performance |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outcome indicators | Output indicators | Organizational management indicators | 360 degree appraisal | | |
| Australia | ■ | ■ | □ | ■ | ■ | ■ | ■ | ■ | □ | ■ |
| Austria | □ | □ | □ | □ | ■ | ■ | □ | □ | □ | ■ |
| Belgium | ■ | □ | ■ | □ | ■ | ■ | ■ | □ | □ | ■ |
| Canada | ■ | ■ | □ | □ | ■ | ■ | ■ | □ | □ | ■ |
| Chile | ■ | ■ | ■ | □ | □ | ■ | ■ | □ | □ | ■ |
| Czech Republic | ■ | ■ | □ | □ | ■ | ■ | ■ | □ | □ | ■ |
| Denmark | ■ | ■ | □ | ■ | □ | □ | □ | □ | □ | □ |
| Estonia | ■ | ■ | □ | □ | □ | □ | □ | ■ | □ | □ |
| Finland | ■ | □ | □ | □ | ■ | ■ | ■ | □ | ■ | ■ |
| France | ■ | ■ | ■ | □ | ■ | □ | □ | ■ | □ | □ |
| Germany | ■ | ■ | □ | □ | ■ | □ | □ | □ | □ | ■ |
| Greece | ■ | □ | ■ | □ | ■ | ■ | ■ | ■ | ■ | ■ |
| Hungary | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ |
| Iceland | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ |
| Ireland | ■ | □ | ■ | □ | □ | □ | ■ | ■ | □ | □ |
| Israel | ■ | □ | □ | □ | ■ | ■ | ■ | ■ | ■ | ■ |
| Italy | ■ | ■ | ■ | □ | □ | □ | ■ | □ | □ | ■ |
| Japan | ■ | □ | □ | □ | □ | □ | □ | □ | □ | □ |
| Korea | ■ | ■ | ■ | □ | ■ | ■ | ■ | ■ | ■ | ■ |
| Latvia | ■ | ■ | ■ | □ | ■ | □ | □ | ■ | □ | ■ |
| Lithuania | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ |
| Luxembourg | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ |
| Mexico | □ | □ | □ | □ | ■ | ■ | ■ | □ | □ | ■ |
| Netherlands | □ | □ | ■ | ■ | □ | □ | □ | □ | □ | □ |
| New Zealand | ■ | ■ | □ | ■ | □ | □ | □ | □ | □ | □ |
| Norway | ■ | ■ | ■ | ■ | □ | □ | □ | □ | □ | □ |
| Poland | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ |
| Portugal | ■ | □ | ■ | □ | ■ | ■ | ■ | □ | □ | ■ |
| Slovak Republic | ■ | ■ | □ | □ | □ | ■ | □ | □ | □ | ■ |
| Slovenia | □ | ■ | □ | □ | □ | □ | □ | □ | □ | □ |
| Spain | ■ | ■ | ■ | □ | □ | □ | □ | □ | □ | ■ |
| Sweden | ■ | ■ | ■ | □ | □ | □ | □ | □ | □ | □ |
| Switzerland | □ | ■ | ■ | □ | □ | □ | □ | □ | □ | □ |
| Turkey | □ | □ | ■ | □ | □ | □ | ■ | □ | ■ | □ |
| United Kingdom | ■ | ■ | □ | ■ | ■ | ■ | ■ | ■ | □ | ■ |
| United States | ■ | ■ | □ | ■ | ■ | ■ | ■ | □ | ■ | ■ |
| **OECD Total** | | | | | | | | | | |
| Yes ■ | **25** | **20** | **15** | **7** | **16** | **15** | **16** | **9** | **6** | **19** |
| No □ | 11 | 16 | 21 | 29 | 20 | 21 | 20 | 27 | 30 | 17 |
| Colombia | ■ | □ | ■ | □ | □ | □ | □ | □ | □ | □ |
| Costa Rica | □ | □ | □ | □ | □ | □ | □ | □ | □ | ■ |

*Source*: OECD (2019), *OECD Survey on Strategic Human Resource Management (SHRM)*.

StatLink https://doi.org/10.1787/888934032624

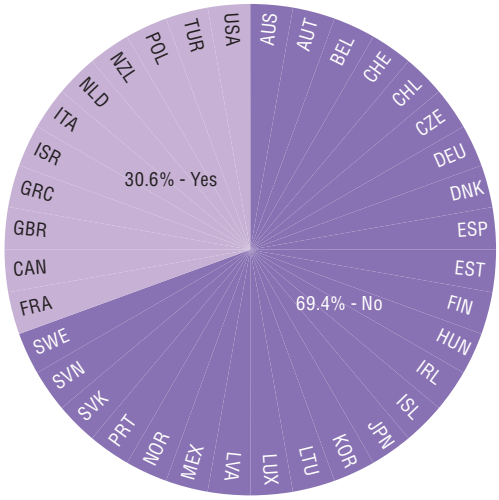
## 6.7. Existence of a relationship between contract renewal for SCS and results of formal performance assessment, 2019




*Source*: OECD (2019), *OECD Survey on Strategic Human Resource Management (SHRM)*.

StatLink https://doi.org/10.1787/888934032643

## 6.8. Existence of policies to identify potential senior managers early on in their career, 2019




*Source*: OECD (2019), *OECD Survey on Strategic Human Resource Management (SHRM)*.

StatLink https://doi.org/10.1787/888934032662

# 7. REGULATORY GOVERNANCE

Stakeholder engagement for developing regulations

Regulatory impact assessment

*Ex post* evaluation of regulation

# Stakeholder engagement for developing regulations

Stakeholder engagement helps to ensure that regulations focus on user needs by involving citizens, businesses, civil society and others. These stakeholders can provide expertise and evidence about policy problems and possible solutions to address them, thereby improving the quality of regulatory design. Stakeholder engagement also makes regulations more inclusive and helps affected parties develop a sense of ownership of regulations. This in turn strengthens trust in government, social cohesion and compliance with regulations.

OECD countries show a general commitment to stakeholder engagement, but there is much room for improvement to make consultations more open to the wider public and useful in the policy process. All surveyed jurisdictions require stakeholder engagement for the development of at least some regulations. Overall, formal requirements and consultation practices are less stringent for subordinate regulations. Early stakeholder engagement to inform officials about the nature of a problem and possible solutions does not take place on a systematic basis in most OECD countries. Canada, Iceland and the European Commission have recently introduced reforms to broaden the scope of stakeholder engagement at different stages of the regulatory development process.

Countries have a lot to gain from improving the transparency and oversight of their stakeholder engagement. For example, while many countries publish consultation comments online and pass them on to decision makers, most countries do not systematically inform the public in advance about upcoming consultations or provide feedback on how comments were taken into account. In the area of oversight, most countries currently do not conduct regular evaluations of the performance of their stakeholder engagement systems.

Compared to 2014, countries have only slightly improved their stakeholder engagement practices, with greater improvements for engagement regarding primary laws than for subordinate regulations. Countries such as Israel, Italy, Korea and the Netherlands have broadened their consultation practices and made them more accessible to the wider public. In contrast, evidence of the implementation of stakeholder engagement is weaker in some countries compared to 2014, which is reflected in a decreased score.

The *Indicators of Regulatory Policy and Governance* (iREG) provide a comprehensive evidence base of progress made by OECD countries in improving the way they regulate based on the practices described in the 2012 OECD Recommendation on Regulatory Policy and Governance. The more of these practices a country has adopted, the higher is its indicator score. The composite indicator is composed of four equally weighted categories: methodology gathers information on methods and tools for stakeholder engagement; oversight and quality control records information on mechanisms to monitor and evaluate stakeholder engagement practices; systematic adoption records formal requirements and how often they are conducted in practice; transparency records information relating to the principles of open government. The maximum score for each category is 1, and the total score for the composite indicator ranges from 0 to 4. The iREG composite indicator on stakeholder engagement presented here is also one of the central indicators used to measure the dimension "civic engagement" of the OECD Better Life Index.

### *Methodology and definitions*

*The Indicators of Regulatory Policy and Governance (iREG)* draw upon responses provided by delegates to the OECD Regulatory Policy Committee and central government officials to the 2017 and 2014 OECD Indicators of Regulatory Policy and Governance Survey for 38 OECD member and accession countries, and the European Union. The data only covers primary laws and subordinate regulations initiated by the executive. In the majority of OECD and accession countries, a majority of primary laws are initiated by the executive. The exceptions are Colombia, Costa Rica, Korea and Mexico, where a higher share of primary laws is initiated by the legislature. All questions on primary laws are not applicable to the United States as the US executive does not initiate primary laws at all. More information on the iREG indicators can be found in Annex E and at *oe.cd/ireg*.

Primary laws are regulations that must be approved by the legislature, while subordinate regulations can be approved by the head of government, by an individual minister or by the cabinet.

## Further reading

OECD (forthcoming), *OECD Best Practice Principles for Regulatory Policy: Stakeholder Engagement*, OECD Publishing, Paris.

OECD (2018), *OECD Regulatory Policy Outlook 2018*, OECD Publishing, Paris, *https://doi.org/10.1787/9789264303072-en*.

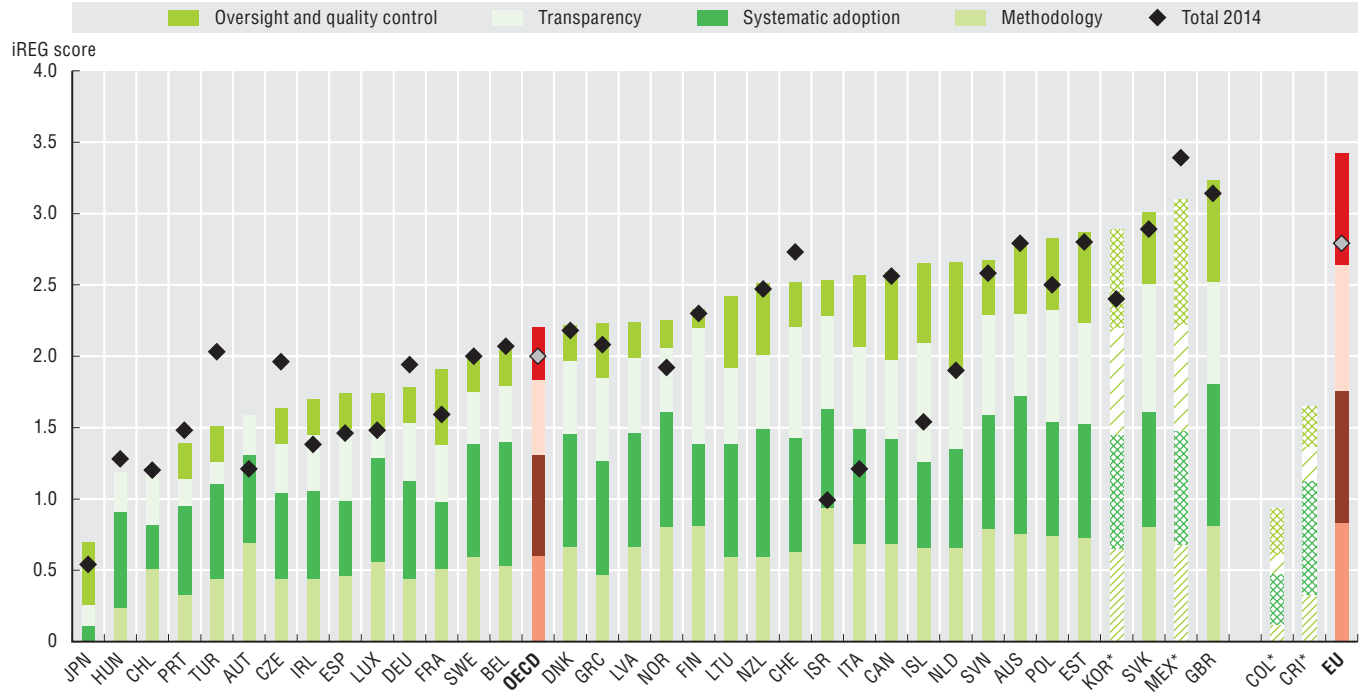
OECD (2012), *Recommendation of the Council on Regulatory Policy and Governance, https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0390*

## Figure notes

On data for Israel, see *http://doi.org/10.1787/888932315602*. Data for Latvia, Lithuania, Colombia and Costa Rica are not available for 2014.

7.1. Country scores are not presented for the United States where all primary laws are initiated by Congress. *In the majority of OECD countries, most primary laws are initiated by the executive, except for Korea, Mexico, Colombia and Costa Rica where the majority of primary laws are initiated by the legislature.

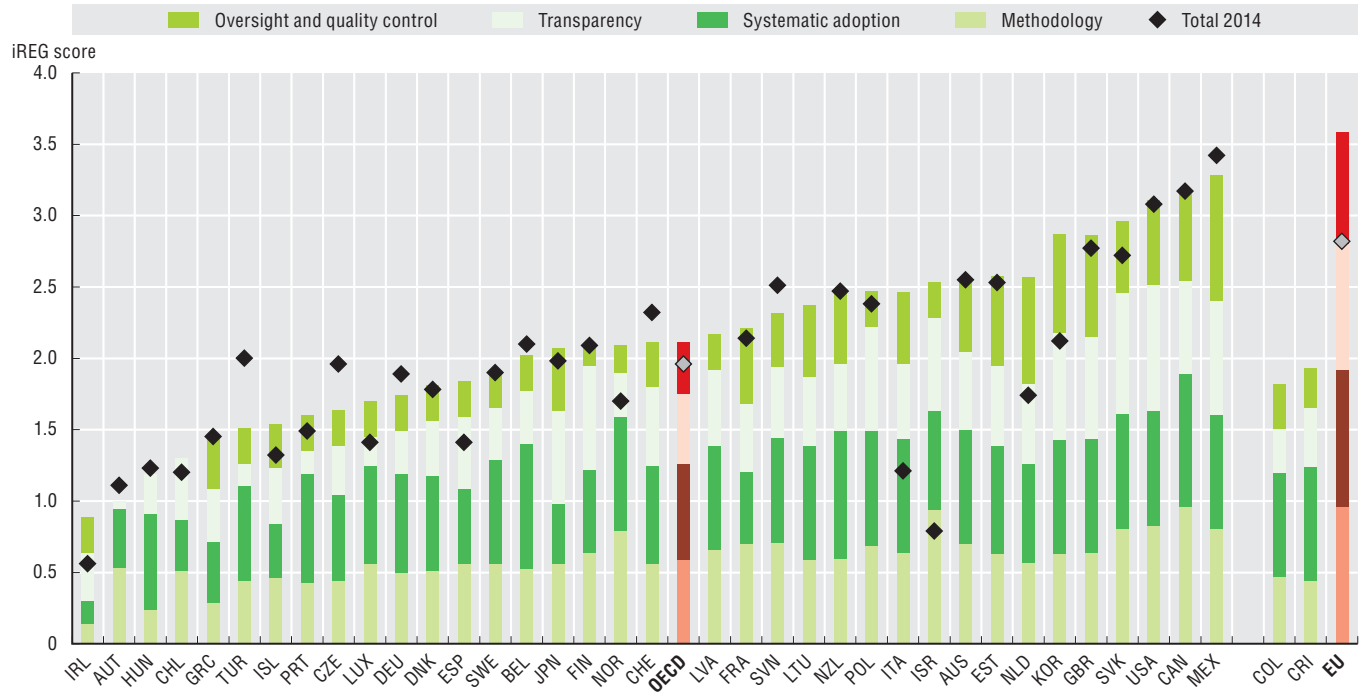
### 7.1. Stakeholder engagement in developing primary laws, 2014 and 2017




*Source*: OECD Indicators of Regulatory Policy and Governance (iREG) 2015 and 2018, *http://oe.cd/ireg*.

StatLink https://doi.org/10.1787/888934031161

### 7.2. Stakeholder engagement in developing subordinate regulations, 2014 and 2017




*Source*: OECD Indicators of Regulatory Policy and Governance (iREG) 2015 and 2018, *http://oe.cd/ireg*.

StatLink https://doi.org/10.1787/888934032681

# Regulatory impact assessment

Regulatory impact assessment (RIA) is a key tool for policy makers to decide on whether and how to regulate to achieve public policy goals. RIA analyses the costs and benefits of regulation and non-regulatory alternatives of achieving policy goals to identify the approach that is likely to deliver the greatest net benefit to society. RIA unveils the trade-offs inherent in regulatory proposals, and identifies who is likely to benefit from a regulation and who will bear the costs. RIA supports the use of evidence in policy making and helps avoid regulatory failure (e.g. from unnecessary regulation or lack thereof). Finally, RIA documents the evidence underlying policy decisions and hence increases government accountability.

Overall progress in RIA systems is stalling across OECD countries, although individual countries have made substantial improvements. In 2017, all OECD and accession countries and the European Commission require a RIA during the development of at least some regulations. Some countries have reinforced the systematic adoption of RIA, with investments in broadening formal requirements and more proportionate approaches in the past three years. For example, Chile issued a Presidential Instruction in 2016 that establishes its first-ever obligation to conduct RIA for ministries with portfolios affecting economic matters, and Portugal strengthened its RIA framework by making it compulsory for ministries to quantify the impact of new regulations on businesses as well as to assess the legislative impacts on citizens. Other countries, such as Israel, Italy, Poland and Spain have issued new RIA procedures and guidelines. RIA in a growing number of jurisdictions focuses specifically on those regulatory proposals that are expected to have the greatest impacts. Notably, several countries, such as Japan and Korea, have recently adopted a threshold test to decide whether a simplified or detailed RIA is needed.

Although oversight and quality control is still the area where OECD countries are the least advanced, some countries have made significant progress in fostering their oversight mechanisms for RIA. For example, Norway and Finland created the Norwegian Better Regulation Council and the Finish Council for Regulatory Impact Analysis, bodies at arm's length from the government that review the quality of selected RIAs and regulatory proposals. In 2015, the Slovak Republic established the Permanent Working Committee of the Legislative Council at the Ministry of Economy, which is responsible for overseeing the quality of RIAs.

The indicator presented here is part of the *iREG* indicators and a key OECD indicator to measure OECD countries' adoption of evidence-based policy making processes. It is based on the practices described in the *2012 OECD Recommendation on Regulatory Policy and Governance*. The more of these practices a country has adopted, the higher is its indicator score. The composite indicator is composed of four equally weighted categories: *methodology* gathers information on different assessments included in RIA; *oversight and quality control* records mechanisms to monitor and ensure the quality of RIA processes; *systematic adoption* records formal requirements and how often RIA is conducted in practice; *transparency* records how open RIA processes are. The maximum score for each category is 1, and the total score for the composite indicator ranges from 0 to 4.

### *Methodology and definitions*

*The Indicators of Regulatory Policy and Governance (iREG)* draw upon responses provided by delegates to the OECD Regulatory Policy Committee and central government officials to the 2017 and 2014 OECD Indicators of Regulatory Policy and Governance Survey for 38 OECD member and accession countries and the European Union. The data only covers primary laws and subordinate regulations initiated by the executive. In the majority of OECD and accession countries, a majority of primary laws are initiated by the executive. The exceptions are Colombia, Costa Rica, Korea and Mexico, where a higher share of primary laws is initiated by the legislature. All questions on primary laws are not applicable to the United States as the US executive does not initiate primary laws at all. More information on the iREG indicators can be found in Annex E and at *oe.cd/ireg*.

Primary laws are regulations that must be approved by the legislature, while subordinate regulations can be approved by the head of government, by an individual minister or by the cabinet.

## Further reading

OECD (forthcoming), OECD Best Practice Principles for Regulatory Policy: Regulatory Impact Assessment, OECD Publishing, Paris.

OECD (2018), *OECD Regulatory Policy Outlook 2018*, OECD Publishing, Paris, *https://doi.org/10.1787/9789264303072-en*.

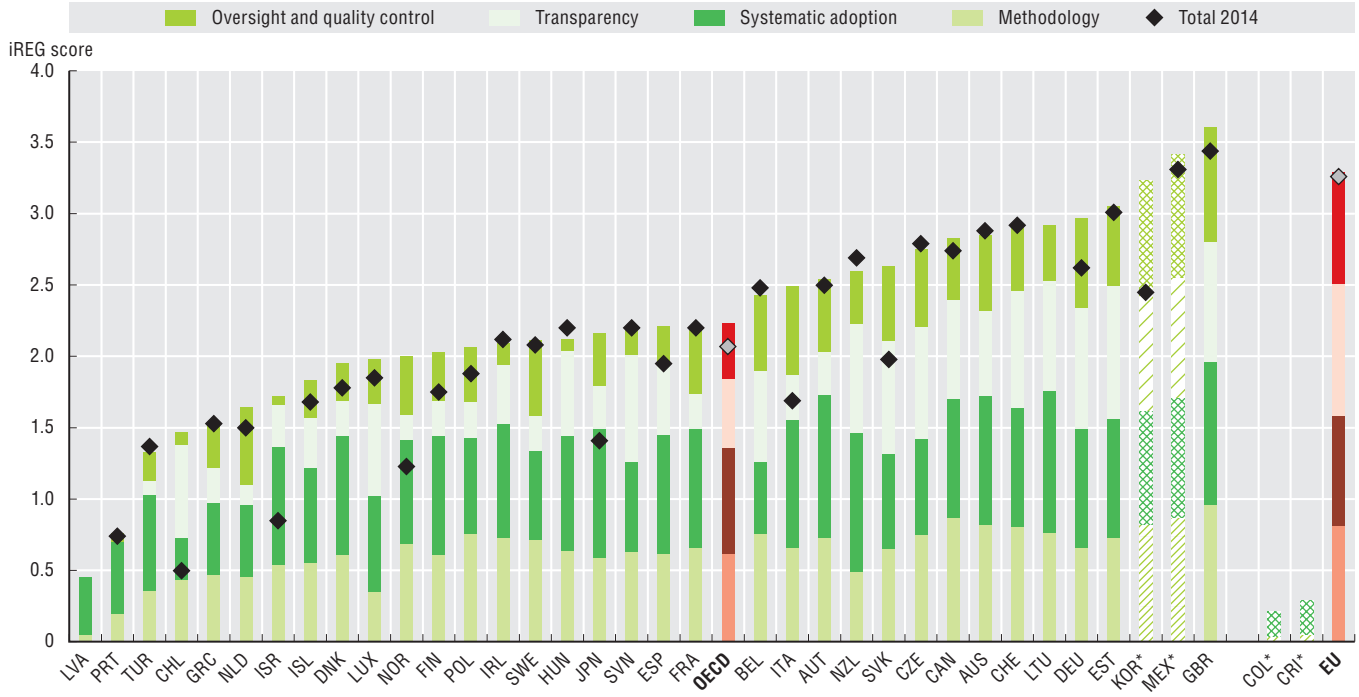
OECD (2012), *Recommendation of the Council on Regulatory Policy and Governance*, *https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0390*.

## Figure notes

On data for Israel, see *http://doi.org/10.1787/888932315602*. Data for Latvia, Lithuania, Colombia and Costa Rica are not available for 2014.

7.3: Country scores are not presented for the United States where primary laws are initiated by Congress. *In the majority of OECD countries, most primary laws are initiated by the executive, except for Korea, Mexico, Colombia and Costa Rica where a majority of primary laws are initiated by the legislature.

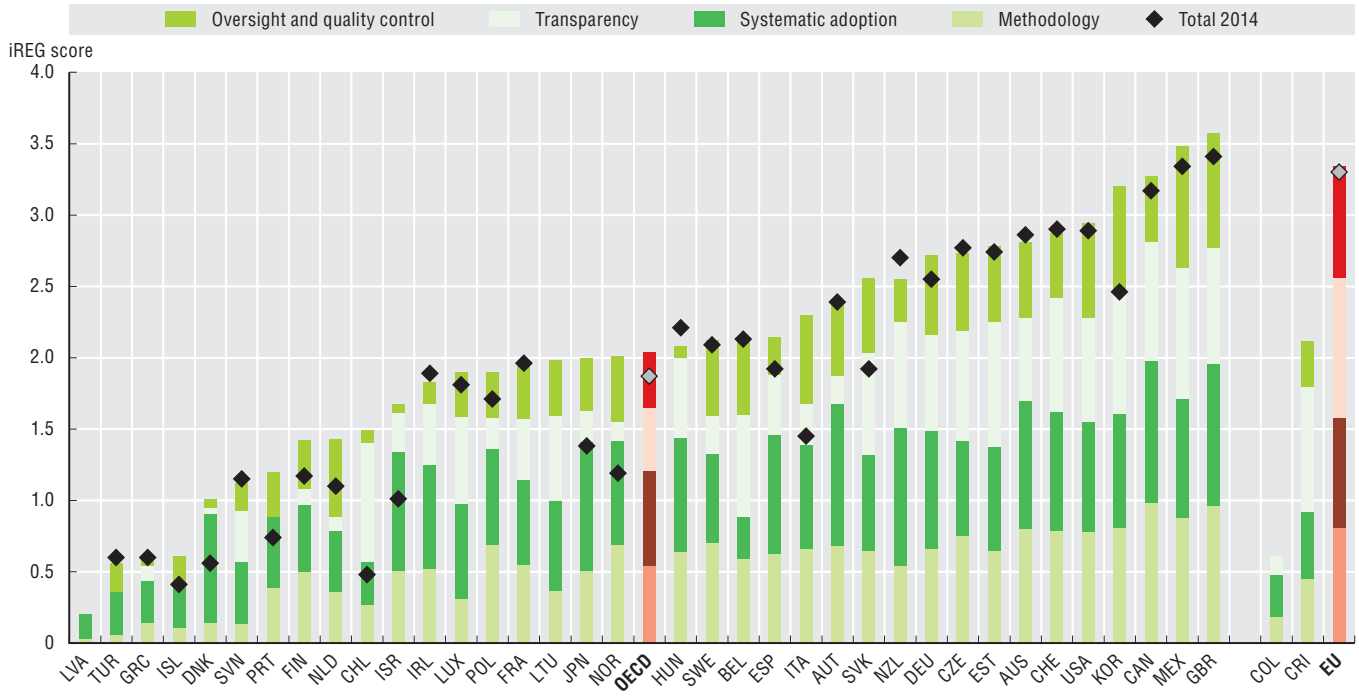
### 7.3. Regulatory Impact Assessment for developing primary laws, 2014 and 2017




*Source*: OECD Indicators of Regulatory Policy and Governance (iREG) 2015 and 2018, *http://oe.cd/ireg*.

StatLink https://doi.org/10.1787/888934032700

### 7.4. Regulatory Impact Assessment for developing subordinate regulations, 2014 and 2017




*Source*: OECD Indicators of Regulatory Policy and Governance (iREG) 2015 and 2018, *http://oe.cd/ireg*.

StatLink https://doi.org/10.1787/888934032719

# *Ex post* evaluation of regulation

Countries should regularly review their stock of existing regulations to ensure that regulations remain fit for purpose. Only after a regulation has been implemented in practice can governments assess its full effects, costs, benefits and unintended consequences. Given the rapid pace of societal change and technological advancement, even regulations that are fit for purpose may become outdated over time and increase unnecessary regulatory burden that complicates the life of citizens and the efficient operation of businesses. *Ex post* evaluations can provide important insights for improving the design of regulations and create a feedback loop into regulatory planning and the development of new regulations. They can also enhance trust in government by increasing the transparency and accountability of regulatory performance.

OECD countries still underinvest in *ex post* evaluation, leaving the regulatory policy lifecycle incomplete. Countries focus their better regulation efforts much more on the design of laws and regulations than their enforcement and evaluation. This picture looks largely similar for the *ex post* evaluation of primary laws and subordinate regulations. Australia and the United Kingdom have invested most in implementing the systematic adoption, methodology, transparency and oversight and quality control of *ex post* evaluations in line with the OECD Recommendation on Regulatory Policy and Governance. Other OECD countries, however, have not evaluated the effectiveness and fitness for purpose of their regulations in practice yet, including Greece and Turkey.

A majority of OECD countries still lacks a systematic approach to *ex post* evaluation, including broad requirements and a well-established methodology. As of 2017, only Austria, Germany, Italy, Korea and the United Kingdom report to have a systematic requirement to conduct *ex post* evaluations for primary laws and subordinate regulations and assess whether a regulation has achieved its goals when conducting *ex post* evaluations. Oversight and quality control of *ex post* evaluation is still the weakest area in most OECD countries despite some improvements in a few jurisdictions. In contrast, OECD country practices are most advanced in the area of transparency, i.e. if *ex post* evaluations are conducted, they are frequently made public.

Progress in the use of *ex post* evaluation has been marginal in most OECD countries over the past three years. Some individual countries have undertaken more substantive reforms of their *ex post* evaluation practices since 2014. The greatest improvements were made in the systematic adoption of *ex post* evaluation as well as in the area of oversight and quality control. For example, Austria, Japan and Spain introduced a criteria for identifying regulations for which *ex post* evaluations are mandatory. In Japan for instance, this criteria determines that, for regulations which are subject to *ex ante* impact assessment, an *ex post* evaluation has to be carried out. The Danish Business Forum for Better Regulation conducted in-depth reviews of the cumulative impact of the regulatory framework in different policy areas, including transport, digitization and the circular economy. Italy and Korea improved oversight of their *ex post* evaluation systems by preparing regular reports on the performance of their *ex post* evaluation systems.

The *iREG* indicator for *ex post* evaluation is based on the practices described in the *2012 OECD Recommendation on Regulatory Policy and Governance*. The more of these practices a country has adopted, the higher its indicator score. The composite indicator is composed of four equally weighted categories: *methodology* gathers information on different assessments used in *ex post* evaluations; *oversight and quality control* records mechanisms to monitor the quality of *ex post* evaluations; *systematic adoption* records formal requirements and the use of different types of *ex post* evaluations; *transparency* records the openness of *ex post* evaluations. The maximum score for each category is 1, and the total score for the composite indicator ranges from 0 to 4.

### *Methodology and definitions*

*The Indicators of Regulatory Policy and Governance (iREG)* draw upon responses provided by delegates to the OECD Regulatory Policy Committee and central government officials to the 2017 and 2014 OECD Indicators of Regulatory Policy and Governance Survey for 38 OECD member and accession countries and the European Union. More information on the *iREG* indicators can be found in Annex E and at *oe.cd/ireg*.

Primary laws are regulations that must be approved by the legislature, while subordinate regulations can be approved by the head of government, an individual minister or the cabinet.

## Further reading

OECD (forthcoming), *OECD Best Practice Principles for Regulatory Policy: Reviewing the Stock of Regulation*, OECD Publishing, Paris.

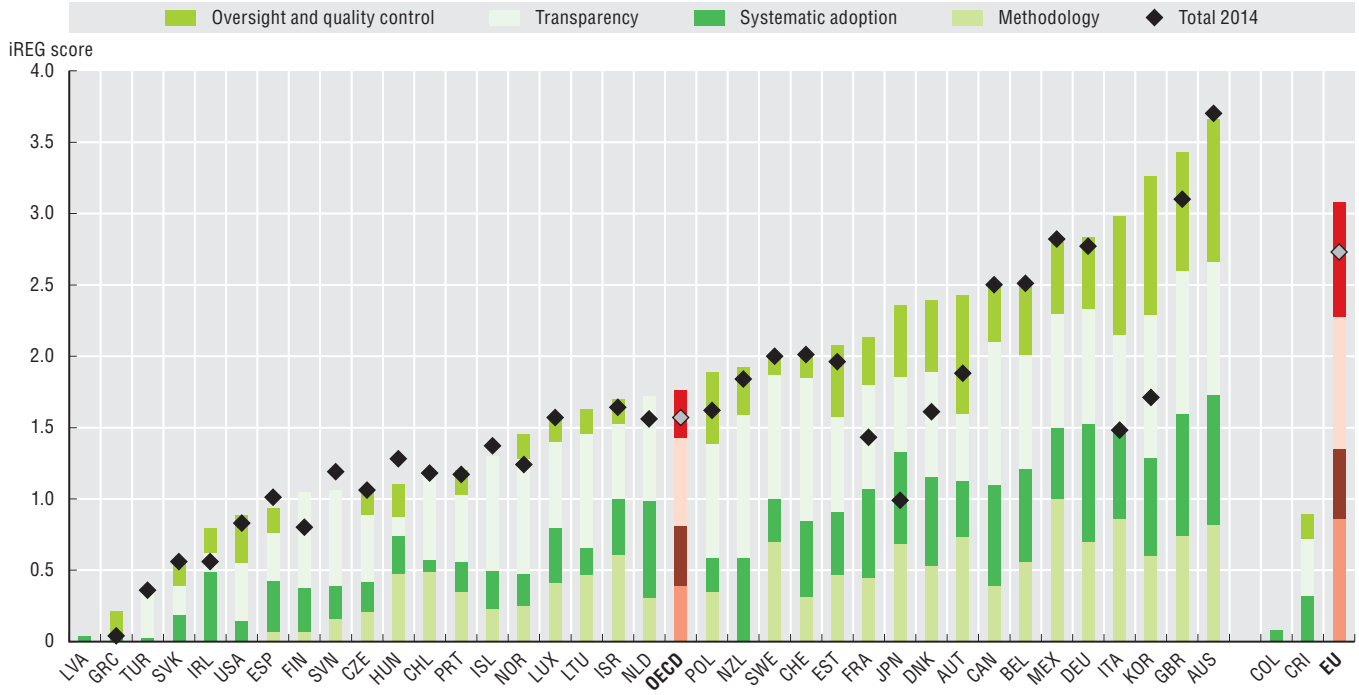
OECD (2018), *OECD Regulatory Policy Outlook 2018*, OECD Publishing, Paris, *https://doi.org/10.1787/9789264303072-en*.

OECD (2012), *Recommendation of the Council on Regulatory Policy and Governance*, *https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0390*.

## Figure notes

On data for Israel, see *http://doi.org/10.1787/888932315602*. Data for Latvia, Lithuania, Colombia and Costa Rica are not available for 2014.

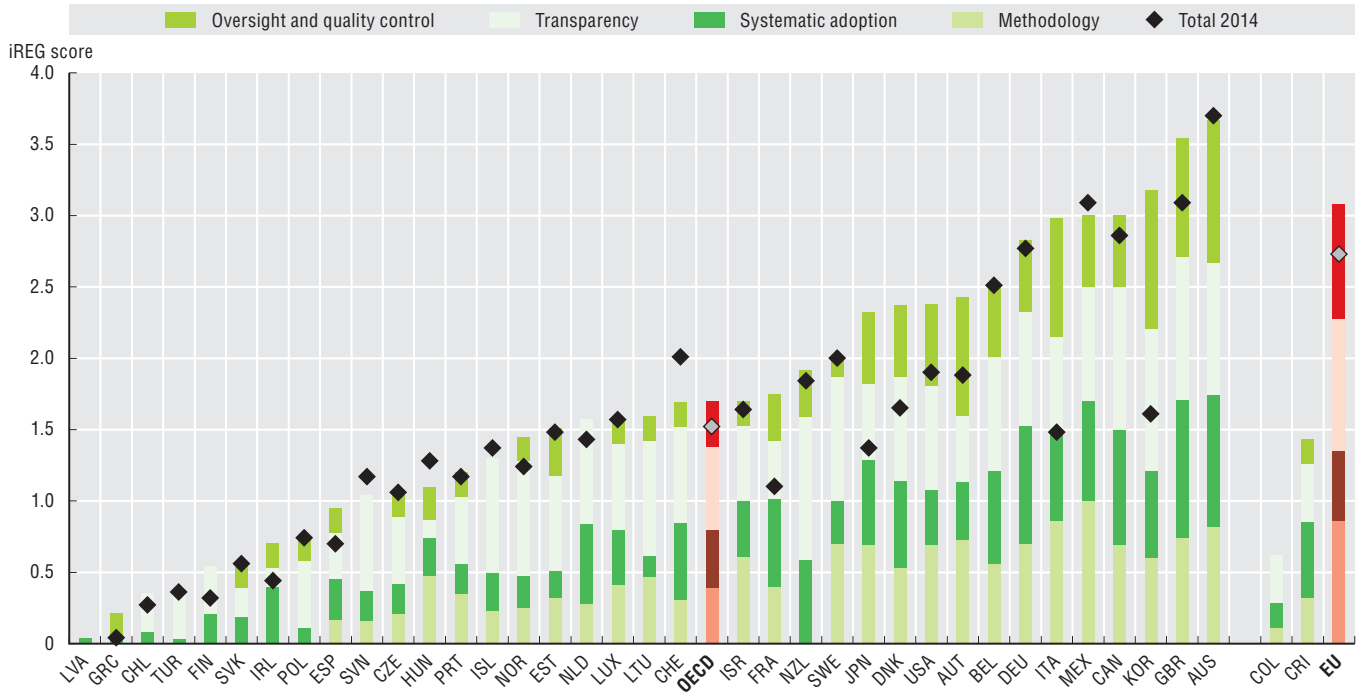
### 7.5. *Ex post* evaluation for primary laws, 2014 and 2017




*Source*: OECD Indicators of Regulatory Policy and Governance (iREG) 2015 and 2018, *http://oe.cd/ireg*.

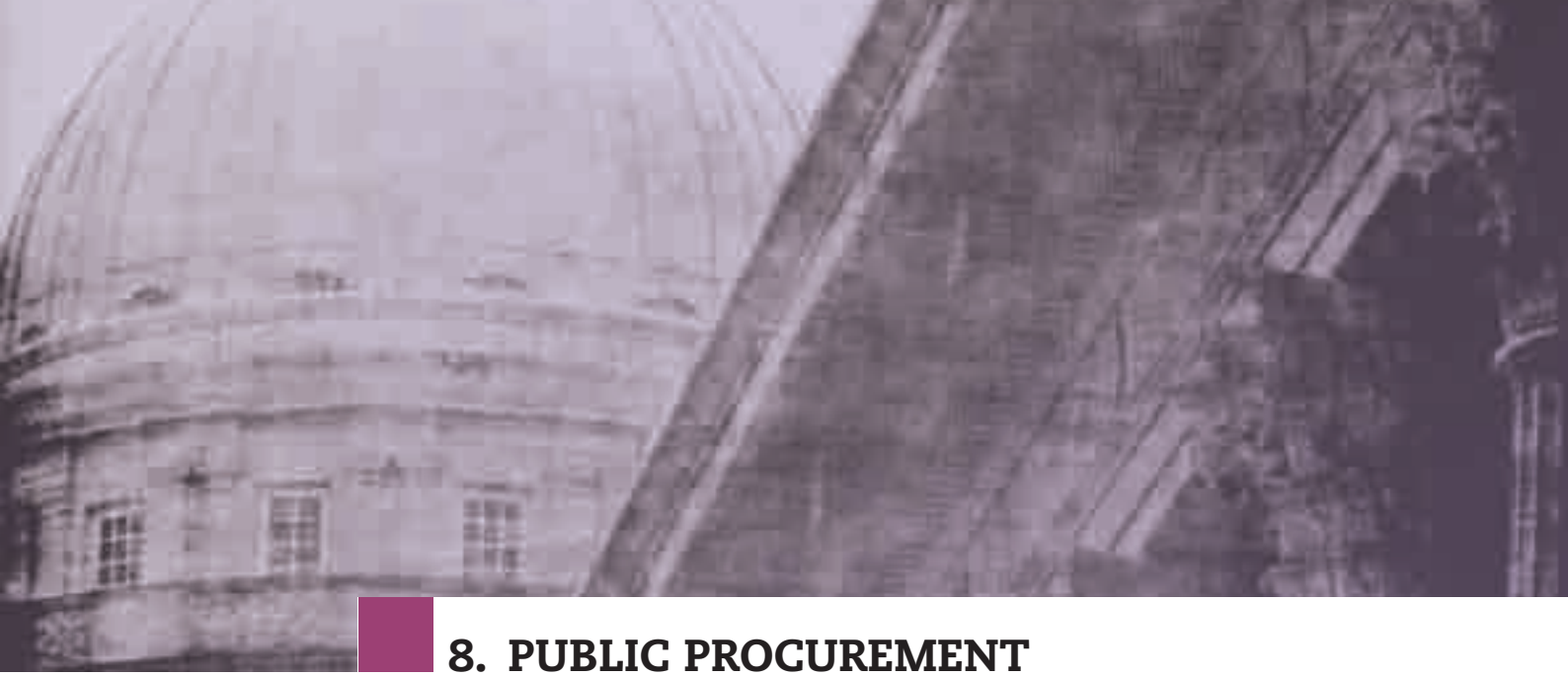
StatLink https://doi.org/10.1787/888934032738

### 7.6. *Ex post* evaluation for subordinate regulations, 2014 and 2017




*Source*: OECD Indicators of Regulatory Policy and Governance (iREG) 2015 and 2018, *http://oe.cd/ireg*.

StatLink https://doi.org/10.1787/888934032757



# 8. PUBLIC PROCUREMENT

Size of public procurement

Strategic public procurement

Digital transformation of public procurement

Public procurement capacity and performance

Managing risks in public procurement

# Size of public procurement

Public procurement, the purchase of goods, services and works by governments and state-owned enterprises, is increasingly used by governments as a strategic tool to deliver their mandates. In addition to carrying it out in line with standard principles and existing rules, governments are working to increase the efficiency and effectiveness of this key function. From an economic perspective, public procurement is recognised as a lever for improving the efficiency and effectiveness of public spending. In addition, the realisation of broader policy objectives (such as promoting innovation, sustainability, social inclusiveness and supporting small and medium-sized enterprises [SMEs]) is an increasingly important part of public procurement strategies for governments.

The sheer size of public procurement, representing approximately 12% of gross domestic product (GDP) in OECD countries, makes it a key economic activity, ranging from 4.9% in Mexico to 19.5% in the Netherlands. The economic weight of public procurement is more pronounced at times of economic recession: therefore, in three-quarters of OECD countries the relative size of public procurement spending in terms of GDP reached a peak in 2009, when economic recession struck most of them. Since then, the relative size of public procurement spending in OECD countries has been slowly decreasing, but remained rather constant over the last four years, both as a percentage of GDP (11.8% in 2017) and in terms of general government expenditures (29.1% in 2017).

Being under fiscal pressure, governments have been reforming their public procurement systems to optimise this significant public expenditure item. Such reforms are highly relevant for central governments, and even more for sub-central governments that make up 63% of overall public procurement spending in OECD countries, with substantial variations reflecting the institutional set-up of each country.

Public procurement has a strong impact in all forms of public service delivery, as reflected in the sectoral spending, from health to environmental protection, public order or economic affairs (comprising infrastructure, transport, communication, energy, and research and development [R&D]). Health expenditures represent the largest share of public procurement spending, accounting for around 30% in OECD countries and over 40% in some European countries (Belgium, Germany, Italy and the Slovak Republic) and in Japan. Notable exceptions include Hungary, Latvia and the United States, where economic affairs represent the largest share of public procurement spending. Economic affairs (16.3%), education (11.7%), defence (10%) and social protection (10.2%) represent the remaining largest areas of public procurement spending across OECD countries, with substantial variations between countries.

### *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 IT 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). Public corporations were excluded in the estimation of procurement spending. Data on general government procurement spending are disaggregated according to the Classification of the Functions of Government (COFOG) in Figure 8.2. Further information about the types of expenditures included in each category is available in Annex C.

## Further reading

OECD (2015), *Recommendation of the Council on Public Procurement*, *https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0411*

OECD (2019), *Productivity in Public Procurement: A Case Study of Finland: Measuring the Efficiency and Effectiveness of Public Procurement*, *http://www.oecd.org/gov/public-procurement/publications/productivity-public-procurement.pdf*.

## Figure notes

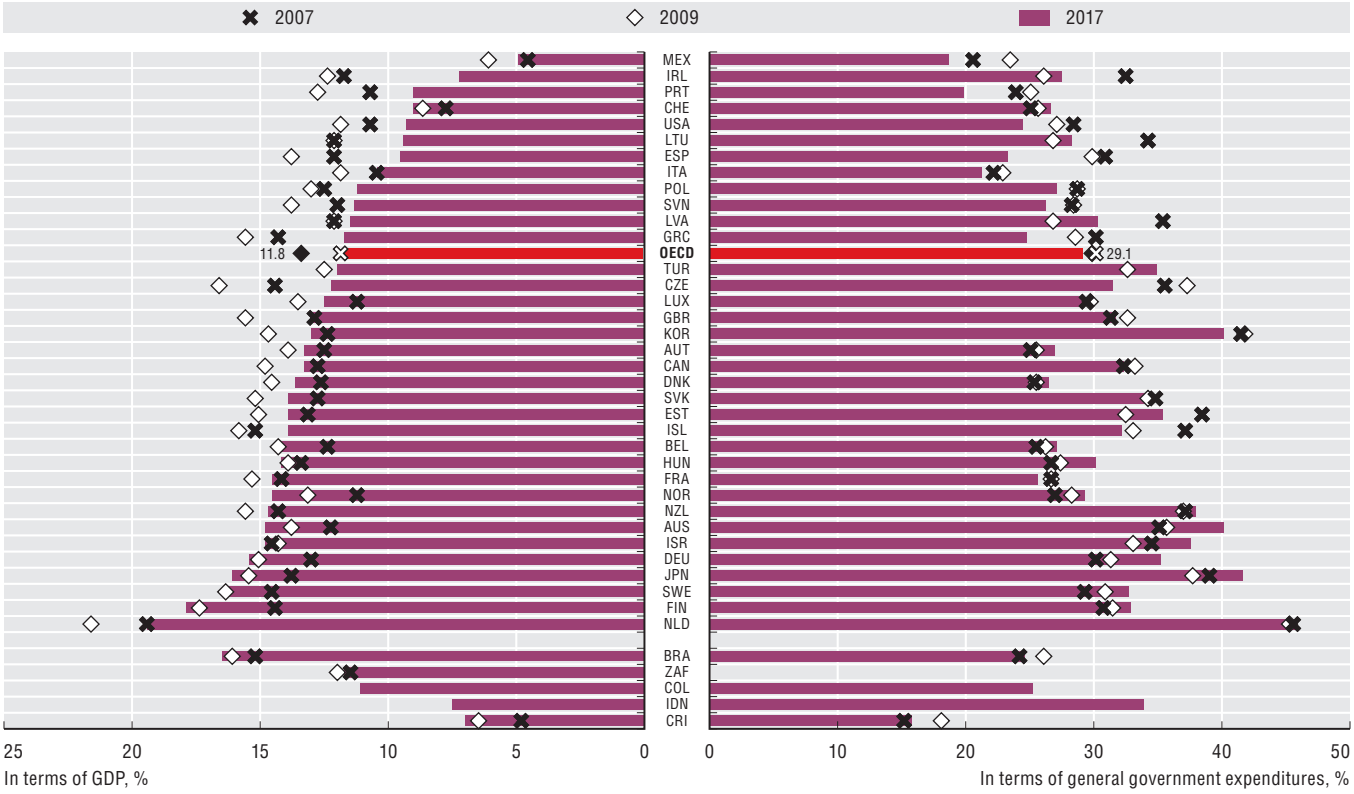
On data for Israel, see *http://doi.org/10.1787/888932315602*.

8.1. Data for Chile are not available. Data for Turkey are not included in the OECD average due to missing time series. A large share of general government procurement in the Netherlands is spent on social transfers in kind via market producers-this relatively high level could be due, in part, to the country's system of scholastic grants as well as the country's mandatory health insurance system whereby the government subsidises individuals' purchase of coverage from private providers.

8.2. Data are not available for Australia, Canada, Mexico, New Zealand and Turkey. Data for Chile and Iceland are not included in the OECD average due to missing time series. Data for Chile include changes in inventories and acquisitions less disposals of valuables. Data for Chile and Korea are for 2016 rather than 2017.

8.3. (Change in the structure of general government procurement spending by function, 2012 to 2017) and 8.4. (General government procurement spending by level of government, 2009, 2015 and 2017) are available online in Annex F.

## 8.1. General government procurement spending as a percentage of GDP and total government expenditures, 2007, 2009 and 2017




*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 https://doi.org/10.1787/888934032776

## 8.2. Structure of general government procurement spending by function, 2017

| | General public services | Defence | Public order and safety | Economic affairs | Environmental protection | Housing and community amenities | Health | Recreation, culture and religion | Education | Social protection |
|---|---|---|---|---|---|---|---|---|---|---|
| Austria | 11.8 | 1.5 | 3.1 | 21.9 | 1.3 | 0.7 | 35.8 | 3.9 | 9.2 | 10.7 |
| Belgium | 11.9 | 1.2 | 2.1 | 10.3 | 3.3 | 1.1 | 49.3 | 3.1 | 7.4 | 10.3 |
| Chile | 6.0 | 5.5 | 8.5 | 19.1 | 1.3 | 6.9 | 21.6 | 2.6 | 16.9 | 11.5 |
| Czech Republic | 6.5 | 2.2 | 3.6 | 20.4 | 5.3 | 3.0 | 35.2 | 5.0 | 14.0 | 4.8 |
| Denmark | 14.7 | 5.1 | 2.7 | 11.0 | 1.3 | 0.8 | 31.1 | 5.5 | 11.8 | 16.0 |
| Estonia | 12.0 | 10.1 | 4.5 | 19.6 | 4.0 | 2.0 | 22.6 | 7.1 | 14.4 | 3.7 |
| Finland | 21.8 | 4.6 | 2.2 | 13.3 | 0.6 | 1.1 | 22.8 | 3.8 | 11.6 | 18.3 |
| France | 7.0 | 6.3 | 2.5 | 12.4 | 4.1 | 3.0 | 38.5 | 4.6 | 6.7 | 14.8 |
| Germany | 10.0 | 4.0 | 3.2 | 9.3 | 2.6 | 1.0 | 40.6 | 2.3 | 6.5 | 20.6 |
| Greece | 16.3 | 7.7 | 1.0 | 29.3 | 3.6 | 1.3 | 31.7 | 2.4 | 5.2 | 1.6 |
| Hungary | 18.1 | 3.7 | 4.1 | 23.4 | 2.2 | 2.3 | 21.9 | 9.5 | 10.0 | 4.8 |
| Iceland | 8.9 | 0.4 | 3.8 | 19.4 | 2.6 | 2.2 | 25.5 | 9.1 | 20.8 | 7.3 |
| Ireland | 5.5 | 0.8 | 4.6 | 15.1 | 3.0 | 4.9 | 34.4 | 4.0 | 9.7 | 17.9 |
| Israel | 6.9 | 25.5 | 3.6 | 2.8 | 2.7 | 1.6 | 31.8 | 4.1 | 10.0 | 11.0 |
| Italy | 11.6 | 3.9 | 3.6 | 9.0 | 7.8 | 3.4 | 44.4 | 4.7 | 5.3 | 6.4 |
| Japan | 6.2 | 3.2 | 1.9 | 14.3 | 5.9 | 2.1 | 44.6 | 1.6 | 6.5 | 13.8 |
| Korea | 11.5 | 11.1 | 3.1 | 18.3 | 4.1 | 4.6 | 31.4 | 2.8 | 10.7 | 2.4 |
| Latvia | 8.3 | 8.5 | 7.1 | 20.2 | 2.6 | 6.8 | 14.7 | 7.0 | 18.1 | 6.8 |
| Lithuania | 7.7 | 8.3 | 5.0 | 19.2 | 3.0 | 3.4 | 26.0 | 4.8 | 15.3 | 7.4 |
| Luxembourg | 9.8 | 1.0 | 2.3 | 23.6 | 4.3 | 2.8 | 29.7 | 5.7 | 7.6 | 13.2 |
| Netherlands | 6.6 | 2.8 | 3.6 | 11.8 | 5.1 | 1.5 | 35.7 | 3.1 | 8.7 | 21.1 |
| Norway | 10.9 | 7.3 | 2.7 | 19.6 | 4.1 | 4.3 | 25.0 | 4.8 | 11.1 | 10.0 |
| Poland | 6.5 | 7.0 | 4.4 | 25.2 | 2.3 | 4.2 | 29.4 | 5.4 | 11.6 | 3.9 |
| Portugal | 14.5 | 2.3 | 2.9 | 22.1 | 4.3 | 2.5 | 33.8 | 4.7 | 9.9 | 3.1 |
| Slovak Republic | 10.9 | 3.3 | 4.3 | 20.1 | 3.7 | 2.6 | 42.8 | 3.1 | 6.8 | 2.5 |
| Slovenia | 11.4 | 2.3 | 3.6 | 20.5 | 2.5 | 3.4 | 33.7 | 5.4 | 13.2 | 4.0 |
| Spain | 10.6 | 3.7 | 3.3 | 14.0 | 6.9 | 2.8 | 32.8 | 5.8 | 11.5 | 8.5 |
| Sweden | 19.0 | 4.5 | 2.8 | 13.0 | 1.1 | 3.7 | 21.5 | 2.9 | 15.4 | 16.1 |
| Switzerland | 23.1 | 5.9 | 5.8 | 14.7 | 4.2 | 1.4 | 1.6 | 2.9 | 18.7 | 22.0 |
| United Kingdom | 3.4 | 10.2 | 6.3 | 13.2 | 4.4 | 3.2 | 31.6 | 2.9 | 10.9 | 13.8 |
| United States | 9.9 | 20.3 | 6.6 | 22.3 | 0.0 | 2.4 | 14.4 | 1.7 | 19.0 | 3.4 |
| **OECD** | **9.2** | **10.0** | **4.3** | **16.3** | **3.0** | **2.4** | **30.1** | **2.8** | **11.7** | **10.2** |
| Costa Rica | 4.4 | 0.0 | 7.4 | 19.5 | 3.5 | 4.3 | 34.1 | 1.8 | 20.4 | 4.7 |

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

StatLink https://doi.org/10.1787/888934032795

## Strategic public procurement

Used strategically, public procurement can help make economies more productive, public sectors more efficient, and institutions more trusted. Countries are using public procurement to pursue complementary policy objectives that are aligned with the 2030 Agenda for Sustainable Development. Public procurement is increasingly recognised as a potential strategic instrument and a lever for achieving government policy goals, e.g. stimulating innovation, developing green public procurement and the circular economy, supporting small-and medium-sized enterprises' (SMEs') access to public procurement and promoting ethical behaviour and responsible business conduct.

In 2018, all OECD countries reported to have developed policies regarding broader policy objectives. For example, 28 countries have a green public procurement strategy or policy at the central level. The majority of OECD countries have policies focusing on SMEs' access to public procurement (29) and on public procurement for innovation (26). These policies encompass removing obstacles to using public procurement as a strategic lever. A large obstacle to achieving public procurement outcomes related to innovation, environment and sustainability is using the lowest price as the exclusive award criterion. The use of award criteria that take into account dimensions such as maintenance and exploitation costs along the lifecycle favours goods and products with better environmental performance, while also encouraging innovation. Furthermore, complex public procurement systems and processes are a major hurdle to SME participation in public procurement markets, as they are disproportionately affected by these factors, considering their financial, technical and administrative capacities. Countries are addressing this issue through a variety of measures including enabling the division of contracts into lots, developing the use of eprocurement or promoting joint bidding of SMEs with larger companies.

Between 2016 and 2018, there has been an upward trend in the development of policies addressing green procurement and, particularly, responsible business conduct (RBC). Several approaches are being used in different jurisdictions, including for instance the Canadian certification of suppliers as part of the bidding process in procurements falling under its Ethical Procurement of Apparel Initiative (where violation of certification can risk contract termination). RBC is now a mandatory dimension of procurement by central government entities in the Netherlands.

An increasing number of OECD countries also collect data on the degree to which strategic public procurement goals are met, and some provide reports to various levels of government. This is particularly the case regarding green public procurement (73%) and support to SMEs (67%). In contrast, only 30% of countries measure the results of procurement processes related to some dimension of innovation or RBC, as is the case in Korea and Slovenia. Some countries, such as Chile, Korea, and Japan, have policies aimed at increasing the participation of women-owned businesses in public procurement and thus measure the results of procurement processes in this regard.

### *Methodology and definitions*

Data were collected through the 2018 OECD Survey on the Implementation of the 2015 OECD Recommendations on Public Procurement. The survey focused on each of the 12 principles of the recommendation. Thirty-one OECD countries responded to the survey and one OECD accession country (Costa Rica). Respondents were country delegates responsible for procurement policies at the central government level and senior officials in central purchasing bodies.

The European Commission defines green public procurement 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."

Responsible business conduct refers to business contributing positively to economic, environmental and social progress to achieve sustainable development, and avoiding and addressing adverse impacts – whether from their own activities or through a business relationship – in the value chain.

### Further reading

OECD (2018), *SMEs in Public Procurement: Practices and Strategies for Shared Benefits*, OECD Publishing, Paris, *https://doi.org/10.1787/9789264307476-en*.

OECD (2017), *Public Procurement for Innovation: Good Practices and Strategies*, OECD Publishing, Paris, *https://doi.org/10.1787/9789264307476-en*.

OECD (2015), *Going Green: Best Practices for Sustainable Procurement*, https://www.oecd.org/governance/ethics/Going_Green_Best_Practices_for_Sustainable_Procurement.pdf.

### Figure notes

Data for the Czech Republic, Luxembourg, Switzerland, the United Kingdom and the United States are missing. On data for Israel, see *http://doi.org/10.1787/888932315602*.

8.5. This figure does not consider Canada's Procurement Strategy for Aboriginal Business (PSAB) as a policy/strategy related to responsible business conduct. The PSAB aims to increase qualified Aboriginal business participation in government procurement through a program of mandatory and selective set-asides and supplier development activities.

8.6. Data for France are not included because they did not answer the 2016 round of the survey.

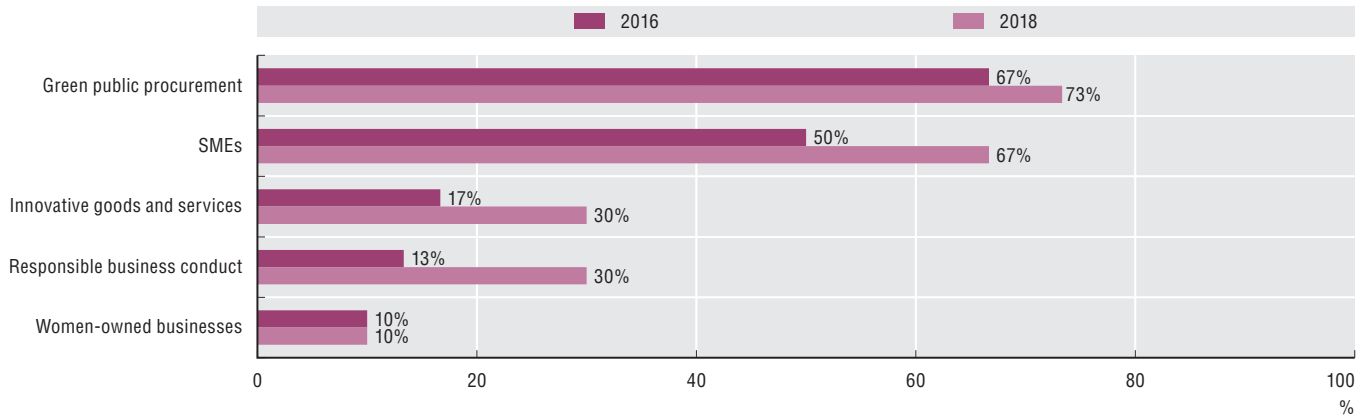
## 8.5. Development of public procurement strategies/policies to support complementary policy objectives, 2016 and 2018

| | Green public procurement | | SMEs | | Innovative goods and services | | Responsible business conduct | | Women-owned businesses | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2016 | 2018 | 2016 | 2018 | 2016 | 2018 | 2016 | 2018 | 2016 | 2018 |
| Australia | ■ | ● | ● | ● | ● | ● | ● | ● | ○ | ○ |
| Austria | ●♦ | ●♦ | ●♦ | ●♦ | ●♦ | ●♦ | ♦ | ♦ | ○ | ○ |
| Belgium | ●♦ | ●♦ | ● | ● | ● | ● | ● | ● | ○ | ○ |
| Canada | ● | ● | ● | ● | ♦ | ● | ○ | ● | ○ | ○ |
| Chile | ●♦ | ●♦ | ●♦ | ●♦ | ○ | ○ | ● | ● | ● | ● |
| Denmark | ● | ● | ● | ● | ● | ● | ● | ● | ○ | ○ |
| Estonia | ● | ● | ● | ● | ● | ● | ○ | ○ | ○ | ○ |
| Finland | ●♦ | ●♦ | ♦ | ♦ | ●♦ | ●♦ | ●♦ | ●♦ | ○ | ○ |
| France | .. | ● | .. | ● | .. | ● | .. | ● | .. | ○ |
| Germany | ● | ● | ● | ● | ● | ● | ○ | ○ | ○ | ○ |
| Greece | ♦ | ♦ | ♦ | ♦ | ○ | ○ | ○ | ○ | ○ | ○ |
| Hungary | ● | ● | ● | ● | ● | ● | ♦ | ♦ | ♦ | ♦ |
| Iceland | ● | ● | ○ | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| Ireland | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Israel | ● | ● | ● | ● | ○ | ○ | ○ | ○ | ● | ● |
| Italy | ● | ● | ♦ | ♦ | ♦ | ♦ | ○ | ○ | ○ | ○ |
| Japan | ● | ● | ● | ● | ○ | ○ | ○ | ○ | ● | ● |
| Korea | ● | ● | ● | ● | ● | ● | ○ | ● | ● | ● |
| Latvia | ● | ● | ● | ● | ♦ | ♦ | ● | ● | ○ | ○ |
| Lithuania | ● | ● | ● | ● | ● | ● | ● | ● | ○ | ○ |
| Mexico | ● | ● | ● | ● | ● | ● | ○ | ○ | ● | ● |
| Netherlands | ♦ | ♦ | ♦ | ♦ | ♦ | ♦ | ○ | ♦ | ○ | ○ |
| New Zealand | ●♦ | ●♦ | ●♦ | ●♦ | ●♦ | ●♦ | ● | ●♦ | ○ | ○ |
| Norway | ♦ | ♦ | ♦ | ♦ | ●♦ | ●♦ | ●♦ | ●♦ | ○ | ○ |
| Poland | ●♦ | ●♦ | ● | ○ | ● | ● | ●♦ | ●♦ | ○ | ○ |
| Portugal | ● | ● | ● | ● | ♦ | ♦ | ● | ● | ○ | ○ |
| Slovak Republic | ♦ | ● | ● | ● | ○ | ● | ○ | ♦ | ○ | ○ |
| Slovenia | ● | ● | ● | ● | ● | ● | ● | ● | ○ | ○ |
| Spain | ● | ●♦ | ● | ● | ● | ● | ● | ● | ○ | ○ |
| Sweden | ● | ● | ● | ● | ● | ● | ● | ● | ○ | ○ |
| Turkey | ● | ● | ● | ● | ● | ● | ○ | ○ | ○ | ○ |
| United Kingdom | ● | .. | ● | .. | ● | .. | ○ | .. | ○ | .. |
| **OECD Total** | | | | | | | | | | |
| ● Strategies/policies developed at the central level | 26 | 28 | 24 | 24 | 20 | 22 | 15 | 18 | 6 | 6 |
| ♦ Internal strategies/policies developed by some procuring entities | 10 | 10 | 8 | 8 | 9 | 8 | 5 | 8 | 1 | 1 |
| ■ Rescinded | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ○ Never developed | 0 | 0 | 1 | 2 | 6 | 5 | 14 | 9 | 24 | 24 |
| Costa Rica | ● | ● | ● | ● | ○ | ● | ○ | ● | ○ | ○ |

*Sources*: OECD (2016), *Survey on Public Procurement*; OECD (2018), *Survey on the Implementation of the 2015 OECD Recommendations on Public Procurement*.

StatLink https://doi.org/10.1787/888934032814

## 8.6. Measuring the results of procurement processes with respect to complementary policy objectives, 2016 and 2018




*Source*: OECD (2016), *Survey on Public Procurement*; OECD (2018), *Survey on the Implementation of the 2015 OECD Recommendations on Public Procurement*.

StatLink https://doi.org/10.1787/888934032833

# Digital transformation of public procurement

E-procurement systems enable governments to increase the transparency of public procurement activities as well as collect consistent, up-to-date and reliable data on procurement processes. This, in turn, can feed into other government information technology (IT) systems through automated data exchanges, reducing risks of errors and duplication. Furthermore, integration with other digital government systems, such as digital invoicing, are essential to make e-procurement systems fully functional during all phases of the procurement cycle, including contract execution and payment.

The ability to disseminate information is expanding with the proliferation of data and enabling technology, hence the increase in the availability of public procurement documents to the general public between 2016 and 2018. Consequently, possibilities for participation in public procurement processes, opportunities for beneficial research and competition are also increasing. Open data standards, such as the Open Contracting Data Standard, contribute to open up public contracting through disclosure, data and engagement so that contract details become traceable and auditable, including for infrastructure. However, governments need to strike a balance between accountability and competition on the one hand, and trade secrets and suppliers' information confidentiality on the other.

OECD countries are increasingly integrating their e-procurement systems with other government IT systems, such as budgeting interfaces, business and tax registries, social security databases, public financial systems and enterprise resource planning (ERP), demonstrating the fast pace of digital government transformation and public service integration. While only 37% of OECD countries reported some kind of integration with other government IT systems in the 2016 Survey, this percentage has increased to 72% in the 2018 Survey, following the trend to cover the entire public procurement cycle with full-fledged e-procurement solutions, from planning and preparation to contract execution and payment. In Belgium, Chile, France, Israel, Portugal and Slovenia, the e-procurement system is connected with the budgeting and accounting ERP of the central government. Also, in Austria, Estonia, Greece, Latvia and the Slovak Republic, the e-procurement system is integrated with the business registry. Estonia and Latvia have integrated their e-procurement system with the local tax register. Many countries have started to integrate e-procurement systems with e-signature and e-invoicing systems. Overall, the Korean ON-line E-Procurement System (KONEPS) provides the highest connectivity to external databases, as it is interconnected to over 200 of them, out of which 65 are from public entities, others include interfaces with databases from private sector business associations, credit rating companies and the payment systems of commercial banks. Even though e-procurement systems are major drivers of efficiency in public procurement, only a minority of OECD countries measure said efficiencies.

### *Methodology and definitions*

Data were collected through the 2018 OECD Survey on the Implementation of the 2015 OECD Recommendations on Public Procurement. The survey focused on each of the 12 principles of the recommendation. Thirty-one OECD countries and one accession country (Costa Rica) responded to the survey Respondents consisted of country delegates responsible for procurement policies at the central government level and senior officials in central purchasing bodies. For detailed information on the 2016 Public procurement Survey, please refer to the public procurement section in the 2017 edition of *Government at a Glance*.

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. Availability of public procurement documents to the general public means that documents are available without registration as a supplier.

## Further reading

OECD (2018), *Mexico's eProcurement System: Redesigning CompraNet through Stakeholder Engagement*, OECD Public Governance Reviews, OECD Publishing, Paris, *https://doi.org/10.1787/9789264287426-en*.

OECD (2016), *The Korean Public Procurement Service: Innovating for Effectiveness*, OECD Public Governance Reviews, OECD Publishing, Paris, *https://doi.org/10.1787/9789264249431-en*.

## Figure notes

Data for the Czech Republic, Luxembourg, Switzerland, and the United States are not available. On data for Israel, see *http://doi.org/10.1787/888932315602*.

8.7. Several respondents highlighted the need to protect trade secrets and proprietary information, particularly regarding contract text. Germany responded that contracts generally contain sensitive information that neither contracting authorities nor suppliers are free to publish. In the Netherlands, contract texts may be available in a redacted form (precise value of the contract omitted, for instance). In Sweden, all public procurement documentation should be available using the principle of public access to official documents.

8.8. Data for Germany and Ireland are not available.

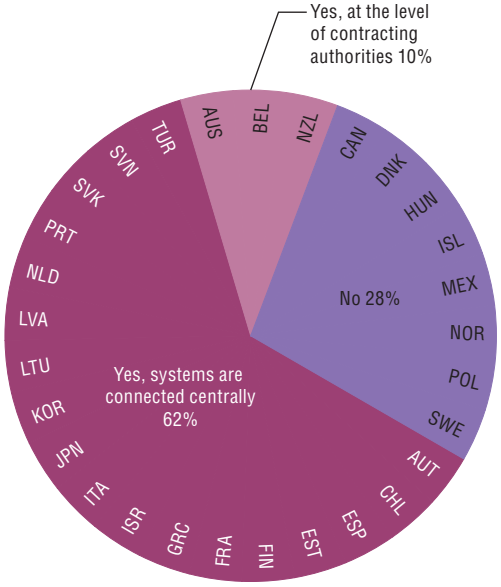
## 8.7. Availability of public procurement documents to the general public, 2016 and 2018

| | Tender notice | | Bidding documents | | Evaluation criteria | | Award notice | | Contract text | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2016 | 2018 | 2016 | 2018 | 2016 | 2018 | 2016 | 2018 | 2016 | 2018 |
| Australia | ● | ● | ○ | ○ | ● | ● | ● | ● | ○ | ○ |
| Austria | ● | ● | ○ | ● | ○ | ● | ● | ● | ○ | ○ |
| Belgium | ● | ● | ○ | ● | ● | ● | ● | ● | ○ | ○ |
| Canada | ● | ● | ● | ● | ● | ● | ● | ● | ○ | ○ |
| Chile | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Denmark | ● | ● | ○ | ○ | ● | ● | ● | ● | ○ | ○ |
| Estonia | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Finland | ● | ● | ● | ● | ● | ● | ○ | ● | ● | ● |
| France | .. | ● | .. | ● | .. | ● | .. | ● | .. | ○ |
| Germany | ● | ● | ● | ● | ● | ● | ○ | ● | ● | ○ |
| Greece | ● | ● | ○ | ○ | ● | ● | ● | ● | ● | ● |
| Hungary | ● | ● | ○ | ○ | ● | ● | ● | ● | ○ | ● |
| Iceland | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Ireland | ● | ● | ○ | ● | ● | ● | ● | ● | ○ | ○ |
| Israel | ● | ● | ○ | ○ | ● | ● | ● | ● | ● | ● |
| Italy | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Japan | ● | ● | ● | ● | ○ | ○ | ● | ● | ○ | ○ |
| Korea | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Latvia | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Lithuania | .. | ● | .. | ● | .. | ● | .. | ● | .. | ● |
| Mexico | ● | ● | ● | ● | ● | ● | ● | ● | ○ | ○ |
| Netherlands | ● | ● | ○ | ○ | ● | ● | ● | ● | ○ | ○ |
| New Zealand | ● | ● | ● | ● | ● | ● | ● | ● | ○ | ○ |
| Norway | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Poland | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Portugal | ○ | ● | ○ | ● | ○ | ● | ○ | ○ | ○ | ● |
| Slovak Republic | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Slovenia | ● | ● | ○ | ● | ● | ● | ● | ● | ● | ● |
| Spain | ● | ● | ● | ● | ● | ● | ● | ● | ○ | ○ |
| Sweden | ● | ● | ○ | ● | ○ | ● | ● | ● | ● | ● |
| Turkey | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| United Kingdom | ● | .. | ● | .. | ● | .. | ● | .. | ● | .. |
| **OECD Total** | | | | | | | | | | |
| ● Yes | **29** | **31** | **18** | **25** | **26** | **30** | **27** | **30** | **17** | **18** |
| ○ No | 1 | 0 | 12 | 6 | 4 | 1 | 3 | 1 | 13 | 13 |
| Costa Rica | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |

*Sources*: OECD (2016), *Survey on Public Procurement*; OECD (2018), *Survey on the Implementation of the 2015 OECD Recommendations on Public Procurement*.

StatLink https://doi.org/10.1787/888934032852

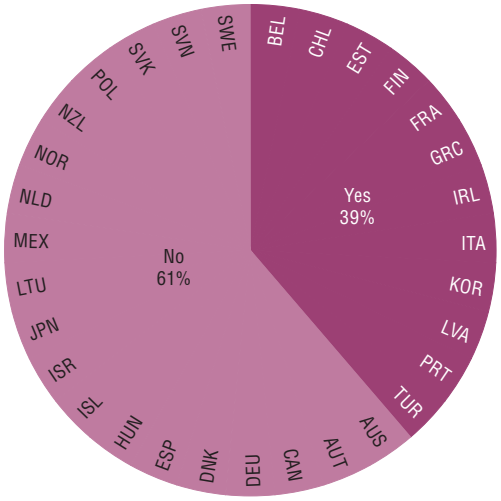
## 8.8. Integration of the e-procurement system(s) with other digital government systems, 2018




*Source*: OECD (2018), *Survey on the Implementation of the 2015 OECD Recommendations on Public Procurement*.

StatLink https://doi.org/10.1787/888934032871

## 8.9. Measuring of efficiencies generated by the use of e-procurement system(s), 2018




Source: *OECD (2018), Survey on the Implementation of the 2015 OECD Recommendations on Public Procurement*.

StatLink https://doi.org/10.1787/888934032890

# Public procurement capacity and performance

The main objective of a public procurement system is to deliver efficiency and value for money in the use of public funds. Ensuring that public entities carry out public procurement in line with these objectives constitutes one of governments' important mandate. Countries increasingly measure efficiency and cost-effectiveness of public procurement by using performance indicators, along with increasing availability of procurement data. Public procurement data can help benchmark similar contracting authorities, or manage performance by tracking trends over time and measuring results against pre-defined targets. Such structured measurement and management of performance in public procurement constitutes the main pillars of a performance management framework. Additionally, a procurement workforce with adequate skills underpins the efficient and effective delivery of desirable procurement outcomes.

More than half of OECD countries report that they analyse procurement information and data to support strategic policy making on procurement. Price savings achieved as a result of a purchase is the most widespread performance indicator that contracting authorities measure in OECD countries, even though many of them also measure costs and time spent on procurement processes. However, only 30% of OECD countries established key performance indicators measuring outcomes of procurement processes versus set targets. Similarly, 33% of OECD countries have an authority in charge of managing the performance measurement framework. This suggests that many OECD countries analyse public procurement data and indicators in a decentralised, non-systematic fashion.

The skills required for public procurement officials vary considerably in OECD countries, across systems and levels of government, but also sometimes from one contracting authority to another. A certification system in public procurement can provide regular and targeted training on relevant skills to the workforce, contributing to boosting efficiency and to strategic public procurement objectives. It is closely linked to competency frameworks that map critical skills to the overall strategic direction of an organisation. A low number of OECD countries have certification processes (21%) and competency models to help set up entry requirements (30%) for public procurement professionals, both used to plan and design training for procurement staff. In Chile, the central purchasing body issues certificates to officers after they go through specific training. In France, the Ministry of Finance developed a comprehensive proficiency model with corresponding training modules while also exerting oversight on the training offer that each ministry develops for its procurement staff.

E-catalogues are a widespread efficiency tool for low-value purchases that usually qualify for simplified procurement processes or direct contracting. Some 52 % of OECD countries report that their e-procurement systems encompass e-catalogues. In Italy, Consip – the main the central purchasing body – manages an advanced e-catalogue: the MEPA (Electronic Marketplace for the Public Administration) on behalf of the Ministry of Economics and Finance. The MEPA processed 640 000 low-value transactions in 2017. E-reverse auctions are another popular efficiency module incorporated into the e-procurement systems of 58% of OECD countries.

### *Methodology and definitions*

Data were collected through the 2018 OECD Survey on the Implementation of the 2015 OECD Recommendations on Public Procurement. The survey focused on each of the 12 principles of the recommendation. Thirty-one OECD countries and one accession country (Costa Rica) responded to the survey. Respondents consisted of country delegates responsible for procurement policies at the central government level and senior officials in central purchasing bodies.

E-catalogues list available products and services that can be bought in an electronic format and typically include illustrations, prices, and product or service descriptions. Reverse auction/e-auctions are online functionalities that allow economic operators to submit downwards revised prices in real time, on line. Price savings are usually the difference between prices obtained through procurement and reference prices (for instance, average prices of bids, maximal allocated budget, etc.)

## Further reading

OECD (forthcoming), *Report on the Implementation of the 2015 Recommendation of the Council on Public Procurement*, OECD Publishing, Paris.

OECD (2019), *Productivity in Public Procurement: A Case Study of Finland: Measuring the Efficiency and Effectiveness of Public Procurement*, *http://www.oecd.org/gov/public-procurement/publications/productivity-public-procurement.pdf*.

## Figure notes

Data for the Czech Republic, Luxembourg, Switzerland, the United Kingdom and the United States are not available. On data for Israel, see *http://doi.org/10.1787/888932315602*.

8.10. Data for Germany are missing.

8.11. Data for Ireland and Italy are not available. In Norway, there is a certification for procurers at basic level, but it is not widely used.

8.12. Includes Japan and Italy, where online catalogues exist in the national e-procurement system, but also in the distinct e-procurement systems of specific contracting authorities.

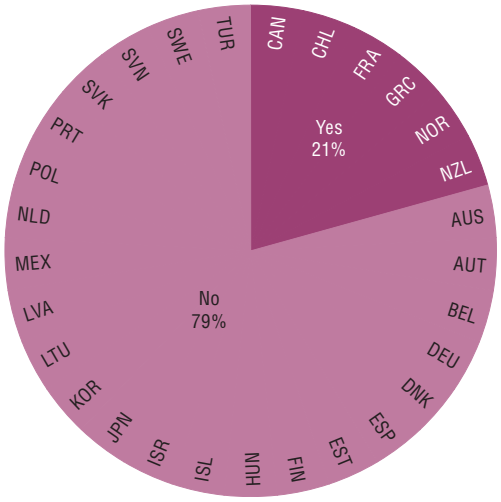
## 8.10. Performance management frameworks for public procurement, 2018

| | A performance measurement system is established. | A performance measurement system focuses on outcomes of procurement processes versus set targets. | The information is used to support strategic policy making on procurement. | There is an authority(-ies) with clear responsibility for managing the performance frameworks. |
|---|---|---|---|---|
| Australia | ○ | ○ | ○ | ○ |
| Austria | ○ | ○ | ○ | ○ |
| Belgium | ● | ● | ● | ● |
| Canada | ● | ● | ● | ● |
| Chile | ● | ○ | ● | ● |
| Denmark | ○ | ○ | ○ | ○ |
| Estonia | ○ | ○ | ○ | ○ |
| Finland | ○ | ○ | ○ | ○ |
| France | ● | ● | ● | ● |
| Greece | ○ | ○ | ● | ○ |
| Hungary | ● | ○ | ○ | ○ |
| Iceland | ○ | ○ | ○ | ○ |
| Ireland | ○ | ○ | ● | ○ |
| Israel | ○ | ○ | ○ | ○ |
| Italy | ● | ● | ● | ● |
| Japan | ○ | ● | ● | ○ |
| Korea | ● | ● | ● | ○ |
| Latvia | ○ | ○ | ○ | ○ |
| Lithuania | ● | ○ | ● | ● |
| Mexico | ○ | ○ | ● | ○ |
| Netherlands | ● | ● | ● | ○ |
| New Zealand | ● | ● | ● | ● |
| Norway | ○ | ○ | ○ | ○ |
| Poland | ○ | ○ | ● | ○ |
| Portugal | ● | ○ | ○ | ● |
| Slovak Republic | ● | ● | ● | ○ |
| Slovenia | ○ | ○ | ○ | ○ |
| Spain | ○ | ○ | ○ | ○ |
| Sweden | ○ | ○ | ● | ● |
| Turkey | ● | ○ | ● | ● |
| **OECD Total** | | | | |
| Yes ● | 13 | 9 | 17 | 10 |
| No ○ | 17 | 21 | 13 | 20 |
| Costa Rica | ● | ○ | ○ | ○ |

*Source:* OECD (2018), *Survey on the Implementation of the 2015 OECD Recommendations on Public Procurement.*

StatLink https://doi.org/10.1787/888934032909

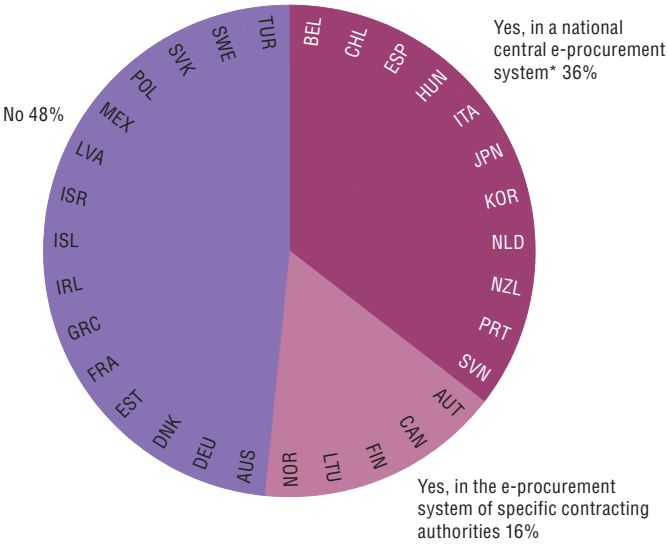
## 8.11. Certification process for public procurement officials, 2018




*Source:* OECD (2018), *Survey on the Implementation of the 2015 OECD Recommendations on Public Procurement.*

StatLink https://doi.org/10.1787/888934032928

## 8.12. Existence of online catalogues in e-procurement systems, 2018




*Source:* OECD (2018), *Survey on the Implementation of the 2015 OECD Recommendations on Public Procurement.*

StatLink https://doi.org/10.1787/888934032947

# Managing risks in public procurement

Public procurement is a high-risk sector. The *OECD Foreign Bribery Report* found that almost two-thirds of cases of bribes paid in international transactions involved public procurement. Governments are emphasising public integrity as a strategic and sustainable response to corruption. Safeguarding the public interest is the fundamental mission of governments and public institutions. They must ensure that public officials do not allow their private interests and affiliations to compromise their official duties. In addition to the risks of integrity breaches, many other risks are present across the public procurement cycle, including, among others: risks of waste or inefficiency in all aspects of the procurement process, from planning to tendering; contract execution and payment; risks related to failures in the information technology (IT) infrastructure, including e-procurement systems and related databases/e-registries; financial risks, and reputational risks/potential damage to the image of the contracting authority.

Risk management encompasses several steps in assessing risks (including an assessment of the nature, causes and potential consequences of risks) and mitigating them. While only 52% of OECD countries indicated that they have developed a strategy for the assessment, prevention and mitigations of public procurement risks, there may also be government-wide risk and control policies that apply. Public procurement risks need to be actively managed from an early stage, particularly in cases of procurement for large and complex projects, such as in the case of public infrastructure. Public procurement laws and regulations are at least partially applicable to the procurement of public infrastructure in all OECD countries, with 61% of countries applying it to all infrastructure projects. Building on the application of public procurement principles and frameworks, tailored tools can help identify and mitigate risks that are often associated with procurement of major infrastructure projects, like risks of inefficiency, lack of quality, cost overrun and corruption.

Countries are paying much attention to the development of integrity systems and tools to mitigate integrity risks. One major integrity risk in public procurement is conflict of interest. According to the most recent data, 90% of OECD countries have a definition of conflicts of interest for public procurement officials in their regulatory framework. However, the declaration of whether or not there are conflicts of interest is not universally applied in all OECD countries. Results from the OECD Survey on the Implementation of the 2015 OECD Recommendations on Public Procurement show that declarations by public officials as to whether or not they have a conflict of interest during a public procurement procedure were made in 81% of OECD countries. A vast majority of OECD countries also promote integrity in public procurement through the debarment of suppliers found guilty of bribery or other integrity breaches. Some countries, such as Canada, have Codes of conduct consolidating relevant regulations and policies into a concise and transparent statement of the expectations the government has of its employees and its suppliers. In around one-third of OECD countries, suppliers commit to avoiding any kind of corruption when submitting an offer ("no corruption warranty" as part of bid documents).

### *Methodology and definitions*

Data were collected through the 2018 OECD Survey on the Implementation of the 2015 OECD Recommendations on Public Procurement. Thirty-one OECD countries and one accession country (Costa Rica) responded to the survey Respondents were country delegates responsible for procurement policies at the central government level and senior officials in central purchasing bodies.

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

Public infrastructure is defined as facilities, structures, networks, systems, plants, property, equipment or physical assets and the enterprises that employ them, that provide public goods or goods that meet a politically mandated, fundamental need that the market is not able to provide on its own.

## Further reading

OECD (2018), *Third Progress Report on the Development of the New International Airport of Mexico: Achievements and Lessons Learned*, *http://www.oecd.org/centrodemexico/medios/Full%20report%20EN.pdf*.

OECD (2016), *Preventing Corruption in Public Procurement*, *http://www.oecd.org/gov/ethics/Corruption-Public-Procurement-Brochure.pdf*.

OECD (2015), *Recommendation of the Council on Public Procurement*, *https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0411*.

## Figure notes

Data for the Czech Republic, Luxembourg, Switzerland, the United Kingdom and the United States are not available. On data for Israel, see *http://doi.org/10.1787/888932315602*.

8.15. Data for Finland and the Netherlands are not available. Most respondents understood "public procurement risks" as the risk of fraud, corruption or other breaches of integrity.

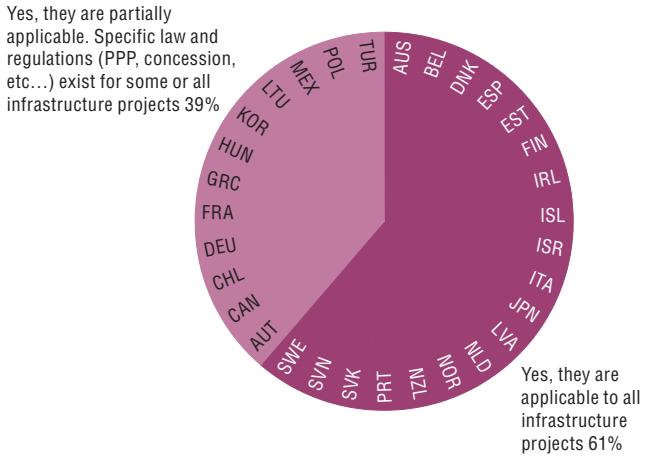
### 8.13. Mechanisms to prevent and manage conflicts of interests among public procurement officials, 2018

| | Regulatory framework includes a definition of a conflict of interest for public procurement officials | Public procurement officials have to declare their private interests | Public procurement officials have to declare 'no conflict of interest' or notify the competent authority in case of potential conflict of interest | Certain public officials and political appointees have certain limitations in participating in public procurement opportunities. |
|---|---|---|---|---|
| Australia | ● | ● | ● | ○ |
| Austria | ● | ○ | ○ | ○ |
| Belgium | ● | ○ | ○ | ● |
| Canada | ● | ● | ● | ● |
| Chile | ● | ○ | ● | ● |
| Denmark | ● | ○ | ● | ○ |
| Estonia | ● | ○ | ● | ○ |
| Finland | ● | ○ | ○ | ○ |
| France | ● | ● | ● | ● |
| Germany | ● | ○ | ● | ○ |
| Greece | ● | ● | ● | ● |
| Hungary | ● | ● | ● | ● |
| Iceland | ○ | ○ | ○ | ○ |
| Ireland | ● | ● | ● | ● |
| Israel | ● | ○ | ● | ○ |
| Italy | ● | ● | ● | ● |
| Japan | ○ | ○ | ○ | ○ |
| Korea | ● | ● | ● | ● |
| Latvia | ● | ● | ● | ● |
| Lithuania | ● | ● | ● | ● |
| Mexico | ● | ● | ○ | ○ |
| Netherlands | ● | ● | ● | ● |
| New Zealand | ● | ● | ● | ○ |
| Norway | ● | ○ | ● | ○ |
| Poland | ○ | ● | ● | ● |
| Portugal | ● | ● | ● | ● |
| Slovak Republic | ● | ○ | ● | ● |
| Slovenia | ● | ● | ● | ● |
| Spain | ● | ● | ● | ● |
| Sweden | ● | ● | ● | ○ |
| Turkey | ● | ○ | ● | ● |
| **OECD Total** | | | | |
| Yes ● | 28 | 18 | 25 | 18 |
| No ○ | 3 | 13 | 6 | 13 |
| Costa Rica | ● | ● | ● | ● |

*Source:* OECD (2018), *Survey on the Implementation of the 2015 OECD Recommendations on Public Procurement.*

StatLink https://doi.org/10.1787/888934032966

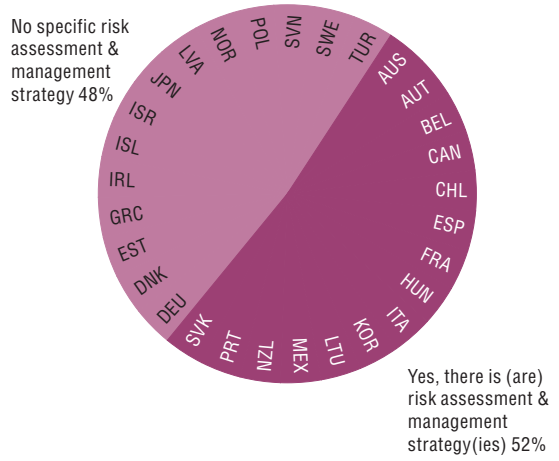
### 8.14. Application of public procurement law and regulations to infrastructure projects, 2018




*Source:* OECD (2018), *Survey on the Implementation of the 2015 OECD Recommendations on Public Procurement.*

StatLink https://doi.org/10.1787/888934032985

### 8.15. Existence of a strategy for assessment, prevention and mitigation of public procurement risks, 2018




*Source:* OECD (2018), *Survey on the Implementation of the 2015 OECD Recommendations on Public Procurement.*

StatLink https://doi.org/10.1787/888934033004

# 9. DIGITAL GOVERNMENT AND OPEN GOVERNMENT DATA

Digital government

Open government data: Enabling policy maturity and sustainability

Data availability: Policy frameworks, stakeholder engagement and data release

Data accessibility: Open, free and accessible formats

Engaging users: Promoting awareness and re-use of open government data

# Digital government

Over the past decades, countries have enacted large-scale public sector reforms to prioritise digitalisation to enable greater efficiency and effectiveness of public services. As part of these efforts, they have been investing considerable resources to adopt new practices to modernise their services and make them more responsive to citizens' needs. Consequently, they have established online service platforms common to several public sector organisations to simplify administrative processes and improve interaction with citizens.

Despite the progress achieved so far, becoming fully digital requires further coherence and integration of decisions and activities within and between public sector organisations. This entails a shift from e-government (e.g. online tax payments systems) to digital government, which refers to the use of digital technologies as an integrated part of governments' modernisation strategies to create public value. It relies on a digital ecosystem comprised of government actors, non-governmental organisations, businesses, citizens' associations and individuals, which supports the production of and access to data, services and content through interactions with the government (for example, open data platforms common to several governmental institutions).

The OECD Recommendation of the Council on Digital Government Strategies,–adopted on 15 July 2014,-provides a sound basis for countries to establish governance frameworks that secure sound leadership and co-ordination, and that foster system-based decisions.

According to the 2019 Survey on Digital Government, 30 OECD countries have assigned the role of leading and co-ordinating digital government strategies at the central and/or federal levels to one or several bodies. In 44% of these countries, the office/unit responsible for digitalisation strategies is located in the centre of government. In another 33%, the co-ordinating ministry is responsible, and in the remaining 23%, a line-ministry is in charge. The management of these bodies/units is assigned to an appointed official, often referred to as the chief information officer (CIO).

The body in charge of digital government can have both advisory responsibilities (e.g. co-ordinating the development of the national digital government strategy and monitoring its implementation), and decision-making responsibilities (e.g. prioritising information and communication technology [ICT] project investment across the government and providing financial support for their development and implementation). On average, across OECD countries, these bodies have six out of the seven advisory responsibilities and three out of five decision-making responsibilities enquired about in the survey. In the Czech Republic, Hungary, Iceland, Israel, Korea, Luxembourg and Colombia, these bodies have the widest range of responsibilities. On the contrary, in Belgium, Mexico and Costa Rica, they only have an advisory role. Moreover, Mexico has only assigned three responsibilities to such bodies.

To support the implementation of the digital government strategy, three major policy levers can be identified as substantial tools for strategic funding and budgeting and focused implementation of digital technologies projects: the existence of a business case methodology, of an ICT project management model and of a government-wide strategy for procuring digital technologies. Only 11 out of 30 OECD countries and one accession country (Colombia) have adopted the three policy levers as part of their strategy. The adoption of a standardised model for ICT project management is used by 21 OECD countries as well as two partner countries (Brazil and Colombia). Further, 21 OECD countries have adopted a business-case approach (e.g. conducting cost-benefit and/or cost-effectiveness analyses), and 23 OECD countries have a specific ICT procurement strategy for the public sector, while another 10 indicate having a whole-of-government procurement strategy that covers ICT procurement.

### *Methodology and definitions*

Data for this section are derived from 2019 OECD Survey on Digital Government, which was designed to monitor the implementation of the OECD Recommendation of the Council on Digital Government Strategies, and aims to assess progress made by governments in their evolution from e-government to digital government. The survey was completed by 30 OECD countries, 2 accession countries (Colombia and Costa Rica) and 1 key partner country (Brazil). Survey respondents were predominantly senior officials in central and federal governments dealing with the digitalisation of the public sector.

Policy levers are tools that can be used by governments as a means of action in specific sectors to achieve system-wide change.

## Further reading

OECD (forthcoming), *Governance of Digital Government*, OECD Publishing, Paris.

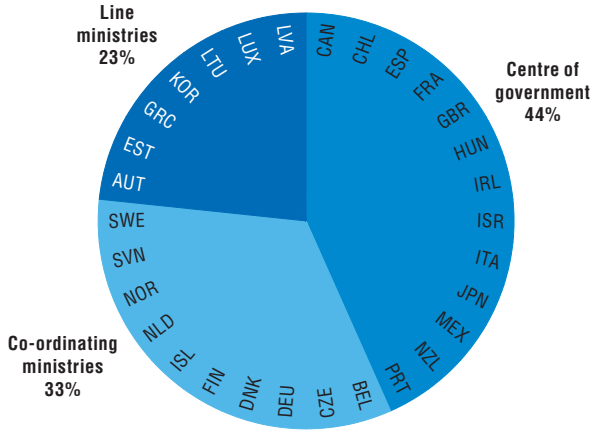
OECD (forthcoming), *The Digital Transformation of the Public Sector: Helping Governments Respond to the Needs of Networked Societies*, OECD Publishing, Paris.

OECD (2014), Recommendation of the Council on Digital Government Strategies, *https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0406*.

## Figure notes

Data from Australia, Poland, the Slovak Republic, Switzerland, Turkey and the United States are not available. On data for Israel, see *http://doi.org/10.1787/888932315602*.

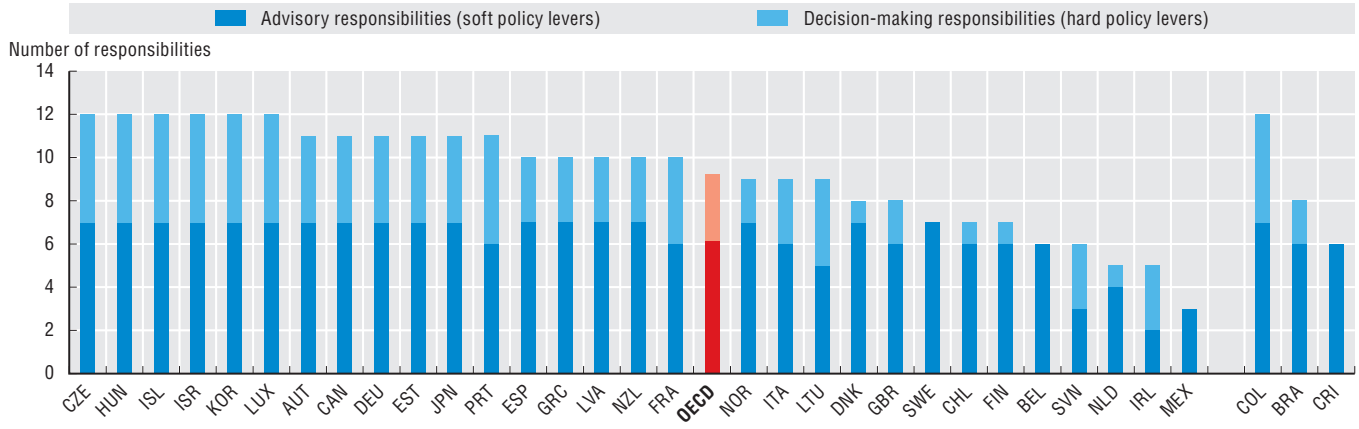
### 9.1. Location of the body responsible for the digital government strategy, 2019




*Source*: OECD (2019), *Survey on Digital Government*.

StatLink https://doi.org/10.1787/888934033023

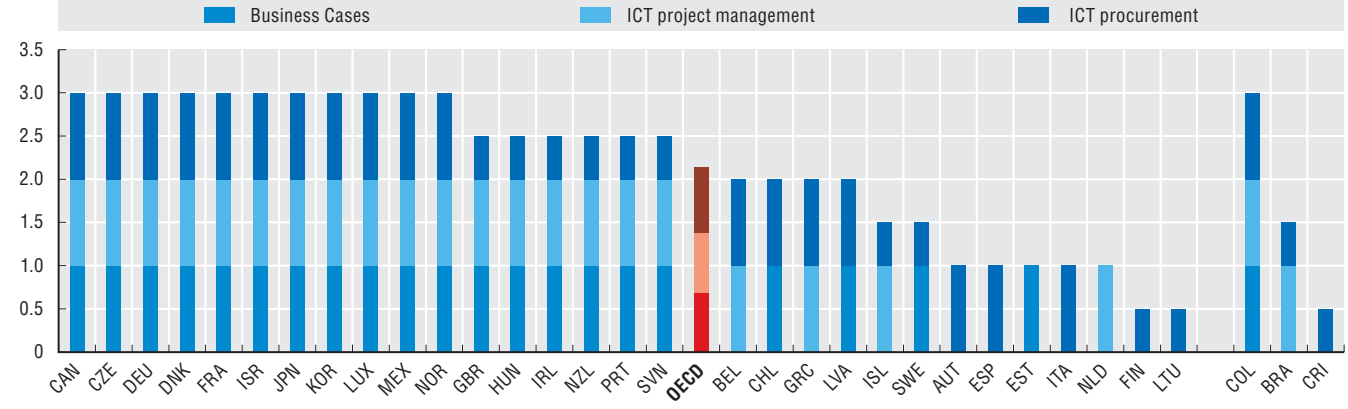
### 9.2. Responsibilities of the body in charge of the digital government strategy, 2019




*Source*: OECD (2019), *Survey on Digital Government*.

StatLink https://doi.org/10.1787/888934033042

### 9.3. Use of standardised policy levers at the central/federal government level, 2019




*Source*: OECD (2019), *Survey on Digital Government*.

StatLink https://doi.org/10.1787/888934033061

# Open government data: Enabling policy maturity and sustainability

Data are one of the most valuable resources in today's societies, economies and governments. Open government data (OGD) policies are set on ideas and principles that centre on making data from public bodies available to everyone in open, free and accessible formats. Practices from OECD countries show that access to government data can foster social participation, business opportunities, and innovation, creating added value from existing information.

The Open Useful Re-usable data (***OURdata***) Index assesses and benchmarks open government data policies and their implementation. It ranges from 0 to 1, 0 being the lowest score and 1 the highest. It is composed of three indicators, which have an equal weight of 0.33: *data availability, data accessibility* and *government support for data re-use*. Each indicator ranges from 0 to 0.33.

The results of the 2019 OURdata Index reveal an overall growing maturity in terms of OGD. The OECD average increased from 0.53 in 2017 to 0.60 in 2019, driven by improvements in the three indicators: *data availability* increased from 0.18 in 2017 to 0.20 in 2019, *data accessibility* from 0.21 to 0.23; and *government support* from 0.15 to 0.17.

Previously low performing countries are starting to catch up to frontrunners such as Korea (total score 0.93), France (0.90) and Japan (0.75). Ireland's National Open Data Strategy, Poland's Public Open Data Programme, and Slovenia's Public Administration Development Strategy are examples of strategies that have resulted in great progress. Other countries have sustained their progress since 2017, including the Netherlands and Canada, scoring 0.65 and 0.73 respectively in 2019. In contrast, Finland and the United Kingdom, who were among the top in 2017, now perform more poorly, explained by shifts in political priorities, reallocation of policy responsibility and decreasing overall support.

Stronger policy frameworks, and an increasing understanding of the value of stakeholder engagement, have increased *data availability* in most OECD countries. Australia stands out with an increase from 0.14 in 2017 to 0.24 in 2019, largely due to a higher level of stakeholder engagement for data release. Although, in general, there was only a slight improvement on the number of available datasets, some countries have prioritised a "publish with purpose" approach, i.e. publishing government datasets that are of higher value for citizens and businesses as open data (for instance, business registers, weather data, and state budget data)- most notably Australia, the Czech Republic and Slovenia.

*Data accessibility* is strong across OECD countries. As in 2017, Austria (0.32), Colombia (0.32) and France (0.31) are leaders in the area. Today, 30 out of 33 OECD countries require government data to be available free of charge; 29 require data to be available with an open licence, and 31 require data to be provided in machine-readable formats. The advancement of OGD portals has also contributed to increased levels of interaction with users for data quality and completeness.

In general, governments have also intensified their efforts to *support the reuse* of OGD. For example, 21 out of 33 OECD countries, are prioritising building skills and capacities within the public administration. Compared to 2017, more countries are exploring the potential impacts of OGD through research or by collecting re-use examples. Nevertheless, the support for OGD reuse among citizens, businesses and other external stakeholders has remained constant.

### *Methodology and definitions*

Data for the ***OURdata Index*** are collected through the OECD Open Government Data Survey. Thirty-two OECD countries and one accession country (Colombia) responded to the 2018 survey. Respondents where predominantly senior government department officials in charge of digital and open government policies. Data refer only to central/federal governments and exclude practices at the state/local level.

The composite ***OURdata Index*** is based on the International Open Data Charter principles and methodology described in OECD work (Lafortune and Ubaldi, 2018). It consists of three indicators: *Data availability*, *Data accessibility* and *Government support for data re-use*. The score for each indicator corresponds to an unweighted simple average of each sub-indicator The Index does not measure the impact of open government data on socio-economic outcomes, but rather the work governments do to provide sufficient conditions to enable and stimulate its re-use.

For more information on the methodology and underlying data, see Annex E.

## Further reading

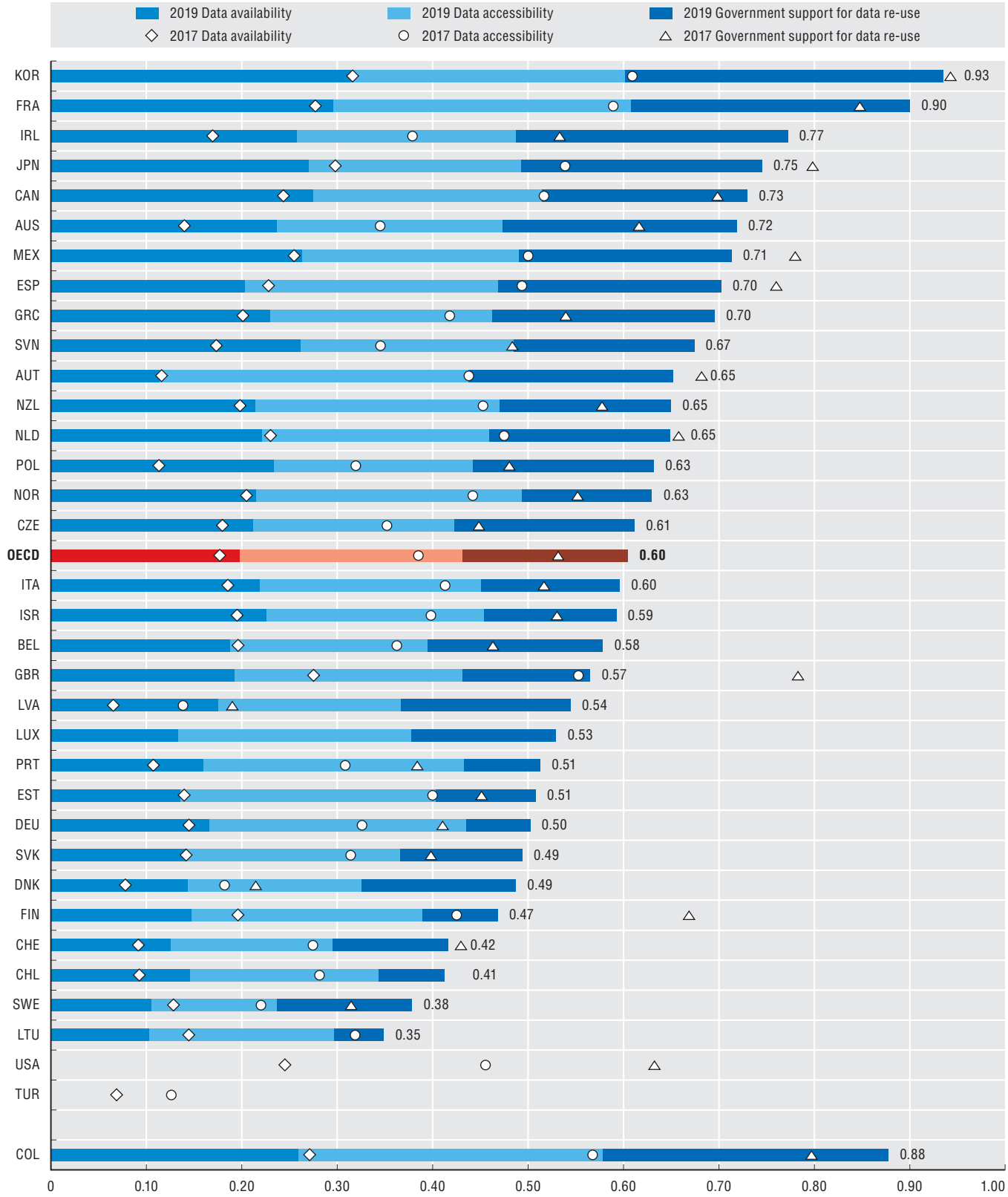
Lafortune, G. and B. Ubaldi (2018), "OECD 2017 OURdata Index: Methodology and results", *OECD Working Papers on Public Governance*, No. 30, OECD Publishing, Paris, *http://doi.org/10.1787/2807d3c8-en*

OECD (2018), "Open Government Data Report: Enhancing Policy Maturity for Sustainable Impact", *OECD Digital Government Studies*, OECD Publishing, Paris, *https://doi.org/10.1787/9789264305847-en*.

## Figure notes

Data for 2017 are not available for, Hungary, Iceland and Luxembourg. Data for 2019 is not available for Hungary, Iceland, Turkey and the United States. On data for Israel, see *http://doi.org/10.1787/888932315602*.

**9.4. Open Useful Re-Usable data (OURdata) Index, 2017 and 2019**




*Source*: OECD (2016, 2018), *Open Government Data Survey*.

StatLink https://doi.org/10.1787/888934031180

# Data availability: Policy frameworks, stakeholder engagement and data release

Government data availability is at the core of open data policies. Greater availability is related to stronger and more sustainable open data agendas, interaction with stakeholders for data release, and publication of high-value datasets (as identified in the G8 Open Data Charter), such as data on infrastructure or business registers. A central/federal open government data portal enables users to find data easily, and creates a channel for the open data community to engage with the government.

The indicator on *data availability* ranges from 0 to 1, 0 being the lowest and 1 the highest score. It has three sub-indicators: *content of the open by default policy*; *stakeholder engagement for data release;* and *implementation*. Each is weighted equally with a maximum score of 0.33.

The OECD average of *data availability* increased from 0.53 in 2017 to 0.59 in 2019. The improvement is the result of more progressive open data agendas and frequent stakeholder consultations to inform open data policies. Most OECD countries increased their data availability, even those below the average, such as Chile whose score increased from 0.28 to 0.44, Switzerland whose score rose from 0.28 to 0.38 and Portugal whose score rose from 0.32 to 0.48.

Most OECD countries have upgraded the content of their *open by default policies*; hence, the average moved from 0.19 in 2017 to 0.22 in 2019. Those who recently adopted central/federal strategies, programmes, or laws devoted to open data improved the most, such as Poland, moving from 0.06 to 0.26, Ireland, from 0.13 to 0.25, and Germany, from 0.08 to 0.19.

All OECD countries have established explicit formal requirements for government data to be open by default, except for Austria and Sweden. Nevertheless, Austria is one of the best performers in terms of data accessibility (see Data accessibility, page 152). Despite embracing open by default principles, only half of OECD countries include the implementation of open data requirements (such as the provision of updated and machine-readable data) among the performance indicators for public sector organisations.

The OECD average of *stakeholder engagement for data release* increased from 0.18 in 2017 to 0.20 in 2019. Some countries have made improvements, for example Australia (from 0.07 to 0.23) and Denmark (from 0.03 to 0.17). In line with advancements of their open data plans, Slovenia (from 0.19 to 0.29) and Ireland (from 0.21 to 0.29) have also prioritised this area. The high performances of Japan and Korea (0.33) are a result of them imposing requirements for public sector organisations to conduct regular consultations with data users.

Since 2017, the quantity of available datasets has slightly increased; the OECD average of *implementation* moved from 0.16 to 0.18 in 2019. The Czech Republic and Slovenia have respectively increased their scores from 0.08 to 0.21 and from 0.08 to 0.20 by publishing high-value datasets such as zip codes and national/local maps. Denmark (0.02), Estonia (0.06) and Lithuania (0.04) still lack many important datasets, including open budget data. Canada is the OECD country with the most high-value datasets available, scoring 0.31.

### *Methodology and definitions*

Data availability measures the extent to which governments have adopted and implemented formal requirements to promote open government data at the central/federal level. The indicator *data availability* covers Principle 1 ("Open by default") and Principle 2 ("Timely and comprehensive") of the International Open Data Charter. It consists of three sub-indicators: *content of the open by default policy*; *stakeholder engagement for data release*; and *implementation*. The three sub-indicators have an equal weight and each ranges from 0 to 0.33. Hence, the indicator ranges from 0 (minimum) to 1 (maximum). When aggregating to the final OURData Index, the score of *data availability* is transformed to range from 0 to 0.33 and with this, it is assigned an equal weight to the other two indicators.

Data for the ***OURdata Index*** and the indicator on *data availability* are collected through the OECD Open Government Data Survey. Survey respondents were predominantly senior government department officials in charge of digital or open government policies. Responses represent countries' own assessment of current practices and procedures regarding data availability. Data refer only to central/federal governments and exclude practices at the state/local level. The ***OURdata Index*** is a composite index based on the International Open Data Charter principles and methodology described in OECD work (Lafortune and Ubaldi, 2018).

For more information on the methodology and underlying data, see Annex E.

## Further reading

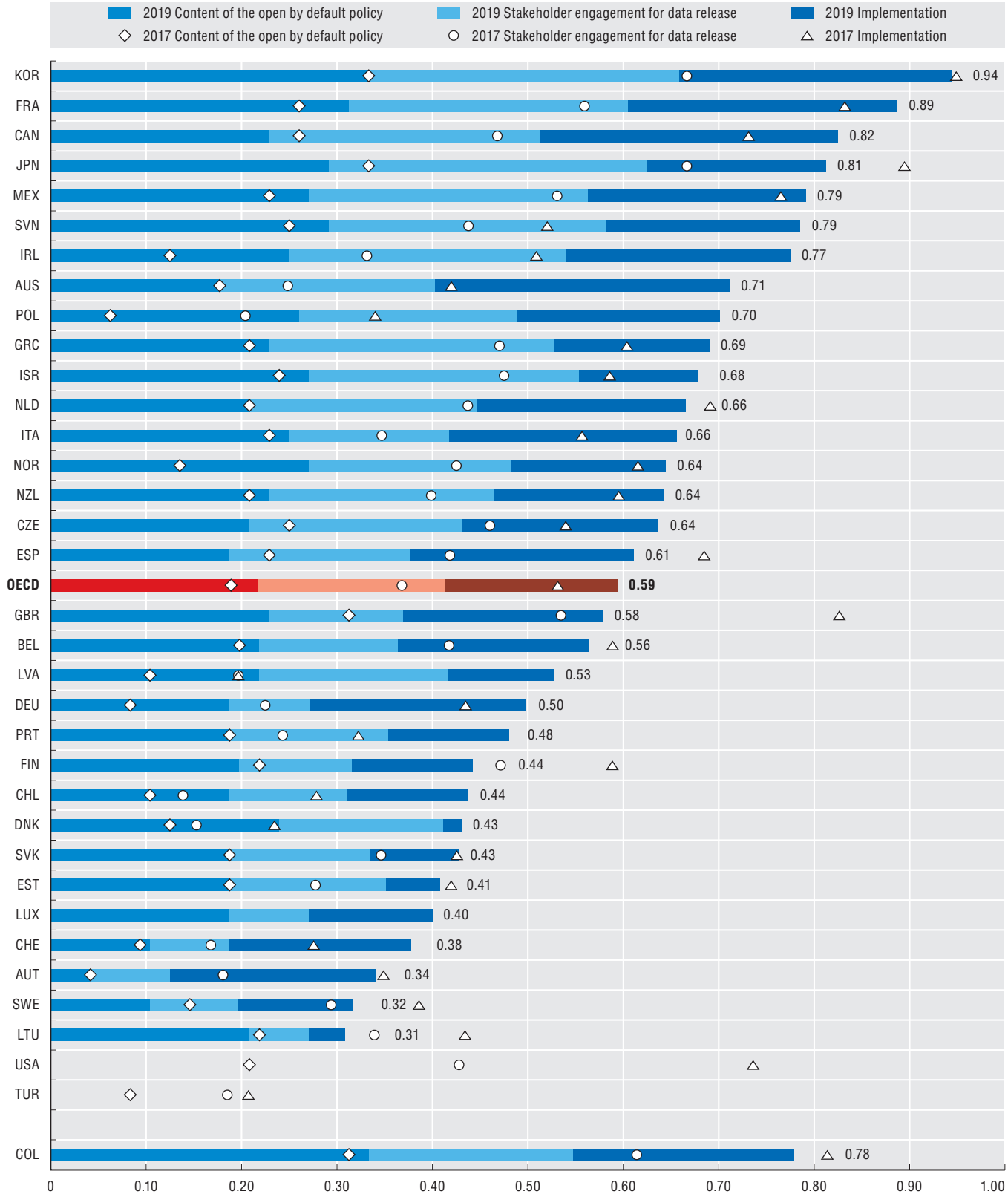
Lafortune, G. and B. Ubaldi (2018), "OECD 2017 OURdata Index: Methodology and results", *OECD Working Papers on Public Governance*, No. 30, OECD Publishing, Paris, *http://doi.org/10.1787/2807d3c8-en*

OECD (2016), *Open Government Data Review of Mexico: Data Reuse for Public Sector Impact and Innovation*, OECD Digital Government Studies, OECD Publishing, Paris,*https://doi.org/10.1787/9789264259270-en*.

## Figure notes

Data for 2017 are not available for Hungary, Iceland and Luxembourg. Data for 2019 are not available for Hungary, Iceland, Turkey and the United States. On data for Israel, see *http://doi.org/10.1787/888932315602*.

## 9.5. Data availability, 2017 and 2019




*Source*: OECD (2016, 2018), *Open Government Data Survey*.

StatLink https://doi.org/10.1787/888934033080

## Data accessibility: Open, free and accessible formats

The re-use of government data by citizens, businesses, and other stakeholders is contingent upon the provision of data in formats and procedures that allow the data to be used by anyone, and for all possible purposes. Core features of accessible data include providing them free of charge, with unrestricted access, and in machine-readable formats. Governments can create frameworks with standards on data formats and publication procedures for greater data quality and accessibility. Moreover, feedback channels on central/federal open government data portals can foster the contribution of open data users.

The indicator on *Accessibility of government data* has three sub-indicators: *content of unrestricted access to data policy*, *stakeholder engagement for data quality and completeness*, and *implementation*, each scoring a maximum of 0.33 points. Since 2017, the OECD average increased from 0.62 in 2017 to 0.70 in 2019 (out of a minimum of 0.00 and maximum of 1.00 points), as a result of more advanced government data portals that collect feedback from users. Central/federal OGD portals across the OECD are becoming more user-driven and collaborative platforms, by allowing users to add data and visualisations, and through more advanced feedback mechanisms, hence the improvement in the sub-indicator *stakeholder engagement*.

Formal requirements for public bodies to provide data free of charge, with open access, and in re-usable formats are common in OECD countries. The OECD average for the sub-indicator *content of the data policy* increased from 0.25 in 2017 to 0.27 in 2019. Further, 10 out of 33 OECD countries score the highest possible value (0.33) in this indicator, including Chile, Italy and the Netherlands, whereas Sweden still lags considerably behind, scoring 0.06. Through the adoption of its Federal Open Data Act, Germany has made one of the most notable policy advancements to support data accessibility over the last couple of years, increasing its score from 0.19 to 0.33.

More countries are engaging with open data users and other stakeholders on their open data platforms for data quality and completeness. The OECD average for the sub-indicator on *stakeholder engagement* increased from 0.11 in 2017 to 0.14 in 2019. Austria and France both have highly advanced OGD portals that ensure contribution from users, and, as a result, are leaders in terms of data accessibility. The total score of data accessibility in Japan (0.67) and Mexico (0.68) are below the OECD average, mostly due to weaker levels of stakeholder engagement (0.13 and 0.07 respectively).

In practice, most OECD countries publish accessible and high-quality data on their central/federal open government data portals, including Latvia, which launched its portal in 2017. The OECD average for *implementation* increased from 0.27 in 2017 to 0.28 in 2019. Sweden is one of the better performing countries in terms of providing accessible government data on its open data portal (score 0.30), despite having few requirements for public sector organisations to do so. Denmark (0.22) and Lithuania (0.21) score relatively low. A reason for Denmark's score is that users have to register in order to access and re-use data.

### *Methodology and definitions*

Data accessibility measures the extent to which government data are provided in open and re-usable formats, with their associated metadata. The indicator covers primarily Principle 3 ("Accessible and usable") and Principle 4 ("Comparable and interoperable") of the International Open Data Charter. It consists of the three sub-indicators: *content of the free and open access to data policy*; *stakeholder engagement for data quality and completeness*; and *implementation*. The three sub-indicators have an equal weight and each ranges from 0 to 0.33. Hence, the indicator ranges from 0 (minimum) to 1 (maximum). When aggregating to the final OURData Index, the score of *data accessibility* is transformed to range from 0 to 0.33 and with this, it is assigned an equal weight to the other two indicators.

Data for the OURdata Index and the indicator *data accessibility* are collected from the OECD Open Government Data Survey. Survey respondents were predominantly senior government department officials in charge of digital or open government policies. Responses represent countries' own assessment of current practices and procedures regarding data availability. Data refer only to central/federal governments and exclude practices at the state/local level. The OURdata Index is a composite index based on the International Open Data Charter principles and methodology described in OECD work (Lafortune and Ubaldi, 2018).

For more information on the methodology and underlying data, see Annex E.

### Further reading

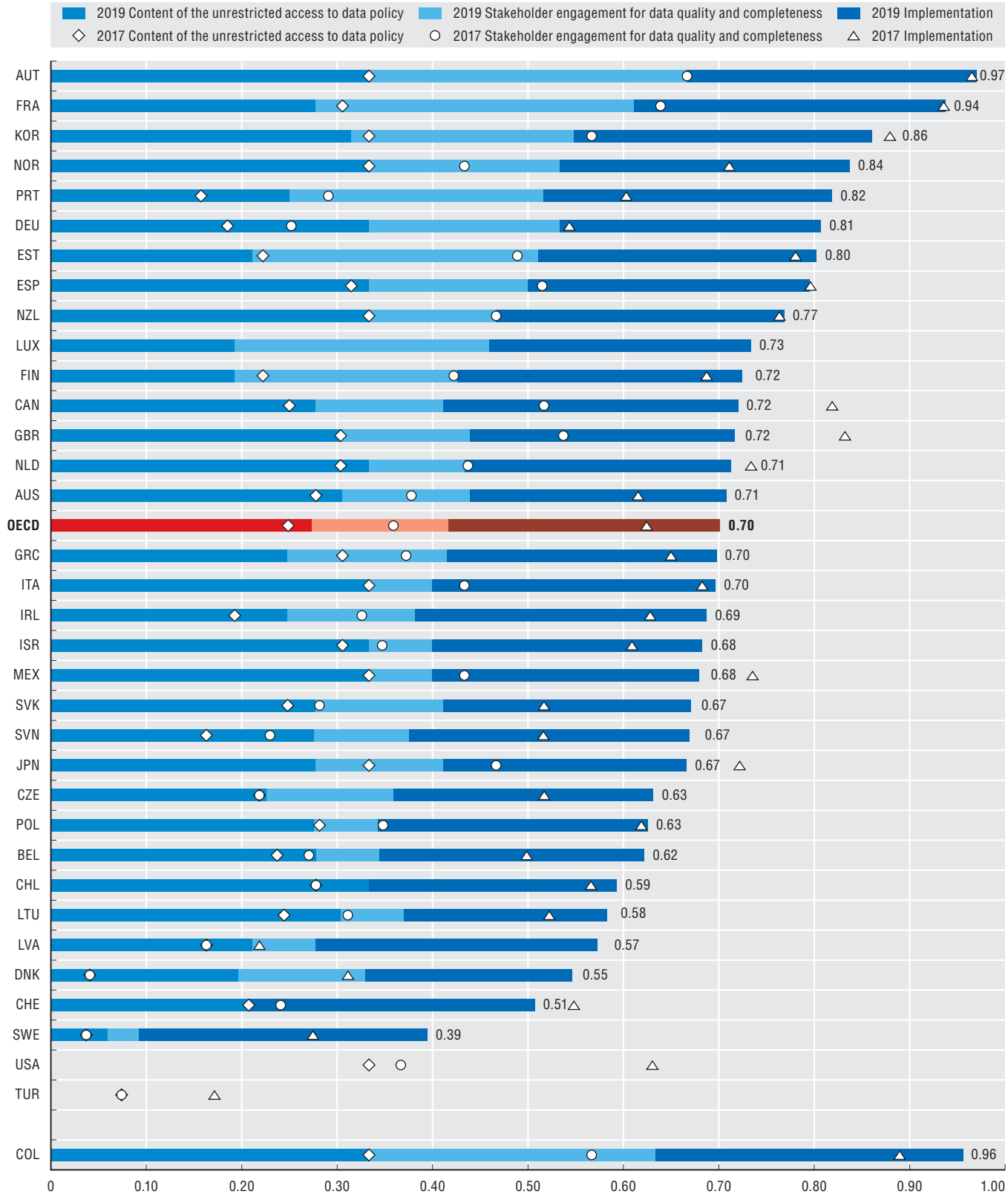
Lafortune, G. and B. Ubaldi (2018), "OECD 2017 OURdata Index: Methodology and results", *OECD Working Papers on Public Governance*, No. 30, OECD Publishing, Paris, *http://doi.org/10.1787/2807d3c8-en*.

OECD (2018), *Open Government Data in Mexico: The Way Forward*, OECD Digital Government Studies, OECD Publishing, Paris, *https://doi.org/10.1787/9789264297944-en*.

### Figure notes

Data for 2017 are not available for Hungary, Iceland and Luxembourg. Data for 2019 are not available for Hungary, Iceland, Turkey and the United States. On data for Israel, see *http://doi.org/10.1787/888932315602*.

### 9.6. Data accessibility, 2017 and 2019




*Source*: OECD (2016, 2018), *Open Government Data Survey*.

StatLink https://doi.org/10.1787/888934033099

# Engaging users: Promoting awareness and re-use of open government data

Promoting, collecting and presenting successful cases of government data re-use that have had an impact on social and economic well-being is essential to unlocking the full potential of open government data (OGD). As data providers, governments play a key role in raising awareness and promoting greater re-use, both within and outside the public sector. For such purpose, they can enhance capacities and skills inside the public administration, along with organising events, competitions, programmes and partnerships that stimulate the data re-use among external stakeholders. Monitoring social and economic impacts of OGD is also key.

The indicator *governments support for data re-use* has three sub-indicators: *data promotion initiatives and partnerships*; *data literacy programmes in government;* and *monitoring impact,* each one scoring a maximum of 0.33 points. The OECD average has increased from 0.44 in 2017 to 0.52 in 2019 (out of a minimum of 0.00 and maximum of 1.00 points). Improvements across OECD countries are largely due to investments in open data programs and events that target public servants, as well as increasing efforts to monitor impacts of OGD through research and by displaying re-use examples on central OGD portals.

Korea remains as the leader in this domain, scoring the highest value for all three sub-indicators. Despite overall enhanced support for re-use, some countries perform less well. The score for *data promotion* decreased in Norway and Finland, from 0.24 in 2017 to 0.08 in 2019 and from 0.29 to 0.03 respectively, because they organised fewer events to involve civil society and businesses than in 2017.

The support for OGD re-use among external stakeholders has generally remained constant between 2017 and 2019; the OECD average *for data promotion* remains at 0.16 (out of 0.33). However, countries that have kept open government data high on the political agenda in recent years, including Ireland and Latvia, have organised activities and programmes that aim to support re-use among businesses and civil society (e.g. hackathons, open data conferences and co-creation events).

As noted earlier, a majority of countries have devoted resources to building open data skills and capabilities within their respective public administration. The OECD average for the sub-indicator *data literacy programmes in governments* increased from 0.17 to 0.21. For example, New Zealand has made considerable progress in training its public servants on the benefits and use of open data, thus moving from 0.13 to 0.29.

In line with the advancement of OGD portals across OECD countries, more of them are seeking to collect and display various kinds of examples of re-use to inspire users. This has led to an increase in the OECD average for the sub-indicator *monitoring impact* from 0.10 in 2017 to 0.14 in 2019. Some countries have undertaken research to assess the social and economic impact of OGD. Denmark and Latvia have, for instance, investigated the economic effects of open geospatial data.

### *Methodology and definitions*

Government support for data re-use measures the extent to which governments play a proactive role in promoting the re-use of government data inside and outside of government. It covers primarily Principle 5 ("Improved governance and citizen engagement") and Principle 6 ("Inclusive development and innovation") of the International Open Data Charter. It consists of three sub-indicators: *data promotion initiatives and partnerships; data literacy programmes in government;* and *monitoring impact*. The three sub-indicators have an equal weight of 0.33, as a result, each ranging from 0 to 0.33. The indicator ranges from 0 (minimum) to 1 (maximum). When aggregating to the final OURData Index, the score of *government support for data re-use* is transformed to range from 0 to 0.33 and with this. it is assigned an equal weight to the other two indicators.

Data for the ***OURdata Index*** and the indicator on *government support for data re-use* are collected through the OECD Open Government Data Survey. Survey respondents were predominantly senior government officials in charge of digital or open government policies. Responses represent countries' own assessments of current practices and procedures regarding open government data. Data refer only to central/federal governments and exclude practices at the state/local level. The ***OURdata Index*** is a composite index based on the International Open Data Charter principles and methodology described in OECD work (Lafortune and Ubaldi, 2018).

For more information on the methodology and underlying data, see Annex E.

## Further reading

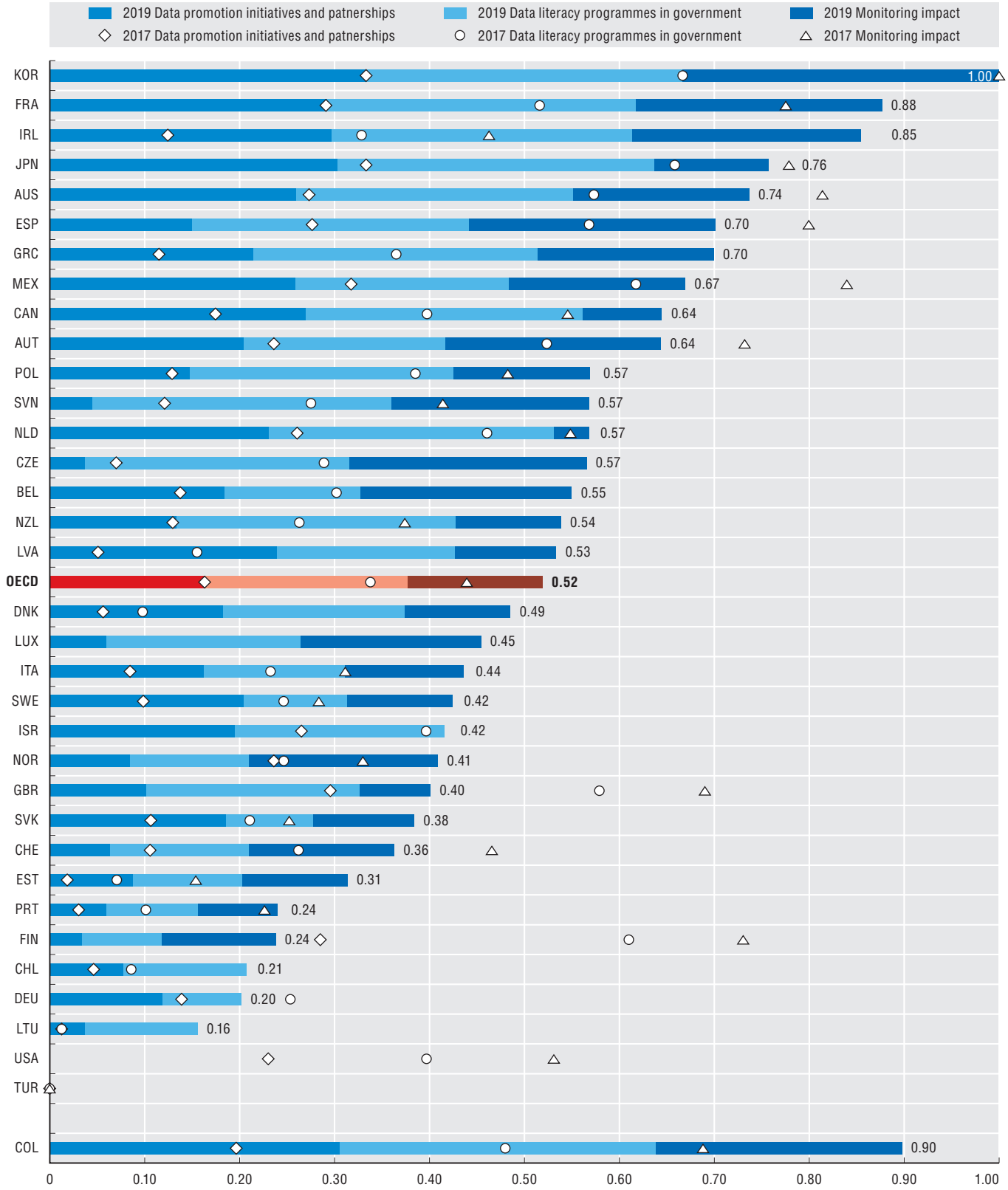
Lafortune, G. and B. Ubaldi (2018), "OECD 2017 OURdata Index: Methodology and results", *OECD Working Papers on Public Governance*, No. 30, OECD Publishing, Paris, *http://dx.doi.org/10.1787/2807d3c8-en*

OECD (2015), *Open Government Data Review of Poland: Unlocking the Value of Government Data*, OECD Digital Government Studies, OECD Publishing, Paris, *https://doi.org/10.1787/9789264241787-en*

## Figure notes

Data for 2017 are not available for Hungary, Iceland and Luxembourg. Data for 2019 are not available for Hungary, Iceland, Turkey and the United States. On data for Israel, see *http://doi.org/10.1787/888932315602*.

**9.7. Government support for data re-use, 2017 and 2019**




*Source:* OECD (2016, 2018), *Open Government Data Survey*.

StatLink https://doi.org/10.1787/888934033118

# 10. CORE GOVERNMENT RESULTS

Trust in government

Perception of government responsiveness: External political efficacy

Redistribution of income and wealth

Rule of law

Public sector efficiency

Cost effectiveness of public policies

# Trust in government

Trust is defined as a person's belief that another person or institution will act consistently with their expectations of positive behaviour (OECD 2017a). Institutional trust is the basis upon which the legitimacy of governments is built and is key for ensuring compliance with regulations and the tax system; it is of essence for implementing reforms and ensuring governments' capacity to govern without resorting to force. There is consensus in the academic literature that trust influences the relationship between citizens and governments, and has an impact on the outcomes of public policy (OECD 2017b).

The most comprehensive source for internationally comparable trust data currently available is the Gallup World Poll covering all OECD countries and strategic partners. Trust levels vary widely across countries, spanning from above 70% in Luxembourg and Switzerland to 20% or less in Greece and Latvia. Yet, on average in 2018, trust levels in OECD countries are at 45%, a similar value to 2007 (pre-crisis) levels. Still, in a group of countries – primarily those severely affected by the last financial crisis – trust levels remain substantially below pre-crisis levels, as evidenced by sustained reductions from 2007 to 2018 in Slovenia (24 p.p.), Greece (22 p.p.), Finland (20 p.p.) and Spain (19 p.p.). At the other end of the spectrum, countries with sustained and better economic performance in comparative terms such as Germany (24 p.p.), Poland (24 p.p.), Switzerland (22 p.p.) and Israel (20 p.p.) have experienced increases in levels of trust in government during the same period.

Trust along generational lines shows statistically significant differences within countries. In 2018, young people (aged 15-29) trusted government more than those 50 years and older in the Netherlands (by 15p.p.), Finland (by 8 p.p.), Lithuania (by 8 p.p.), Italy (by 8 p.p.) and Belgium (by 6 p.p.) While the explanation for these differences could be manifold and country specific, a plausible reason is that younger cohorts report higher trust as students who are benefiting, or have recently benefited, from public education. On the contrary, those aged 50 and over report higher trust levels than their younger cohorts in countries such as Hungary (by 26 p.p.), Turkey (by 15 p.p.), Chile (by 13 p.p.), France (by 14 p.p.) and Poland (by 13 p.p.). Similarly, explanations for these differences are diverse but could be related to youth perceptions regarding lack of opportunity and/or perceptions of not being able to reach a life standard similar to that of older generations.

Trust in government remains a key measure of government performance, yet it is a multidimensional concept influenced by factors beyond economic performance, or generational divides such as public governance elements, among which public sector integrity, most profoundly. The perception of government corruption in OECD countries has a strong negative relationship with levels of trust in government. Further evidence and analysis on institutional trust and its drivers could contribute to tailoring policies to restore or sustain trust levels in OECD countries and beyond.

### *Methodology and definitions*

Data are derived from the Gallup World Poll (GWP), which uses a statistically representative sample, generally of about 1 000 citizens in each country. However, in some countries samples may be smaller and/or refer exclusively to the capital or largest cities. The GWP includes questions on confidence in financial institutions, the judicial system, local police, the military and national government as well as a question on the approval of political leadership. The question on confidence in the national government does not differentiate between politicians and the bureaucracy nor does it specify which parts of national government are assessed. More information on the Gallup World Poll can be found at: *www.gallup.com/ services/170945/world-poll.aspx*.

## Further reading

OECD/KDI (2018), *Understanding the Drivers of Trust in Government Institutions in Korea*, OECD Publishing, Paris. https://doi.org/10.1787/9789264308992-en

OECD (2017a), OECD *Guidelines on Measuring Trust*, OECD Publishing, Paris, *https://doi.org/10.1787/9789264278219-en*.

OECD (2017b), *Trust and Public Policy: How Better Governance Can Help Rebuild Public Trust*, OECD Public Governance Reviews, OECD Publishing, Paris, *https://doi.org/10.1787/9789264268920-en*.

## Figure notes

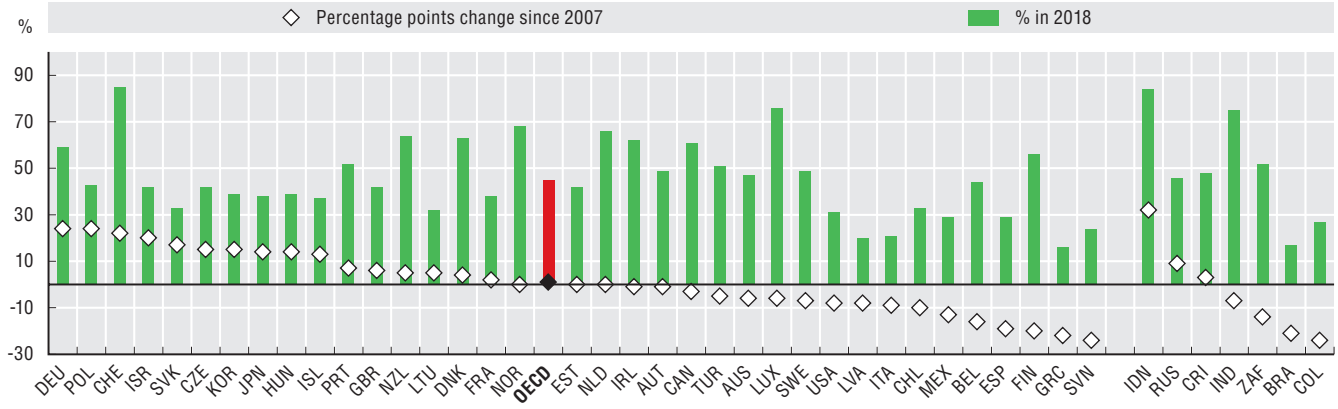
On data for Israel, see *http://doi.org/10.1787/88893231560210.1*:

10.1. Data refer to the percentage who answered "yes" to the question: "Do you have confidence in national government?" Data for Iceland are for 2017 rather than 2018. Data for Austria, Finland, Ireland, Norway, Portugal, the Slovak Republic, Slovenia and Switzerland are for 2006; data for Iceland and Luxembourg are for 2008 rather than 2007.

10.2. Data for the 15-29 age group are not available for Australia, Iceland, Japan and Slovenia. For the 15-29 age group data for Finland and New Zealand are for 2017 rather than 2018. Also, 95% confidence intervals represented by H.

10.3. Data refer to the percentage who answered "yes" to: "Is corruption widespread throughout the government in this country, or not?" Data for Iceland are 2017 for rather than 2018.

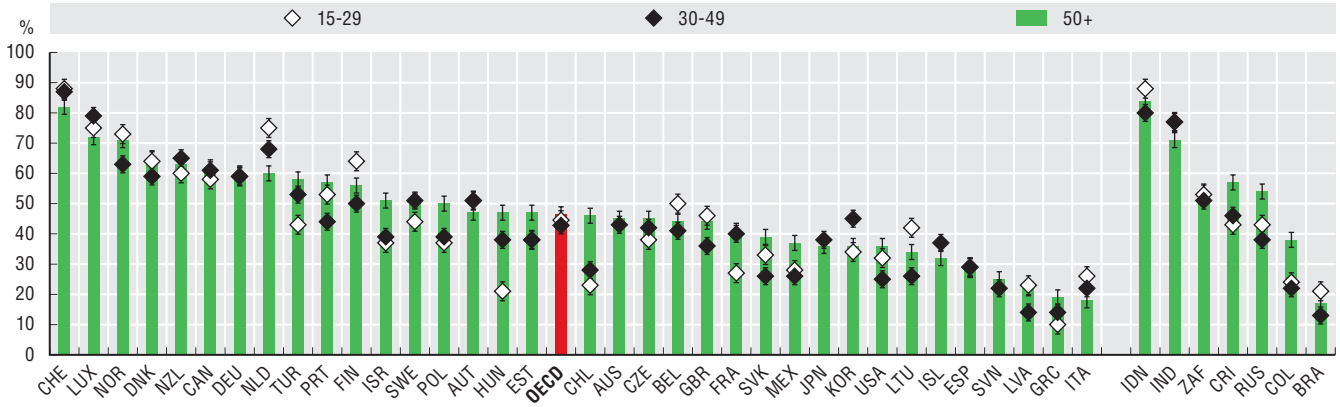
### 10.1. Confidence in national government in 2018 and its change since 2007




*Source*: Gallup World Poll, 2018

StatLink https://doi.org/10.1787/888934033137

### 10.2. Confidence in national government by age group, 2018




*Source*: Gallup World Poll, 2018

StatLink https://doi.org/10.1787/888934033156

### 10.3. Correlation between confidence in national government and perception of government corruption in OECD countries, 2018

*Source*: Gallup World Poll, 2018

StatLink https://doi.org/10.1787/888934033175

# Perception of government responsiveness: External political efficacy

External political efficacy refers to one's belief that one has a say in what the government does. This is important as people expect that their views and needs will affect the decisions taken by public institutions. In turn, external political efficacy can be built and destroyed by people's experiences when interacting with public institutions and by institutions that are not perceived as responsive to people's needs (e.g. policy-making processes and government decisions that do not respond to public preferences). External political efficacy is of paramount importance to democratic systems as it relates to the belief that political and social change are possible and that people can play a part in bringing about this change. This belief is also associated with the idea that it is worthwhile to perform civic duties (OECD, 2017).

There is a long tradition of including external political efficacy metrics in political participation surveys such as the American National Electoral Study, which has collected these data biennially for the United States since 1952. More recently, General Social Surveys (i.e. European Social Survey [ESS]) and Surveys on Adult Skills (Programme for International Assessment of Adult Competencies [PIAAC]) have picked up the topic as part of their regular measurement plans. According to the latest available data, in 2016 only 37% of people, on average, reported having a say in what government does in 23 OECD (mainly European) countries. There is, however, wide variation ranging from about 74% in Switzerland, a country with a long tradition of direct democracy, to just about 10% in Italy. From 2014 to 2016 the percentage of the population who believe they can influence government action increased the most in Iceland (24.5 percentage points) and Germany (14.4 p.p.) while the steepest declines happened in Poland (12.4 p.p.) and Sweden (9.9 p.p.).

In the academic literature, levels of external political efficacy are related to citizen engagement, satisfaction with democracy, and trust in public institutions, such as parliament. People who feel that they could influence their government are also those who are more satisfied with democracy and trust their assembly of elected representatives more (OECD, forthcoming). Switzerland, the Netherlands and Nordic countries such as Norway, Sweden and Finland, display the highest perception of external political efficacy, the greatest satisfaction with democracy and the greatest level of trust in their parliament. On the contrary, southern and eastern European countries such as Italy, Portugal, Poland, Lithuania and Slovenia trust their elected representatives less and are less satisfied with democracy overall.

### *Methodology and definitions*

The ESS is an academically driven cross-national survey that has been conducted across Europe since its establishment in 2001. Every two years, face-to-face interviews are conducted with newly selected, cross-sectional samples. Each country must achieve a minimum effective sample size of 1500. For smaller countries (those with a population of less than 2 million), this number is reduced to 800. The survey measures the attitudes, beliefs and behaviour patterns of diverse populations in European countries.

## Further reading

Borgonovi, F. and A. Pokropek (2017), "Mind that gap: The mediating role of literacy and education in explaining disparities in external political efficacy in 28 countries", *Intelligence*, Vol. 62, pp. 125-137, *https://doi.org/10.1016/j.intell.2017.03.006*.

González, S. (forthcoming), "Statistical accuracy of responsiveness measures in public governance", *OECD Working Papers on Public Governance*, OECD Publishing Paris.

OECD (2017), *How's Life? Measuring Well-being*, OECD Publishing, Paris, *https://doi.org/10.1787/how_life-2017-en*.

## Figure notes

On data for Israel, see *http://doi.org/10.1787/888932315602*.

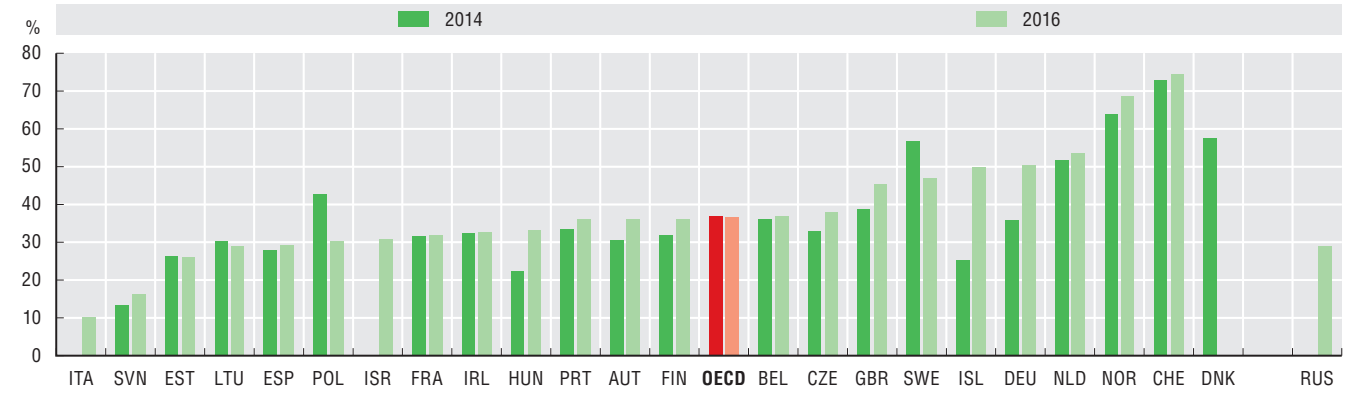
10.4. Data for 2016 refer to the percentage who answered "some", "a lot", or "a great deal" to "How: much would you say the political system in [country] allows people like you to have a say in what the government does? Data for 2014 refer to the percentage who answered 5 or more on a scale of 0 (not at all) to 10 (completely agree).. Data presented are OECD calculations based on Rounds 7 and 8 of the ESS, from data available for 21 European countries. Data for Italy are available in Round 8, but not in Round 7. Data for Denmark are available in Round 7, but not in Round 8. Data for Israel are only available in Round 8.

10.5. Data refer to the percentage who answered 5 or more on a scale of 0 (extremely dissatisfied) to 10 (extremely satisfied) to "As a whole, how satisfied are you with the way democracy works in your country?"

10.6. Data refer to the percentage who answered 5 or more on a scale of 0 (not trust at all) to 10 (complete trust) to "How much you personally trust each of the institutions, your country's parliament?"

### 10.4. Having a say in what the government does, 2014 and 2016

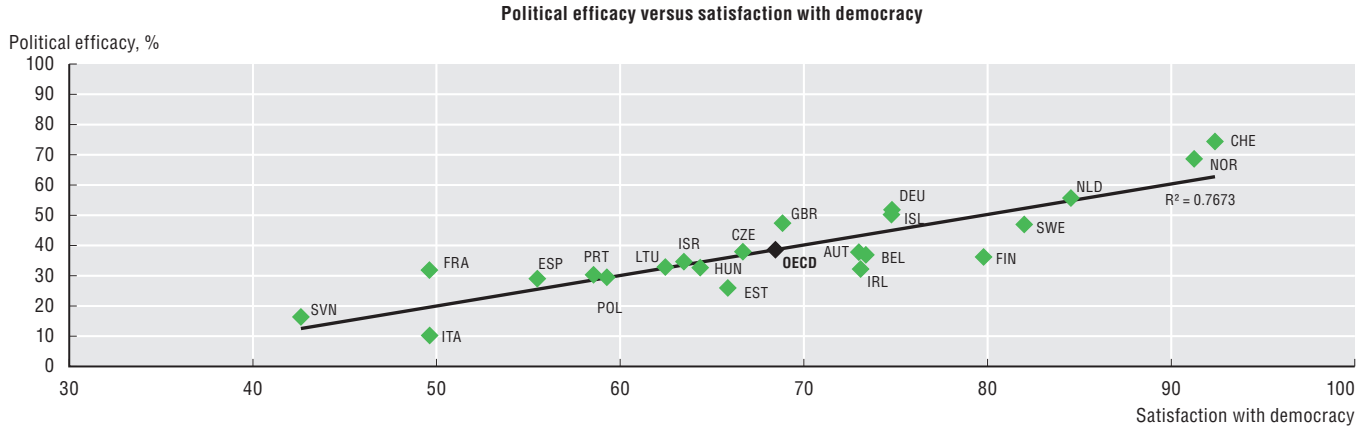
*% of the population*




*Source*: OECD calculations based in Rounds 7 and 8 of the European Social Survey.

StatLink https://doi.org/10.1787/888934033194

### 10.5. Political efficacy versus satisfaction with democracy, 2016




*Source*: European Social Survey, 2016

StatLink https://doi.org/10.1787/888934033213

### 10.6. Political efficacy versus trust in parliament, 2016

*Source*: European Social Survey, 2016

StatLink https://doi.org/10.1787/888934033232

# Redistribution of income and wealth

One of the most pervasive consequences of the 2007-08 economic crisis has been the increase in income inequality to historically high levels in many OECD countries. Increasing income inequality could affect material conditions, human capital formation and access to opportunities for those at lower levels of the income distribution. Additionally, higher inequality could also lead to loss of trust in government and its capacity to implement policies that favour the many over the few. Governments' capacity to level the playing field for people by ensuring equality of opportunity and a minimum standard of living is key to avoiding social unrest and fostering well-being.

Governments can play a role in increasing or reducing income inequality through taxes (e.g. tax exemptions) and transfers (e.g. allowances or subsidies). The Gini coefficient is the standard measure of inequality representing the income distribution of the population within a given country. It takes the value of 0 when all households have identical income and 1 when one household has all the income. In 2016, on average income inequality before taxes reached 0.47 in OECD countries and declined to an average of 0.32 after government intervention. Redistribution levels are highest in European countries with consolidated welfare states, such as Finland (24.6 p.p.), Ireland (23.4 p.p.) and Belgium (23.3 p.p.).

Household wealth is more unequally distributed than household income, due to the very high levels of concentration at the top of the wealth distributions. Across OECD countries, the wealthiest 10% of households hold 52% of total net wealth, compared with 24% of total income held by the 10% of people at the top of the income distribution. Wealth inequality, as measured by the net wealth share held by the top 10% of households, is highest in the United States (79%) and the Netherlands (68%), and lowest in Japan (41%) and the Slovak Republic (34%).

Considering the distribution of wealth alongside that of income provides a more comprehensive view of the economic means available to cope with income changes. In OECD countries, many people who are not considered income poor are nevertheless economically vulnerable in the event of a sudden loss of income, e.g. through unemployment, family breakdown, or disability. If income were to stop suddenly, such people would not have enough readily available financial assets to keep living above the poverty line for at least three months. Economic vulnerability is highest in Latvia (62.2%) and Greece (55.4%). In turn, it is the smallest in Japan (13.6%) and Korea (4.3%) (Balestra and Tonkin, 2018). The high concentration of wealth and high levels of economic vulnerability shed light on governments' key role in contributing to reducing income inequalities.

### *Methodology and definitions*

Data are drawn from the *OECD Income Distribution Database* and *OECD Wealth Distribution Database*. Redistribution of income is measured by comparing Gini coefficients for household market income (i.e. total income from market sources not adjusted for public cash transfers and household taxes) and for household disposable income (i.e. net of direct government transfers and direct taxes) of the working age population. Net wealth includes both real-estate assets such as secondary homes and investment properties, and financial assets (e.g. voluntary pensions, personal savings and inheritances) net of liabilities. Pension wealth in the form of social security entitlements and defined benefit occupational pensions are excluded. An individual is asset-based poor if she belongs to a household with liquid financial wealth insufficient to support them at the level of the income poverty line for at least three months. Those asset-poor individuals who are not income poor are described here as being economically vulnerable. Economic vulnerability does not take into account social transfers (e.g. unemployment benefits) that people may receive in the event of some types of shocks. An individual is considered income poor when his/her household income is below a certain threshold, in this case 50% of the national median income before taxes (income poverty line).

## Further reading

*Balestra, C. and R. Tonkin (2018), "Inequalities in household wealth across OECD countries: Evidence from the OECD Wealth Distribution Database", OECD Statistics Working Papers, No. 2018/01, OECD Publishing, Paris, https://doi.org/10.1787/7e1bf673-en*

## Figure notes

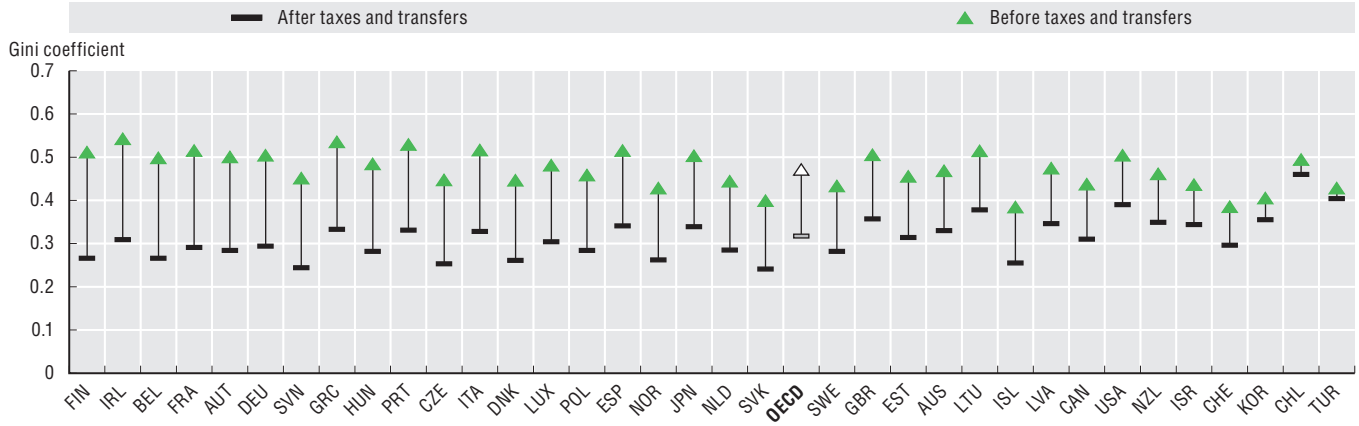
On data for Israel, see *http://doi.org/10.1787/888932315602*.

10.7: Data for Finland, Norway, Sweden, United Kingdom, Canada, the United States, Israel, Korea and Chile are for 2017, and for New Zealand for 2014 rather than for 2016. Data for Japan, Iceland, Switzerland and Turkey are for 2015 rather than 2017. Market income is post taxes and before transfers for Mexico and Turkey, so data are not strictly comparable.

10.8: Data for Finland, Latvia, the Netherlands, the United Kingdom, and the United States are for 2016; for Australia, Hungary, and New Zealand are for 2014; and for Japan are for 2012. In some cases, methodological issues may affect relative positions of countries.

10.9: Data for Canada are for 2016;for Australia, Austria, Belgium, Chile, France, Germany, Greece, Hungary, Italy, Japan, Latvia, Luxembourg, New Zealand, Norway, Poland, the Slovak Republic and Slovenia are for 2014; for Estonia, Finland, Ireland, Portugal, and the United States are for 2013; and for Spain are for 2012. In some countries, income data from the wealth survey lags the assets data, which may affect cross-country comparability.

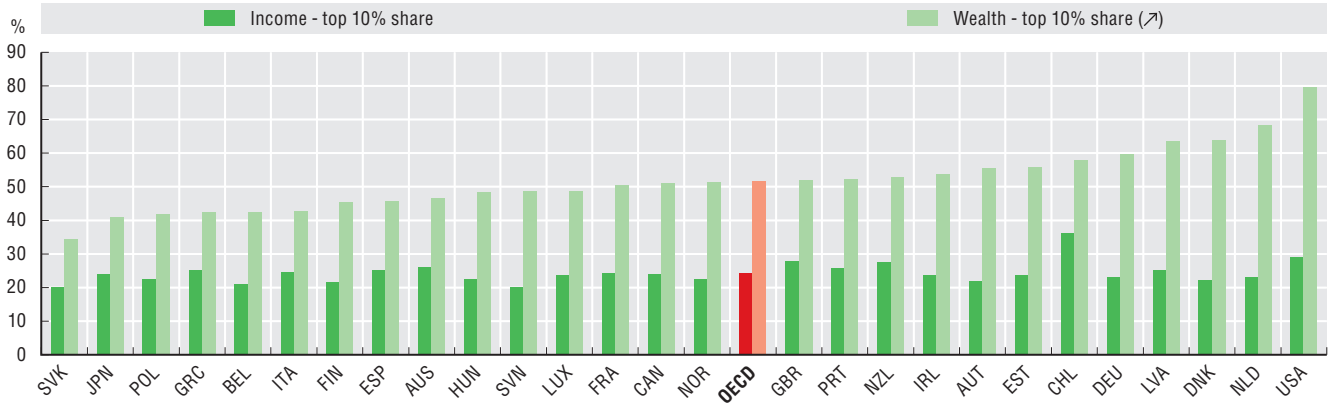
### 10.7. Differences in household income inequality pre and post-tax and government transfers, 2016




*Source*: OECD(2016) *Income Distribution Database*.

StatLink https://doi.org/10.1787/888934033251

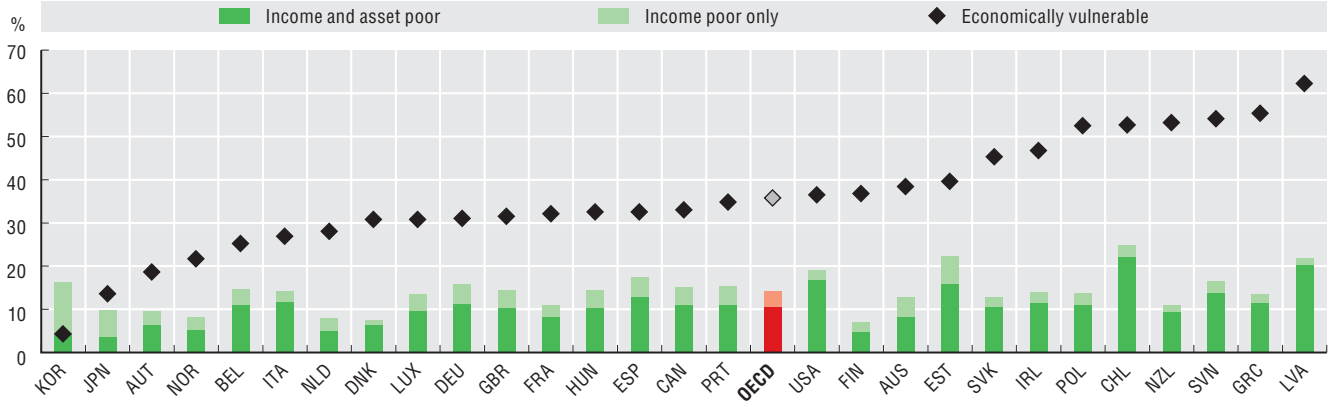
### 10.8. Shares of household income and wealth held by units in the top 10 of the distribution, 2015 or latest year available




*Source*: Balestra and Tonkin (2018), based on the *OECD Wealth Distribution Database* and *OECD Income Distribution Database*.

StatLink https://doi.org/10.1787/888934033270

### 10.9. Percentage of individuals experiencing income and/or asset-based poverty, 2015 or latest available year




*Source*: Balestra and Tonkin (2018), based on the *OECD Wealth Distribution Database*.

StatLink https://doi.org/10.1787/888934033289

# Rule of law

The idea that everyone is equal before the law is a cornerstone of democratic systems. The rule of law refers to the idea that the same rules, procedures and principles apply to all individuals and organisations, including government itself. In practice, the concept is enshrined in laws, codes and procedures guaranteeing fair treatment by institutions and equal access to justice. In turn, its application relies on the expected predictability, reliability and accountability of the legal system. In itself, the rule of law is a multidimensional concept encompassing diverse elements such as fundamental rights, order and security, absence of corruption and open government. Most of these elements are also recognised as key components of good governance crucial for maintaining peace and order, achieving economic development and ensuring the effective provision of public goods and services.

The *World Justice Project* (WJP) presents one of the most systematic approaches to conceptualising and measuring the rule of law worldwide. According to their methodology, the systems upholding the rule of law comprise four universal principles: 1) the government as well as private actors are accountable under the law; 2) the laws are clear, publicized, stable and just; are applied evenly; and protect fundamental rights, including the security of persons, contract and property rights, and certain core human rights; 3) the processes by which the laws are enacted, administered, and enforced are accessible, fair, and efficient; 4) justice is delivered timely by competent, ethical, and independent representatives and neutrals who are of accessible, have adequate resources, and reflect the makeup of the communities they serve"(WJP, 2019). The WJP assesses the rule of law through eight factors that seek to measure different aspects of the concept. The results for two of these factors are presented here: constraints on government powers and fundamental rights. The factor scores range between 0 and 1, where 1 signifies the highest possible score and 0 the lowest.

The factor measuring constraints on government powers captures "the extent to which those who govern are bound by law. It comprises the means, both constitutional and institutional, by which the powers of the government and its officials and agents are limited and held accountable under the law. It also includes non-governmental checks on the government's power, such as a free and independent press." (WJP 2019) The OECD average for this factor lies at 0.76. Several Nordic countries like Denmark (0.95), Norway (0.94), Finland (0.92) and Sweden (0.87) perform particularly well on this factor. On the other end of the spectrum Mexico (0.47), and Turkey (0.29) have scores below 0.50. Among OECD accession countries and other major economies, only Costa Rica (0.78) scores above the OECD average, as it has strong independent mechanisms to oversee state action, including the constitutional chamber to the Supreme Court (OECD 2015).

The measure for the protection of fundamental rights includes information on effective law enforcement and due process, as well as the adherence to and respect of a range of basic human and labour rights established under international law. Similar to the previous factor, on average OECD countries score relatively high, reaching an average of 0.76. However, there is variation across countries spanning from 0.90 or over in Denmark and Finland to less than 0.60 in Hungary, Mexico and Turkey. In general terms, there is a strong positive correlation between the two factors (i.e. limited government powers and fundamental rights) pointing to the fact that countries that have established checks and balances on government power also guarantee basic rights.

### *Methodology and definitions*

The World Justice Project collects data via 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 to legal experts who frequently interact with their national state institutions. For the general population, a probability sample of 1 000 respondents in each of the 126 countries is selected while on average 30 experts per country are surveyed. All questionnaires are administered by leading local polling companies. Data are available for 28 OECD countries as well as 2 accession countries Colombia and Costa Rica and 6 strategic partners. All variables used to score each of the factors are codified and normalised to range between 0 (lowest) and 1 (highest). For more information on the variables used for building the composite, see *https://worldjusticeproject.org/our-work/research-and-data/wjp-rule-law-index-2019/methodology*.

## Further reading

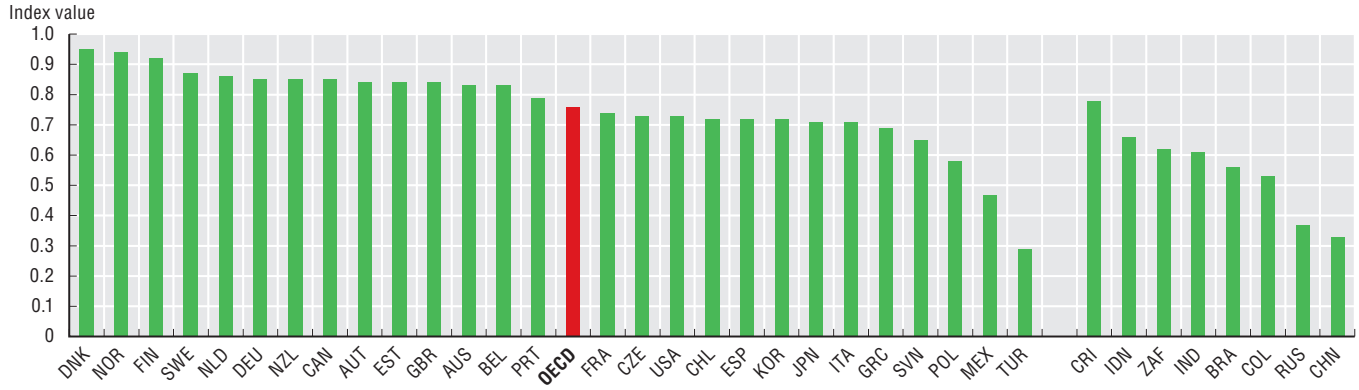
OECD (2015), *Costa Rica: Good Governance, from Process to Results*, OECD Public Governance Reviews, OECD Publishing, Paris, *http://doi.org/10.1787/9789264246997-en*.

World Justice Project (2019), *Rule of Law Index 2019*, World Justice Project, Washington, DC, *https://worldjusticeproject.org/sites/default/files/documents/WJP-ROLI-2019-Single%20Page%20View-Reduced_0.pdf*.

## Figure notes

Data for Iceland, Ireland, Israel, Latvia, Lithuania, Luxembourg, the Slovak Republic and Switzerland are not available. Data for Hungary are not displayed.

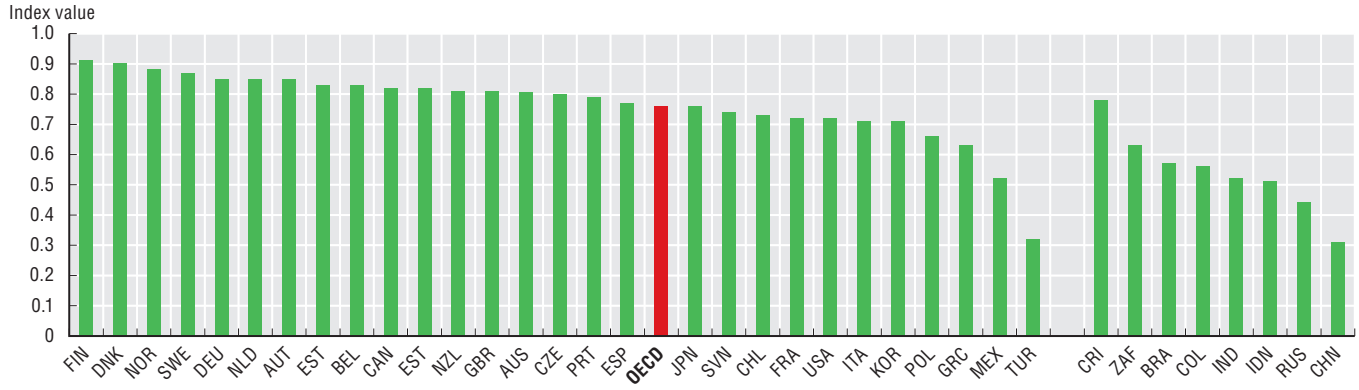
### 10.10. Limited government powers, 2019




*Source*: World Justice Project (2019), *Rule of Law Index 2019*.

StatLink https://doi.org/10.1787/888934033308

### 10.11. Fundamental rights, 2019




*Source*: World Justice Project (2019), *Rule of Law Index 2019*.

StatLink https://doi.org/10.1787/888934033327

### 10.12. Limited government powers versus fundamental rights, 2019

*Source*: World Justice Project (2019), *Rule of Law Index 2019*.

StatLink https://doi.org/10.1787/888934033346

# Public sector efficiency

Efficiency is the relationship between one or more inputs (or factors of production) and one or more outputs. In order to spend taxpayers' money prudently and as criteria for choosing between many competing spending priorities, governments and public sector organisations are constantly under pressure to achieve efficiency gains. For example, tax administrations are expected to collect all taxes owed by citizens and businesses in a timely manner. In turn, in the health sector there are several measures of health care efficiency, among which a key indicator is the average length of stay (ALOS) in hospitals. All other factors being constant, most importantly health outcomes, 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 costly per day. Too short a length of stay may also cause adverse effects on health outcomes or reduce the comfort and recovery of the patient.

In 2017, the average length of stay in hospitals for all conditions reached on average 7.5 days in OECD countries. Turkey had the shortest length of stay (4.1 days). On the other hand, hospital stays were the longest in Korea (18.5 days). On average ALOS have decreased by about 1 day over the past decade; however, some countries have experienced more significant reductions, for example the Netherlands (5.8 days less between 2006-17) Finland (4.6 days ) and New Zealand (3.6 days). 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 and receive follow-up care there, and promoting the use of less invasive surgical procedures (OECD, 2019). ALOS increased in some countries, such as Korea (3.6 days), where in the absence of old age homes, the elderly are treated in hospitals.

Taxes paid by citizens and businesses are the main source governments rely on to support the provision of public services. As a result, the collection of taxes is very important to governments. The process of tax collection is composed of several stages: registration, assessment, verification, collection and disputes. The assessment stage encompasses all activities related to processing tax returns (including issuing assessments, refunds, notices and statements) and is therefore a reflection of the work of tax administrations and their performance. When a tax return is filed by residents and businesses a tax liability is established and becomes payable. Tax administrations have interest in facilitating this process through electronic channels, pre-filling and any other means that could enhance timely compliance while contributing to reducing costs.

According to the latest available data, on average, on-time filing of personal income tax (PIT) returns amounts to 87.9% in OECD countries, ranging from 100% in Spain, Denmark and Norway to less than 25% in Mexico. Despite this comparatively low rate, the Mexican Tax Administration has worked to close the gap with other administrations as evidenced by a recent upgrade of the technological tool for filling out PIT returns. This upgrade includes pre-filling, calculating automatically the amount of tax to be paid and speeding up refund times (OECD 2019). Reaching on average 81.8% for the on-time filling of corporate income tax (CIT) returns is comparatively lower than the average for PIT, which could be explained by higher complexity of the corporate system, as well as delays in the preparation of companies' year-end financial reports. Spain (100%) also fares comparatively well on the CIT on-time filing rate, which could be partially explained by the legal obligations for businesses to obtain a tax identification number, registering taxpayers in the census and by obliging business to relate with the administration exclusively through electronic means.

### *Methodology and definitions*

ALOS refers to the average number of days that patients spend in hospital. It is 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.

PIT is defined as the taxes levied on the net income (gross income minus allowable tax reliefs) and capital gains of individuals. CIT refers to taxes levied on the net profits (gross income minus allowable tax reliefs) of enterprises. It also covers taxes levied on the capital gains of enterprises. The rates are calculated by dividing the number of returns filed on time over the number of returns expected.

## Further reading

OECD (forthcoming), *Health at a Glance 2019: OECD Indicators*, OECD Publishing, Paris.

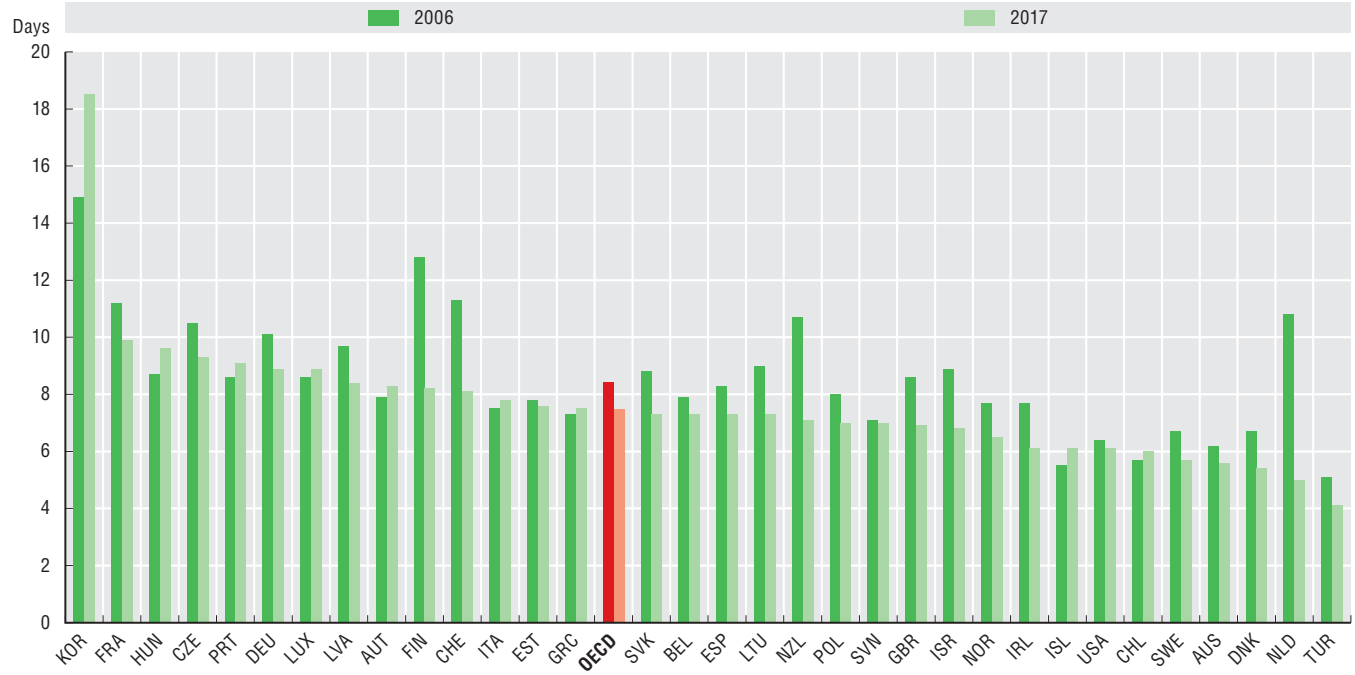
OECD (2019), *Tax Administration 2019: Comparative Information on OECD and other Advanced and Emerging Economies*, OECD Publishing, Paris, *https://doi.org/10.1787/74d162b6-en*.

## Figure notes

10.13. Data for Austria, Denmark, France, New Zealand and the United States are for 2016; and for Greece are for 2013 rather than 2017. Data for Korea are for 2005 rather than 2006. Data for Japan are not presented as they refer exclusively to the length of stay for curative (acute) care.

10.14: Data for Hungary are for 2016.

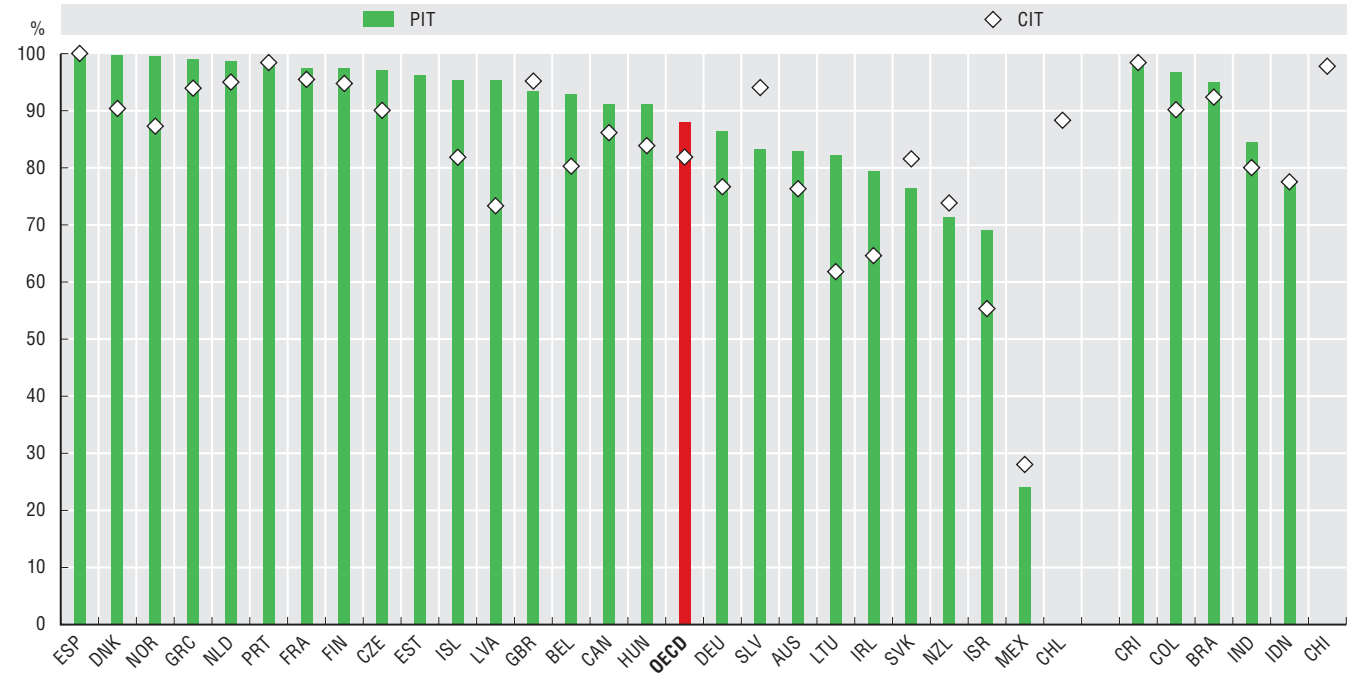
**10.13. Average length of stay in hospital for all conditions, 2006 and 2017**




*Source*: OECD *Health Statistics* (database)

StatLink https://doi.org/10.1787/888934033365

**10.14. Personal Income Tax and Corporate Income Tax on-time filing rates, 2017**




*Source*: OECD (2019), *Tax Administration Series* (database).

StatLink https://doi.org/10.1787/888934033384

# Cost effectiveness of public policies

Governments are responsible for the provision of public services, either directly or by regulating private providers. The relationship between inputs (human or financial) and sectoral outcomes is referred to in the academic literature as cost effectiveness. Outcomes in health and education (e.g. health gains, learning gains, financial net benefits and improvements in satisfaction with services) are the results of various factors including public policies and frontline provision of services.

### *Health care*

The relationship between total health expenditure (or only public expenditure on health, which account for about 75% of total health spending) and life expectancy at birth provides a broad measure of health-spending effectiveness, although life expectancy is the result of various factors. Higher health spending is associated with longer lives, although with diminishing returns. Beyond a certain threshold, policy choices, environmental factors and individual lifestyles can explain the difference in life expectancy between countries.

Japan, Italy, Spain, Israel and Korea have relatively high life expectancy given their health expenditure levels. On the other hand, life expectancy in the United States, and to a lesser extent in Latvia, Mexico and Hungary, is lower than expected at their levels of health spending. Factors explaining this phenomenon in the United States include: the highly fragmented nature of the health system - with relatively few resources devoted to public health and primary care-; health-related behaviours, e.g. obesity rates and deaths from road traffic accidents; and higher poverty rates and income inequality than in most other OECD countries. Between 2015 and 2017, the opioid crisis and a slowdown in the reduction in cardiovascular mortality contributed to reduce life expectancy in the United States (Raleigh, 2019). In Hungary, Latvia and Lithuania, risk factors (e.g. tobacco use, alcohol consumption and unhealthy diet) prevalent among men, explain the relatively low life expectancy.

### *Education*

Human capital creation and skills development are two key objectives for the education sector given their beneficial effects on employment prospects and life-long earnings. There are several possibilities for measuring cost effectiveness of the education sector. One option is to look at the difference between public costs and benefits of attaining an additional education level (e.g. net financial returns) throughout the working life of education recipients. On average across OECD countries, the public net financial returns of obtaining tertiary education compared to upper secondary are about USD 148 200 for a man and USD 77 300 for a woman. For a man, these public financial returns are highest in Luxembourg (USD 373 300) and for a women in the Netherlands (USD 223 600). Differences in public net financial returns between men and women are explained by lower earnings and employment rates of women. These results, may also be due to, among others, employment in different sectors, career progression, types of occupation and contracts, difficulties conciliating work and family life, and a wage gap between men and women for similar jobs.

### *Methodology and definitions*

Life expectancy measures how long, on average, a newborn can expect to live if current death rates do not change. Total current expenditure on health captures the final consumption of health goods and services (i.e. current expenditure), but excludes capital investment in health care infrastructure. This includes spending by both public and private sources on medical services and goods, prevention programmes and administration. Education cost and benefits values are based on the difference between men or women who attained tertiary education compared with those who attained upper secondary education. In this analysis, the costs include direct public costs for supporting education and foregone taxes on earnings, while the benefits are calculated using income tax and social contributions. For governments, direct costs represent the largest share of total public costs for tertiary education, even though student loans are not taken into account in this indicator. Tertiary educated people are defined as those who have attained at least one of the following International Standard Classification of Education (ISCED) levels: short-cycle tertiary (ISCED 5), a bachelor's degree or equivalent (ISCED 6), master's degree or equivalent (ISCED 7) or a doctoral degree or equivalent (ISCED 8).

## Further reading

OECD (2019), *Education at a Glance 2019: OECD Indicators*, OECD Publishing, Paris, *https://doi.org/10.1787/f8d7880d-en*.

OECD (2017), *Health at a Glance 2017: OECD Indicators*, OECD Publishing, Paris, *https://doi.org/10.1787/health_glance-2017-en*.

Raleigh, V. (2019), "Trends in life expectancy in EU and other OECD countries: Why are improvements slowing?", *OECD Health Working Papers*, No. 108, OECD Publishing, Paris, *https://doi.org/10.1787/223159ab-en*.

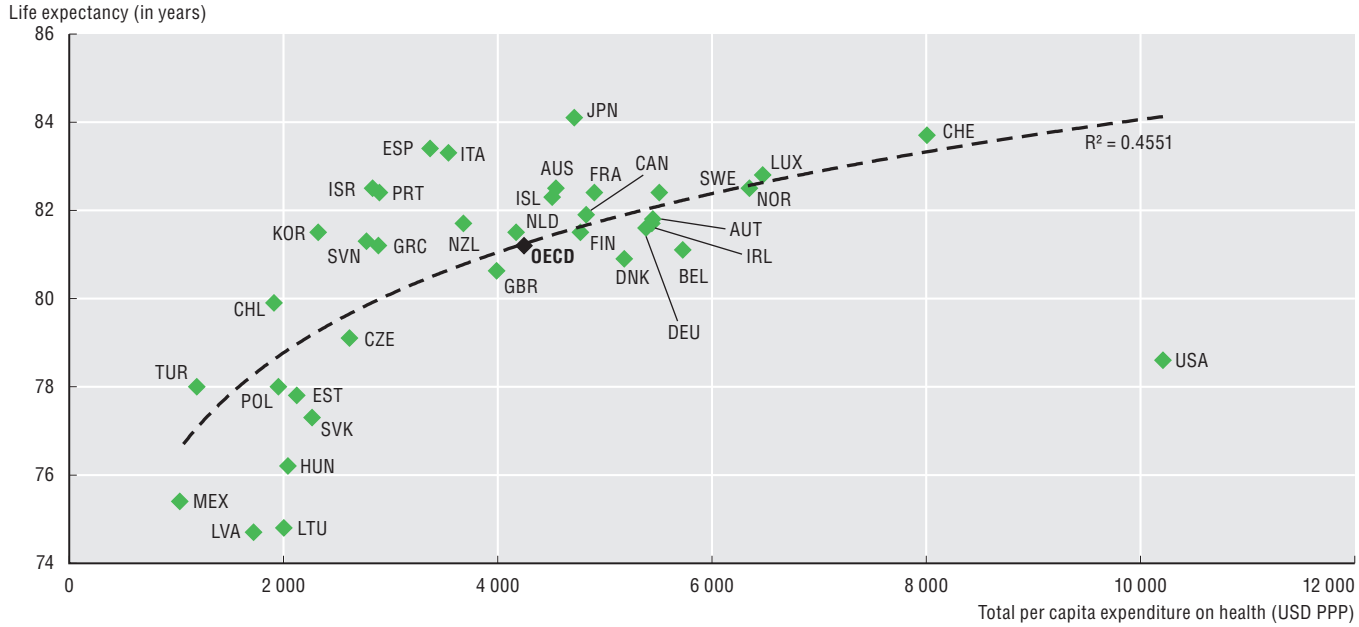
## Figure notes

On data for Israel, see *http://doi.org/10.1787/888932315602*.

10.15: All data for current expenditure on health per capita are for 2017.

10.16: Results are based on the net earnings of tertiary-educated adults (as compared with the net earnings of adults with upper secondary education). Data for the Czech Republic, Chile, France and Italy are for 2015, data for the Netherlands are for 2014.

### 10.15. Life expectancy at birth and total expenditure on health per capita, 2017 (or nearest year)

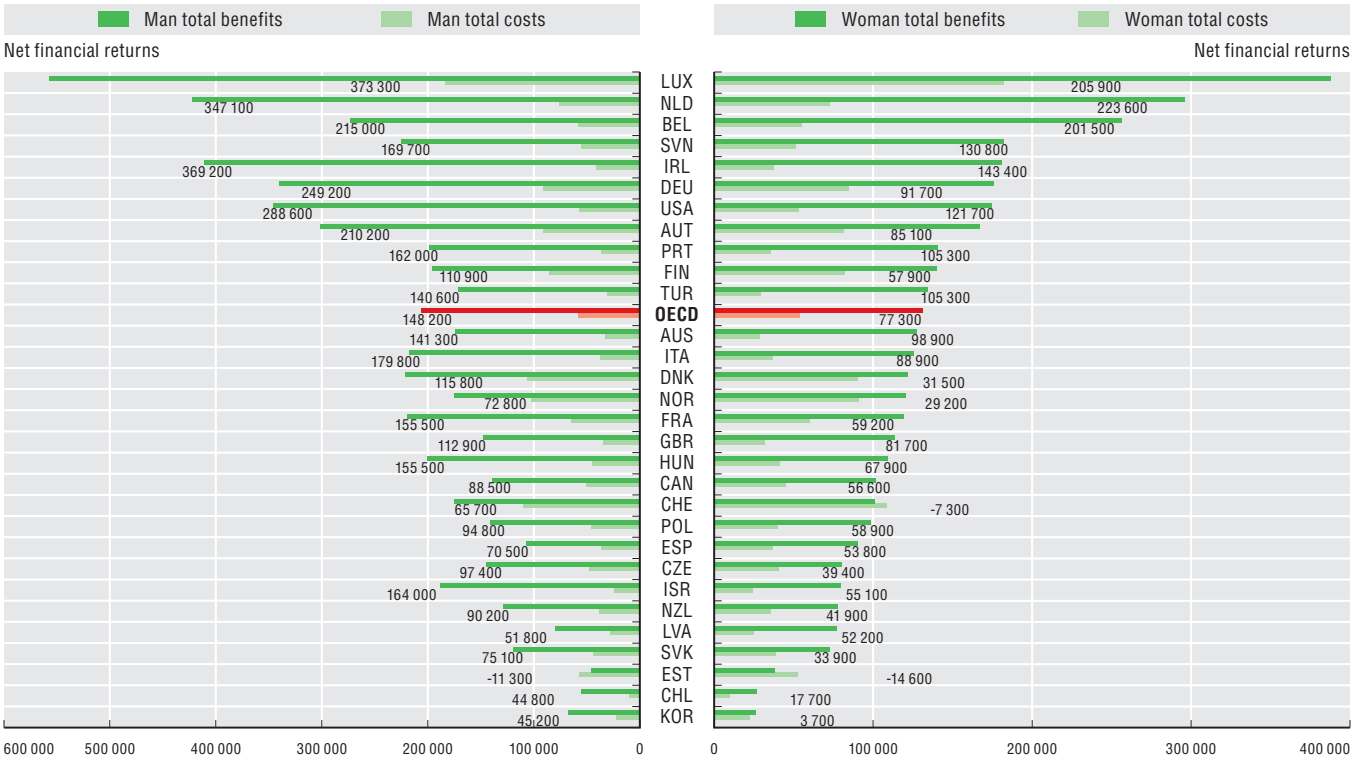



*Source*: *OECD Health Statistics* (database).

StatLink https://doi.org/10.1787/888934033403

### 10.16. Public costs and benefits of education for a man or a woman attaining tertiary education, 2016

As compared with returns to upper secondary education, in equivalent USD converted using PPPs for GDP.
Future costs and benefits are discounted at a rate of 2%.




*Source*: *OECD Education at a Glance* (database).

StatLink https://doi.org/10.1787/888934033422

# 11. SERVING CITIZENS


Serving Citizens Scorecards

Citizen satisfaction with public services and institutions

Financial and geographic access to care

Financial access to education

Access to legal and justice services

Responsiveness of health systems to patient needs

Responsiveness of education systems to special needs

Timeliness of civil justice services

Quality of health care

Student performance and equity in education

Effectiveness and fairness of the justice system

# Serving Citizens Scorecards

This chapter describes how OECD countries are performing in terms of access, responsiveness and quality of services, based on the OECD Serving Citizens Framework. The scorecards summarise the key aspects of countries' services systems (access, responsiveness and quality) by displaying a subset of sector-specific measures from education, health and justice. They are an illustration of how the performance of public services can be compared, even when they are organised in distinct ways and address different aspects of societal and individual life. Although country rankings are provided, these are only computed to compare indicators that differ in terms of measurement units and underlying phenomena. Hence, the scorecards do not provide a unified picture of which countries have the best overall services, nor should they be used for such purpose.

The Serving Citizens Scorecards were introduced in the 2017 Government at a Glance, and the indicators were selected by experts from the OECD on each subject. The criteria were: 1) adequacy (i.e. the indicator represents the concept being measured), 2) policy relevance, 3) data availability and coverage, and 4) data interpretability (i.e. no ambiguity that a higher/lower value means better/worse performance). The selected indicators are intended to provide an overview of relevant aspects for each sector. For this reason, the choice of measures differs among sectors (e.g. school enrolment for education and health care coverage for health care are measures of access). The measures chosen for the scorecards in this edition are the same as in the 2017 Government at a Glance edition. Only those for which updated data were available are presented in this chapter.

**The OECD Serving Citizens Framework**

| Access | Responsiveness | Quality |
|---|---|---|
| **Affordability**<br>• *Health care coverage*<br>• *Unmet health care needs*<br>• *Share of out of pocket medical expenditure in household consumption*<br>• *Private expenditure on education (Primary to tertiary)*<br>• *Enrolment at age 4*<br>• *First time tertiary entry rates*<br>• *People can access and afford civil justice* | **Courtesy and treatment**<br>• Regular Doctor Involved Them As Much as They Wanted in Decisions About Treatment or Care | **Effective delivery of services and outcomes**<br>• *Mortality rate - Acute Myocardial Infarction (Heart Attack)*<br>• *Mortality rate- Cerebrovascular disease (stroke)*<br>• *Breast cancer mortality in women*<br>• Thirty-day mortality after admission to hospital for AMI<br>• Asthma and COPD hospital admission in adults<br>• Congestive heart failure (CHF) hospital admission in adults<br>• PIRLS scores<br>• *Effective enforcement of civil justice*<br>• *Civil justice is free from improper government influence* |
| **Geographic proximity**<br>• Physician density by TL2 regions | **Match of services to special needs**<br>• Percentage of early leavers from education and training aged 18-24 years who are not currently working<br>• Schools with shortage of qualified teachers in teaching students with specific needs in lower secondary education<br>• Percentage of decisions taken at the school levels in public lower secondary education | **Consistency in service delivery and outcomes**<br>• Score on PIRLS for students who attend a school where over 75% of the students enter with some reading and writing skills<br>• Score on PIRLS by sense of belonging to the school and percentage of students showing high sense of belonging |
| **Access to information**<br>• Percentage of individuals who received legal advice and who took actions to solve their disputes over the past 2 years<br>• Top three reasons for not attempting to obtain legal assistance to resolve a dispute<br>• Reasons for not taking action to resolve a dispute<br>• *Alternative dispute resolution mechanisms are accessible, impartial and effective* | **Timeliness**<br>• Waited Two Months or More For A Specialist Appointment<br>• Hip fracture surgery initiation after admission to hospital<br>• Disposition time for civil, commercial, administrative and other cases (non contested)<br>• Disposition time for litigious civil and commercial cases (first instance)<br>• Disposition time for administrative cases (supreme court) | **Security/Safety**<br>• *People do not use violence to redress personal grievances* |

Note: the indicators in *italics* are included in the scorecards

## Scorecard interpretation

Each scorecard focuses on one dimension of the framework and compares across services (education, health and justice). The "responsiveness" scorecard is not displayed because of lack of country-comparable data. For each indicator, countries are classified in three quantiles according to their performance: 1) top-third quantile (green), 2) middle-third quantile (orange), and 3) bottom-third quantile (red).

Additionally, each country is ranked among those countries for which data are available, so as to provide additional information on performance (the country with the best performance is ranked number 1). If several countries have the same value for an indicator, they are assigned the same rank.

When trend data are available, arrows indicate whether countries' absolute performance has improved (↑), declined (↓) or remained stable (→). The last row of the scorecard indicates both the base year and the reference year for the comparison.

## Access to services

Most OECD countries have achieved universal health care coverage, either through private or public insurance schemes. Coverage has remained stable among top performers since 2013. In Greece, as a consequence of the crisis, around 30% of

the population lost access to care in 2013. The country introduced remedial legislation in 2016 to secure funding for the system and restore universal coverage. In Hungary, a series of reforms, including the dissolution of the Ministry of Health, resulted in decreased coverage (from universal coverage in 2011 to 94% in 2017). Mexico and the United States have shown improvements in terms of health care coverage, given the introduction and expansion of *Seguro Popular* in 2004 and the *Patient Protection and Affordable Care Act (PPACA)* in 2010. They achieved around 90% coverage in 2017.

The range of services covered by health insurance schemes and the extent to which patients have to cover expenses from their own budgets vary across OECD countries. However, the share of out-of-pocket (OOP) expenditure on household consumption alone does not indicate whether citizens are benefiting from access to care. For example, Austria, Spain and Switzerland have a high share of OOP, but have the lowest share of unmet care needs. On the contrary, Slovenia and the United Kingdom have a lower share of OOP, but the waiting lists are longer because there are fewer physicians providing care than in other countries.

Education systems across OECD countries provide universal access to schools for children of compulsory school age (which varies between countries). Access to early childhood and tertiary education depend partially on public resources made available to finance them. Belgium is one of the countries where the lowest proportion of funding for primary to tertiary education comes from private sources and is among those with the highest enrolment rates in early childhood and tertiary education. On the contrary, the United States relies heavily on private funding for education (both before and after transfers between sectors), which results in relatively low levels of enrolment at both ends (early childhood and tertiary).

The high share of private funding in some countries is due to grants and transfers to individuals or private institutions. For example, the United Kingdom has achieved 100% enrolment in early childhood education because each child aged 4 is entitled to 15 hours of free care whether in public or private institutions. Chile introduced a law enabling free access to tertiary education for economically disadvantaged students in 2016; before that year, they were granted scholarships and loans. It is envisioned that the majority of students will benefit from such reform in 2020. Chile achieved the largest enrolment rate for nationals in OECD countries in 2017.

In order to access justice, individuals must be aware of their rights and of the existing mechanisms to resolve their disputes, and be able to afford the costs that the process entails. According to the World Justice Project (WJP), barriers to access civil justice (in terms of awareness, fair treatment and financing) are lowest in the Netherlands, Germany and Sweden. On the contrary, Mexico, the United Kingdom and the United States are the countries where citizens have the most difficulties. Alternative dispute resolutions (ADRs) are a way of settling disputes outside of the courtroom. The WJP expert survey enquires about the integrity of arbitrators, the costs and timeliness of ADRs and the enforcement of settlements in commercial cases. The countries with the most accessible ADRs are Japan, Korea and Norway. Hungary, Mexico, and Sweden have the least accessible ones.

## Quality of services

The provision of public services is aimed at improving citizens' quality of life and well-being in various areas. For example, health systems are responsible for protecting citizens from health threats and the judiciary system plays a significant role in ensuring the rule of law and the respect for human rights, making citizens feel safe.

The indicators selected for the Serving Citizens Scorecards address the quality of health care policies as a whole, including prevention. In this sense, they are different from those used in Health at a Glance, where the quality of care provided to patients is addressed (e.g. avoidable hospital admissions, obstetric trauma). This distinction is relevant because the indicators displayed in the Serving Citizens Scorecards also capture the self-care attitudes of the population (e.g. following recommended schedules of medical check-ups). In this publication, quality of health care services provided to patients is addressed in the two-pager under such name.

OECD countries have been successful in reducing the mortality rate associated with contagious diseases. The leading causes of death are heart attacks, strokes and cancer, which in many cases are related to individuals' lifestyle and behaviour, such as smoking and eating habits. Prevention, early intervention and treatment of such diseases are at the forefront of the strategies implemented by health care systems to reduce the mortality associated with them. Most countries have successfully reduced the number of deaths associated with such diseases in recent years.

Spain is among the countries with the lowest mortality rate associated with heart attacks, strokes and breast cancer. The rest of the OECD countries where data is available are performing relatively better than the rest in one or two diseases and worse in the remaining one(s). For example, Mexico and Turkey are among the countries with the lowest mortality rates associated with breast cancer and the highest associated with heart attacks. The opposite is true in Belgium and the Netherlands.

In terms of the judiciary system, the WJP compiles data on the enforcement of the law around the world by asking experts and the general population how likely individuals are to pursue self-administered justice, how likely the government is to influence a judge in a lawsuit against the state and how likely court decisions are to be enforced. Sweden and Norway perform the best on such aspects, while in Greece, Mexico and Turkey, the law is less effectively enforced. Some countries perform better in one aspect than in others. For example, in Hungary, self-administered justice is less prevalent than in other OECD countries, but there is more government influence in trials and less enforcement of court decisions.

# Serving Citizens Scorecards

## Scorecard 1. Access to services

Top third performers.
Middle third performers.
Bottom third performers.

Note: Countries are listed in alphabetical order. The number in the cell indicates the position of each country among all countries for which data is available.

| Indicator | Health care | | | | | | Education | | | | | Justice | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *Financial access* | | | | | | *Access to education* | | | | | *Access to judicial system and legal information* | | | |
| | Health care coverage | | Unmet care needs | | Share of out of pocket medical expenditure in household consumption | | Private expenditure on education (Primary to tertiary) | | Enrolment at age 4 | | First time tertiary entry rates | People can access and afford civil justice | | Alternative dispute resolution mechanisms are accessible, impartial and effective | |
| Australia | 1 | → | n.a | | 16 | ↑ | 33 | ↓ | 24 | ↑ | n.a | 20 | ↑ | 9 | ↓ |
| Austria | 2 | → | 1 | → | 30 | ↓ | 6 | → | 18 | ↑ | 13 | 10 | ↑ | 20 | ↑ |
| Belgium | 4 | ↓ | 9 | ↑ | 25 | → | 7 | ↓ | 2 | → | 9 | 6 | ↑ | 15 | ↑ |
| Canada | 1 | → | n.a | | 13 | ↓ | 26 | → | n.a. | | n.a | 23 | ↑ | 16 | ↓ |
| Chile | 7 | ↓ | n.a | | 31 | → | 34 | ↑ | 26 | | 2 | 13 | ↑ | 21 | ↑ |
| Czech Republic | 1 | → | 3 | ↑ | 5 | ↓ | 17 | → | 23 | ↑ | 17 | 18 | ↓ | 11 | ↑ |
| Denmark | 1 | → | 7 | ↑ | 17 | → | n.a. | | 3 | → | 4 | 4 | ↑ | 4 | → |
| Estonia | 6 | ↑ | 20 | ↓ | 19 | ↓ | 9 | ↓ | 20 | | n.a | 7 | ↑ | 8 | ↑ |
| Finland | 1 | → | 17 | ↓ | 24 | ↓ | 1 | → | 28 | ↑ | 21 | 17 | ↑ | 19 | → |
| France | 2 | → | 6 | ↑ | 3 | ↑ | 16 | → | 1 | → | n.a | 15 | ↑ | 7 | ↑ |
| Germany | 1 | ↑ | 3 | ↑ | 11 | → | 18 | → | 13 | → | 20 | 2 | ↑ | 5 | ↓ |
| Greece | 1 | ↑ | 19 | ↑ | 32 | → | 8 | | 30 | ↑ | 26 | 16 | ↑ | 23 | ↓ |
| Hungary | 7 | ↓ | 5 | ↑ | 28 | ↑ | 21 | ↑ | 11 | ↑ | 27 | 24 | ↑ | 27 | ↓ |
| Iceland | 1 | → | 14 | ↑ | 15 | ↑ | 5 | ↑ | 6 | ↑ | 16 | n.a | | n.a | |
| Ireland | 1 | → | 13 | ↑ | 12 | ↑ | 10 | ↓ | 1 | ↑ | n.a | n.a | | n.a | |
| Israel | 1 | → | n.a | | 18 | ↓ | 23 | ↑ | 4 | | 15 | n.a | | n.a | |
| Italy | 1 | → | 9 | ↑ | 21 | ↓ | 15 | → | 15 | ↓ | 24 | 22 | → | 25 | → |
| Japan | 1 | → | n.a | | 10 | ↓ | 29 | → | 12 | ↑ | 5 | 11 | ↑ | 2 | ↑ |
| Korea | 1 | → | n.a | | 34 | ↓ | 30 | ↑ | 7 | ↑ | n.a | 19 | ↑ | 3 | ↓ |
| Latvia | 1 | | 18 | ↑ | 33 | ↓ | 11 | ↑ | 17 | | n.a | n.a | | n.a | |
| Lithuania | 8 | | 8 | ↑ | 20 | → | 14 | → | 25 | | 8 | n.a | | n.a | |
| Luxembourg | n.a | | 3 | ↑ | 2 | → | 3 | → | 14 | ↓ | 28 | n.a | | n.a | |
| Mexico | 11 | ↓ | n.a | | 23 | ↑ | 25 | ↓ | 21 | ↑ | 23 | 28 | ↓ | 28 | ↓ |
| Netherlands | 2 | ↑ | 2 | ↑ | 8 | ↑ | 22 | → | 9 | ↓ | 14 | 1 | ↑ | 6 | → |
| New Zealand | 1 | → | n.a | | 4 | ↓ | 28 | → | 10 | ↑ | 1 | 8 | ↑ | 12 | → |
| Norway | 1 | → | 7 | ↓ | 22 | ↓ | 2 | ↓ | 8 | → | 12 | 9 | ↓ | 1 | ↑ |
| Poland | 9 | ↑ | 16 | ↑ | 9 | → | 13 | → | 27 | ↑ | 7 | 21 | ↑ | 13 | ↑ |
| Portugal | 1 | → | 10 | ↑ | 29 | → | 20 | ↑ | 19 | ↑ | 19 | 14 | ↑ | 10 | ↑ |
| Slovak Rep. | 5 | → | 11 | ↓ | 6 | ↑ | 19 | → | 29 | ↑ | 22 | n.a | | n.a | |
| Slovenia | 1 | → | 15 | ↓ | 1 | → | 12 | → | 22 | | 11 | 12 | ↑ | 22 | ↓ |
| Spain | 2 | → | 2 | ↑ | 26 | → | 24 | ↓ | 5 | → | 6 | 5 | ↑ | 14 | ↑ |
| Sweden | 1 | → | 8 | ↑ | 27 | → | 4 | → | 16 | → | 18 | 3 | ↑ | 26 | ↓ |
| Switzerland | 1 | → | 4 | ↑ | 35 | ↓ | n.a. | | 32 | ↑ | 3 | n.a | | n.a | |
| Turkey | 3 | ↑ | 12 | ↑ | n.a. | | 27 | ↓ | 33 | ↑ | n.a | 25 | ↑ | 24 | ↓ |
| United Kingdom | 1 | → | 15 | ↓ | 7 | → | 31 | ↓ | 1 | ↑ | 10 | 26 | ↓ | 17 | ↓ |
| United States | 10 | ↑ | n.a | | 14 | ↑ | 32 | → | 31 | → | 25 | 27 | ↓ | 18 | ↓ |
| Year | 2017 | 2013 | 2018 | 2014 | 2017 | 2013 | 2016 | 2012 | 2017 | 2012 | 2017 | 2019 | 2015 | 2019 | 2015 |

*Notes:* Countries are listed in alphabetical order. The number in the cell indicates the position of each country among all countries for which data is available. For health care coverage the clustering was produced in the following way: top-third group (between 95% and 100% for health care coverage), middle-third group (between 90% and 95%), bottom-third group (less than 90%). Health care coverage data are from 2017, except for Japan and Spain which are from 2014. Data for share of out-of-pocket medical expenditure for Chile are from 2014. In Australia, New Zealand, the United Kingdom and the United States, the high share of private expenditures on education is associated with a large share of students receiving loans and scholarships. Data for private expenditures on education for Greece are from 2015. On data for Israel, see http://doi.org/10.1787/888932315602. Details on data for other indicators are provided in the corresponding sections.

*Source: OECD (2019), OECD Health Statistics* (database) Eurostat, 2019; *OECD (2019) Education at a Glance (database) 2019*, World Justice Project (2019), *Rule of Law Index 2019*.

## Scorecard 2. Quality in service delivery and policies

Top third performers.

Middle third performers.

Bottom third performers.

Note: Countries are listed in alphabetical order. The number in the cell indicates the position of each country among all countries for which data is available.

| Indicator | Health care | | | | | | Justice | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Mortality rate-Acute Myocardial Infarction (Heart Attack) | | Mortality rate-Cerebrovascular disease (stroke) | | Breast cancer mortality in women | | Effective enforcement of civil justice | | Civil justice is free from improper government influence | | People do not use violence to redress personal grievances | |
| Australia | 14 | ↑ | 10 | ↑ | 9 | ↓ | 10 | ↓ | 4 | ↓ | 13 | ↓ |
| Austria | 24 | ↑ | 6 | ↑ | 18 | ↓ | 8 | ↓ | 9 | → | 9 | ↑ |
| Belgium | 9 | ↑ | 12 | ↑ | 24 | ↓ | 9 | ↑ | 11 | ↑ | 17 | ↓ |
| Canada | 17 | ↑ | 3 | ↑ | 12 | ↓ | 13 | → | 7 | ↑ | 7 | ↑ |
| Chile | 31 | ↑ | 30 | ↓ | 8 | ↑ | 19 | ↑ | 21 | ↓ | 27 | ↓ |
| Czech Republic | 19 | ↑ | 26 | ↑ | 14 | ↓ | 18 | ↓ | 17 | ↑ | 6 | → |
| Denmark | 5 | ↑ | 18 | ↑ | 27 | ↓ | 4 | ↑ | 2 | → | 2 | → |
| Estonia | 8 | ↑ | 19 | ↑ | 11 | ↓ | 16 | ↑ | 10 | → | 10 | ↑ |
| Finland | 25 | ↑ | 22 | ↑ | 9 | ↓ | 6 | → | 8 | ↑ | 5 | → |
| France | 2 | ↑ | 2 | ↑ | 21 | ↓ | 11 | ↑ | 15 | ↑ | 22 | ↑ |
| Germany | 23 | ↑ | 13 | ↑ | 28 | ↓ | 5 | ↑ | 3 | ↑ | 12 | ↑ |
| Greece | 22 | ↑ | 29 | ↑ | 19 | ↓ | 25 | ↓ | 23 | ↓ | 26 | ↓ |
| Hungary | 28 | ↑ | 31 | ↑ | 30 | ↓ | 26 | ↓ | 27 | ↓ | 8 | ↑ |
| Iceland | 18 | ↑ | 7 | ↑ | 28 | ↑ | n.a | | n.a | | n.a | |
| Ireland | 29 | ↑ | 17 | ↑ | 29 | ↓ | n.a | | n.a | | n.a | |
| Israel | 3 | ↑ | 4 | ↑ | 23 | ↓ | n.a | | n.a | | n.a | |
| Italy | 8 | ↑ | 24 | ↑ | 17 | ↓ | 28 | ↓ | 20 | ↓ | 25 | ↑ |
| Japan | 1 | ↑ | 13 | ↑ | 3 | ↑ | 12 | ↑ | 16 | ↑ | 3 | ↓ |
| Korea | 6 | ↑ | 20 | ↑ | 1 | ↑ | 7 | ↓ | 18 | ↓ | 20 | ↓ |
| Latvia | 27 | ↑ | 35 | ↑ | 26 | ↓ | n.a | | n.a | | n.a | |
| Lithuania | 11 | ↑ | 34 | ↑ | 13 | ↓ | n.a | | n.a | | n.a | |
| Luxembourg | 10 | ↑ | 5 | ↑ | 22 | ↓ | n.a | | n.a | | n.a | |
| Mexico | 33 | ↓ | 21 | ↑ | 4 | ↑ | 27 | → | 26 | ↓ | 28 | ↓ |
| Netherlands | 7 | ↑ | 16 | ↑ | 26 | ↓ | 3 | → | 6 | ↓ | 18 | → |
| New Zealand | 30 | ↑ | 23 | ↑ | 16 | ↓ | 15 | ↓ | 12 | ↑ | 11 | ↑ |
| Norway | 20 | ↑ | 9 | ↑ | 6 | ↓ | 2 | ↑ | 1 | ↓ | 4 | ↑ |
| Poland | 12 | ↑ | 25 | ↑ | 20 | ↑ | 20 | ↑ | 25 | ↓ | 19 | ↑ |
| Portugal | 13 | ↑ | 28 | ↑ | 10 | ↓ | 24 | ↑ | 14 | ↑ | 24 | ↑ |
| Slovak Republic | 26 | ↓ | 33 | ↓ | 25 | ↑ | n.a | | n.a | | n.a | |
| Slovenia | 27 | ↓ | 27 | ↑ | 28 | ↓ | 21 | ↑ | 24 | ↓ | 14 | ↑ |
| Spain | 6 | ↑ | 8 | ↑ | 5 | ↓ | 23 | ↑ | 22 | → | 21 | ↑ |
| Sweden | 21 | ↑ | 14 | ↑ | 7 | ↓ | 1 | ↑ | 5 | → | 1 | ↑ |
| Switzerland | 4 | ↑ | 1 | ↑ | 15 | ↓ | n.a | | n.a | | n.a | |
| Turkey | 32 | | 32 | | 2 | | 22 | ↑ | 28 | ↓ | 23 | ↑ |
| United Kingdom | 15 | ↑ | 15 | ↑ | 22 | ↓ | 14 | → | 13 | → | 15 | ↑ |
| United States | 16 | ↑ | 11 | ↑ | 9 | ↓ | 17 | ↑ | 19 | ↓ | 16 | → |
| Year | 2017 | 2006 | 2017 | 2006 | 2017 | 2006 | 2019 | 2015 | 2019 | 2015 | 2019 | 2015 |

Notes: Countries are listed in alphabetical order. The number in the cell indicates the position of each country among all countries for which data is available. Data on acute myocardial infarction, cerebrovascular disease and breast cancer mortality for Australia, Belgium, Chile, Estonia, Finland, Germany, Greece, Israel, Japan, Korea, Luxembourg, Mexico, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States refer to 2016 instead of 2017. Data for New Zealand and the Slovak Republic are for 2014 instead of 2017. Data for Canada, Denmark, France, Ireland, Italy, Latvia and Slovenia are not available. Data for Australia are from 2004 instead of 2005. Data for Portugal are for 2007 instead of 2005. On data for Israel, see http://doi.org/10.1787/888932315602. Details on data for other indicators are provided in the corresponding sections.

Source: OECD (2019), *OECD Health Statistics* (database) 2019; World Justice Project (2019) *Rule of Law Index, 2019*

# Citizen satisfaction with public services and institutions

Hospitals and schools are some of the frontline public institutions where people have a direct experience with public services. While a smaller share of the population interacts with courts, they play a key role in safeguarding fundamental rights and ensuring that a system of checks and balances is in place. Satisfaction with services is considered an outcome of government activity and is monitored by most OECD countries seeking to improve service delivery. However, until today there is no internationally standardised method for conducting surveys on the subject.

The Gallup World Poll regularly collects data on the satisfaction of citizens about a range of public services, including health, education and justice. Although there are many factors that can influence responses to opinion polls –such as recent experience with civil servants, respondent fatigue and response styles-, the dataset allows for comparison of citizen perception over time and across OECD countries.

Satisfaction with health and education, and confidence in the judiciary, have slightly increased, on average, in OECD countries over the past decade. In 2018, 70% of citizens were satisfied with the availability of health care where they lived, a proportion that has remained stable since 2007. In turn, on average, 66% of citizens are satisfied with the education system and schools, a 3 p.p. increase since 2007. Finally, 56% have confidence in the judicial system and courts, which represents, a 4 p.p. increase.

Satisfaction with the health care system is highest in the Netherlands (90%), Belgium (89%), Norway (89%), Denmark (88%) and Switzerland (88%) and lowest in Chile (40%), Latvia (40%) and Greece (42%). While the countries with the highest citizen satisfaction have almost universal public health care, coverage in Chile is among the lowest in the OECD. There have been improvements in citizen satisfaction in health care in Estonia (21 p.p.) and Lithuania (19 p.p.). In contrast, large declines in citizen satisfaction can be observed in Japan (-13 p.p.), France (-10 p.p.), Greece (-10 p.p.) and Luxembourg (-10 p.p.).

Citizens are most satisfied with schools and the education system in Norway (87%), Switzerland (85%), Denmark (84%) and Finland (84%), and least in Turkey (35%), Lithuania (43%) and Hungary (48%). The Netherlands, Switzerland and Israel are among the countries with the largest improvements in citizen satisfaction (16 p.p. and 12 p.p. respectively). In contrast Turkey has experienced the largest decrease (-17 p.p.).

Norway (89%), Denmark (87%) and Switzerland (82%) are countries where the majority of citizens express confidence in the judiciary system. By contrast, Chile (24%) and Latvia (28%) are where the smallest proportion of citizens expresses confidence in justice institutions. Trust in the judiciary system and the courts could be affected by perceptions of other governmental institutions related to law enforcement, such as prosecutors or police officers with whom citizens could have more frequent contact (see Trust in government, page 158).

### *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*

Response styles are tendencies in respondents' behaviour that are not related to the content of questionnaires nor the presentation, which bias the results-for example, always selecting the extremes of a scale or the middle point. Respondent fatigue occurs when the motivation and attention of survey participants drops due to being asked too many questions, which results in low-quality data.

The level of satisfaction with health care/education is based on the proportion of respondents who reported being "satisfied" when asked, "In the city or area where you live, are you satisfied or dissatisfied with the availability of quality health care/ with the educational system or the schools?"

For the judiciary system, interviewees were asked, "In this country, do you have confidence in each of the following, or not? How about the judicial system and courts?". The data are expressed as the proportion of respondents who replied "yes".

## Further reading

Murtin, F., et al. (2018), "Trust and its determinants: Evidence from the Trustlab experiment", *OECD Statistics Working Papers*, No. 2018/02, OECD Publishing, Paris *https://doi.org/10.1787/869ef2ec-en*.

OECD/KDI (2018), *Understanding the Drivers of Trust in Government Institutions in Korea*, OECD Publishing, Paris, *https://doi.org/10.1787/9789264308992-en*.

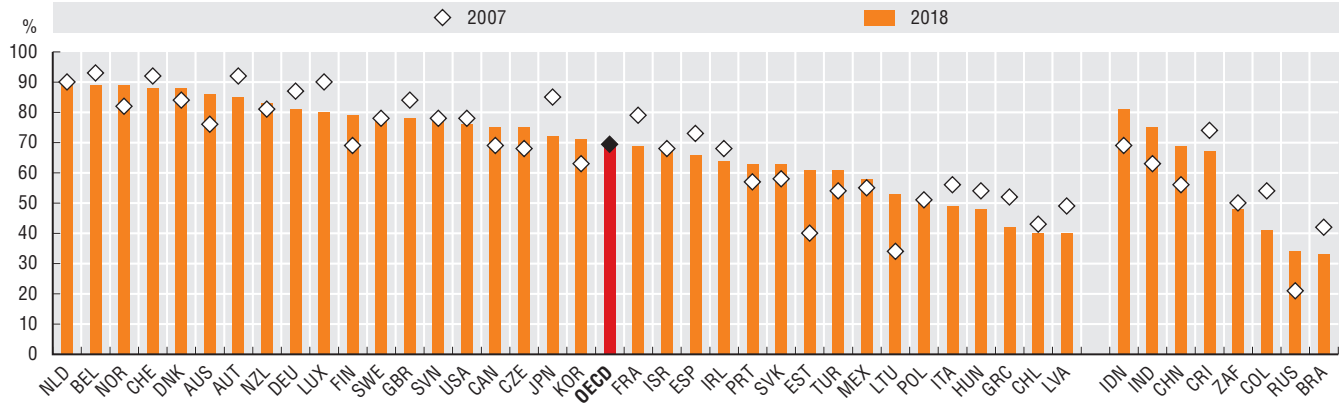
## Figure notes

Countries are ranked in descending order of the national average. Data for Austria, Finland, Ireland, Norway, Portugal, the Slovak Republic, Slovenia and Switzerland are for 2006 and Luxembourg are for 2008 rather than 2007. On data for Israel, see *http://doi.org/10.1787/888932315602*.

11.3. The Korean data are not displayed due to reliability issues. The OECD will work towards improving the quality on data on judicial system and the courts. Data for courts in South Africa are for 2006 instead of 2007.

11.4. (Confidence in the local police, 2018) is available online in Annex F.

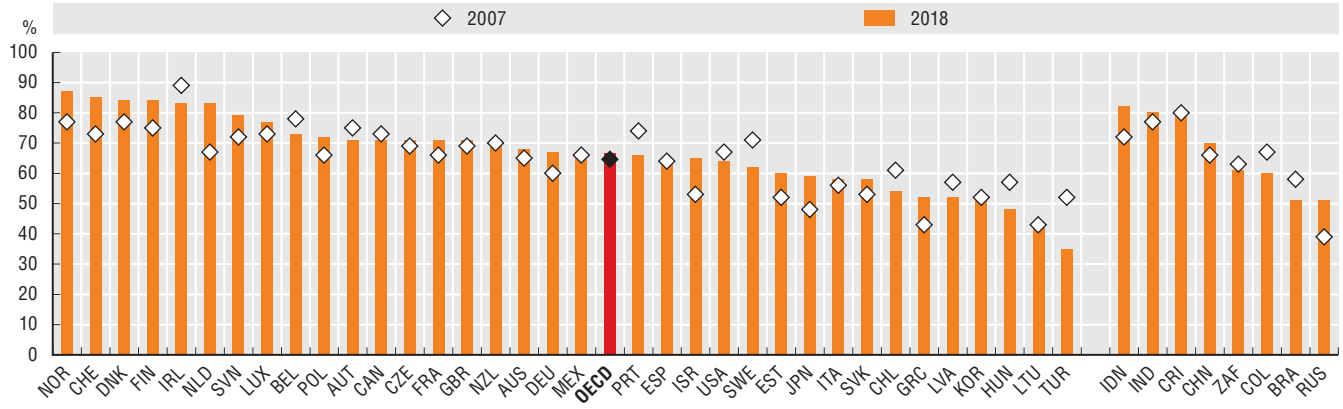
### 11.1 Citizen satisfaction with the health care system, 2007 and 2018




*Source: Gallup World Poll 2018 (database)*

StatLink https://doi.org/10.1787/888934033441

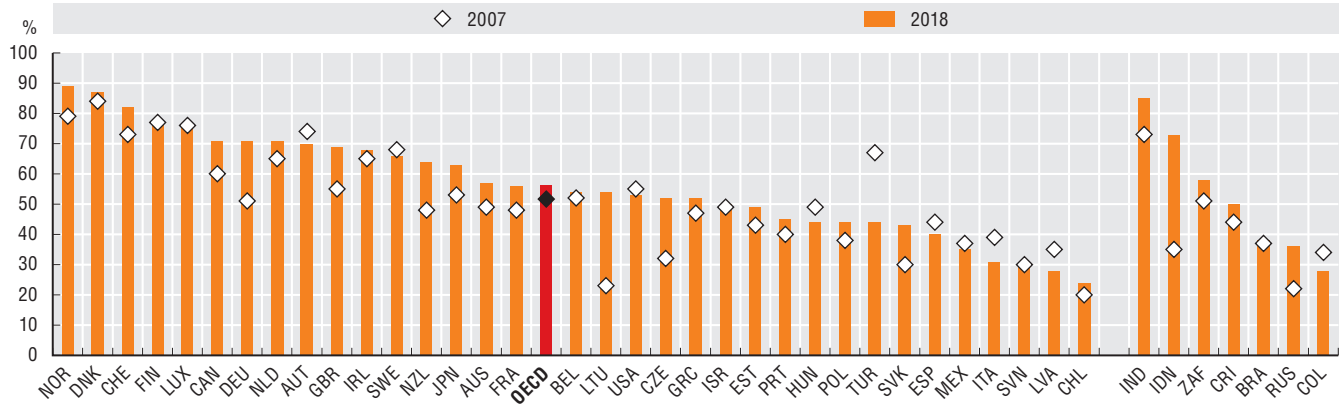
### 11.2 Citizen satisfaction with the education system and schools, 2007 and 2018




*Source: Gallup World Poll 2018 (database)*

StatLink https://doi.org/10.1787/888934033460

### 11.3 Citizen confidence in the judiciary system and the courts, 2007 and 2018




*Source: Gallup World Poll 2018 (database)*

StatLink https://doi.org/10.1787/888934033479

# Financial and geographic access to care

Most OECD countries have achieved universal (or near-universal) coverage for a core set of health services, which usually include consultations with doctors and hospital care. National health systems or social health insurance are used to achieve universal health coverage, though a few countries (the Netherlands and Switzerland) have done so through compulsory private health insurance. Some affordability or accessibility issues can hinder the use of health services. These are mostly related to out of pocket (OOP) payments , distance to health services or waiting times for appointments.

Unmet needs for health care are a relevant indicator of access barriers. The EU Statistics on Income and Living Conditions (EU-SILC) survey asks respondents whether they forewent a medical examination in the past 12 months for different reasons. In 2018, 2.7% of the population in OECD European countries experienced unmet health care needs due to costs, distance or waiting times. This proportion rose to 4.6% for lower income citizens. On average, 16.4% of respondents in Estonia and 8.8% in Greece reported unmet care needs. Income inequality in access to care is highest in Greece, Latvia, Turkey and Belgium.

Across OECD countries, an average household spent almost 3% directly from its income on medical services in 2017 (a proportion that has remained stable since 2013). OOP spending is highest in Switzerland and Korea where households spend over 6% of their income on health services. In France, Luxembourg and Slovenia, households spend less than one-third than Swiss households spend.

Policies can contribute to lowering the financial burden on households. In the Slovak Republic, the share of OOP has decreased since 2013, following the introduction of policies to limit such payments for people with chronic conditions and vulnerable groups, as well as tightening the rules on additional charges by private providers (OECD and European Observatory, 2017a). In Latvia, the Safety Net and Social Sector Reform Programme reduced OOP payments for low-income households between 2009 and 2011, which exempted them from co-payments and subsidised pharmaceuticals. After 2011 the programme narrowed its scope to target specific patient groups, increasing direct payments and reverting OOP to 2009 levels (OECD and European Observatory, 2017b).

The under-supply of physicians can lead to longer waiting times or patients having to travel far to access services (OECD, 2019). The overall number and geographic distribution of doctors varies across OECD countries. In 2017, there were 2 active physicians per 1 000 population in Korea, Poland and Turkey, whereas this number was much greater in countries like Austria and Greece. In many countries such as Greece, the Czech Republic, the Slovak Republic and the United States, there is a large concentration of physicians in the national capital region.

### *Methodology and definitions*

Data on unmet care needs come from the EU-SILC survey, which asks respondents whether, at any point in the 12 months before the interview, they felt they needed a medical examination and did not receive it. Data only present the number of respondents who could not get it because of distance, waiting times or costs. Low income represents the poorest quintile of the population, while high income is the richest quintile.

OOP payments are costs that patients cover directly from their income when medical services or treatments are not included in the collectively financed benefit package of public or private health insurance schemes or are only partially included (co-payments). They also include estimations of informal payments to health care providers in some countries.

The number of physicians includes general practitioners and specialists actively practicing medicine during the year, in both public and private institutions. The data for Greece and Portugal also include those who are not practicing (resulting in a large over-estimation). Physician density is defined as the ratio between the number of physicians and the population in a region.

## Further reading

OECD (forthcoming), *Health at a Glance 2019: OECD Indicators*, OECD Publishing, Paris.

OECD/European Observatory on Health Systems and Policies (2017), *Slovak Republic: Country Health Profile 2017*, State of Health in the EU, OECD Publishing, Paris/European Observatory on Health Systems and Policies, Brussels, *https://doi.org/10.1787/9789264283541-en*.

OECD/European Observatory on Health Systems and Policies (2017), *Latvia: Country Health Profile 2017*, State of Health in the EU, OECD Publishing, Paris/European Observatory on Health Systems and Policies, Brussels, *https://doi.org/10.1787/9789264283466-en*.

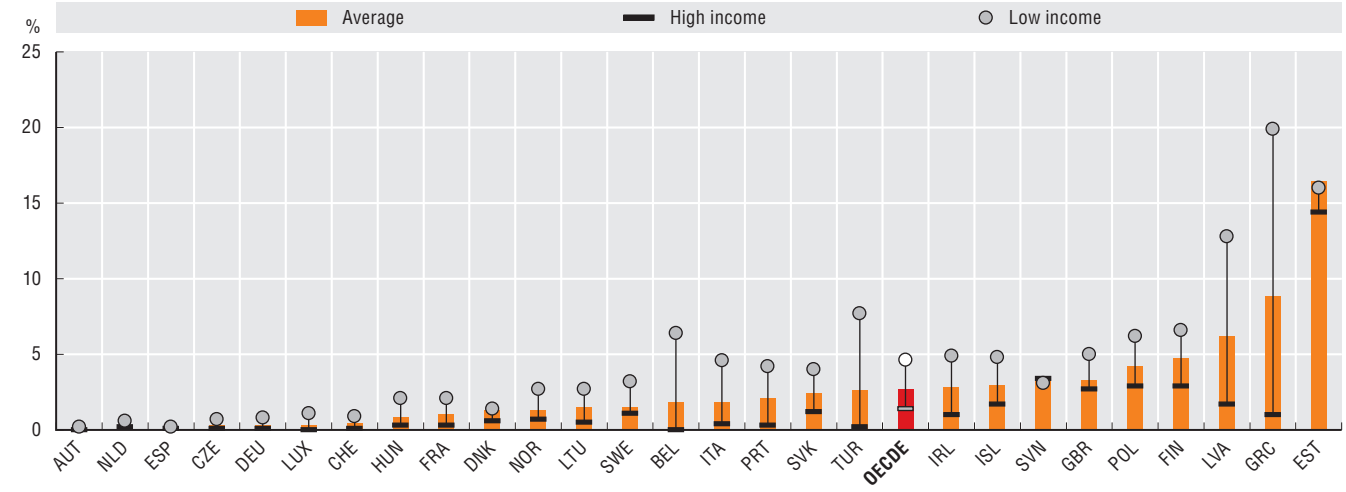
## Figure notes

11.5. Data for France, Germany, Ireland Lithuania, Luxembourg, Norway, Switzerland, and the United Kingdom are for 2017; for Iceland are for 2016 instead of 2018.

11.6. Data for Australia, Brazil, Costa Rica and Russia are for 2016 instead of 2017. Data for Chile and Turkey are not displayed On data for Israel, see *http://doi.org/10.1787/888932315602*.

11.7. Data for Estonia, Finland, Greece, Italy, Japan, Lithuania, Slovenia, Sweden, Turkey, the United States. New Zealand and the United Kingdom for 2010 instead of 2015. Data for Russia are for 2014 and China are for 2013. Territorial level 2 consists of macro-regions (e.g. provinces). On data for Israel, see *http://doi.org/10.1787/888932315602*.

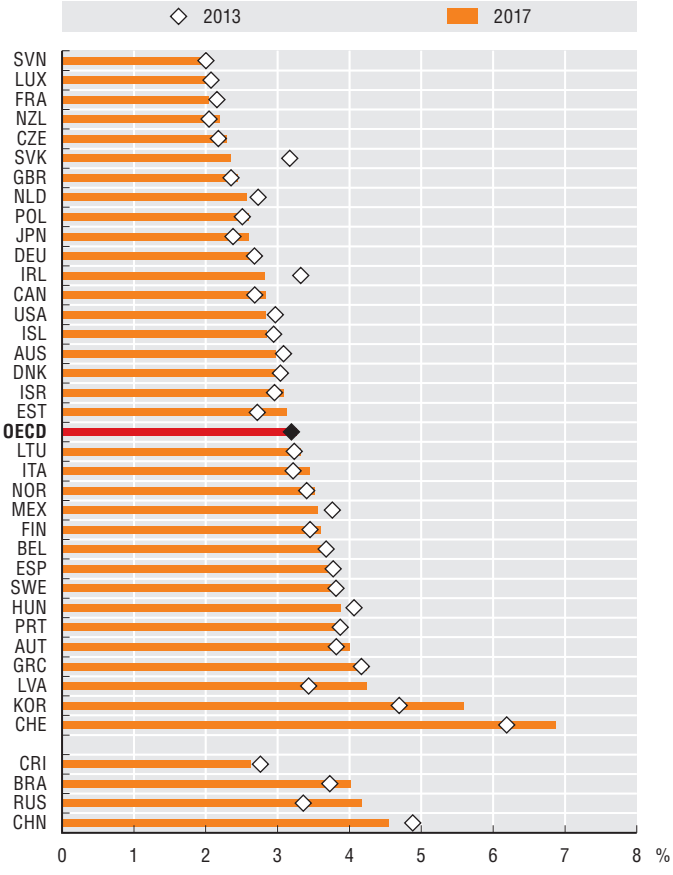
### 11.5 Unmet care needs for medical examinations by income level, 2017




*Source: European Union Statistics on Income and Living Conditions (EU-SILC) (database), 2019*

StatLink https://doi.org/10.1787/888934033498

### 11.6 Out-of-pocket medical expenditure as a share of final household expenditures, 2013 and 2017

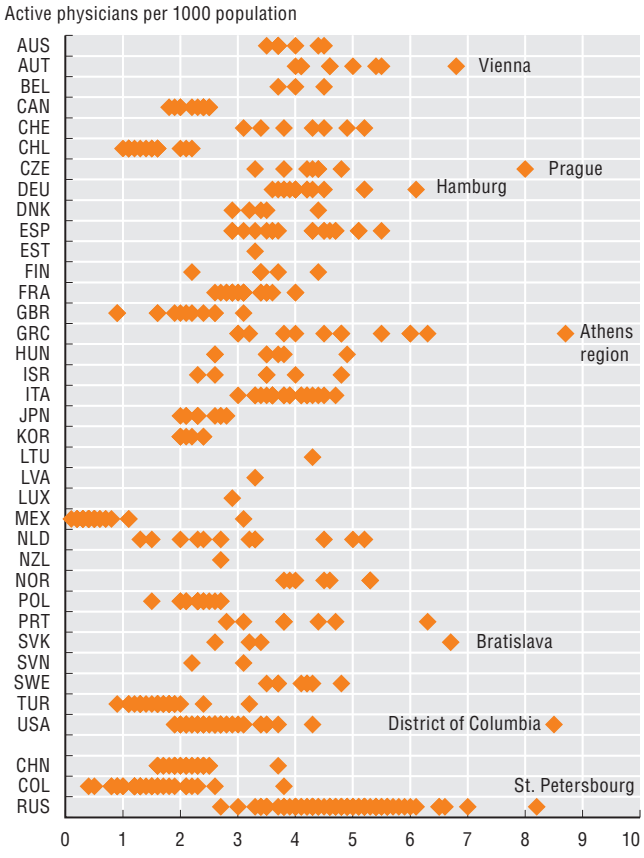



*Source:* OECD (2019) *Health Statistics* (database) OECD (2019) National Accounts Database, 2019

StatLink https://doi.org/10.1787/888934033517

### 11.7 Physician density by Territorial Level 2 regions, 2015 or latest available year

Active physicians per 1 000 population




*Source: OECD (2019), OECD Health Statistics (database).*

StatLink https://doi.org/10.1787/888934033536

# Financial access to education

The education systems in OECD countries ensure universal access to primary and secondary instruction. Compulsory education generally starts at the age of 6 and ends at 16 years (OECD, 2018). Most countries have both public and private institutions, allowing parents to decide according to their financial resources and preferences. Access to tertiary education depends on the degree attained upon completion of secondary education (especially in countries with a tracking system, where students are split into groups according to their academic achievement), the perceived net benefits of longer studies, the availability of places and funding opportunities (e.g. credit programmes, scholarships), among others.

Enrolment at ages 3 and 4 has increased across OECD countries in recent years, although there are disparities between countries. On average, 89% of the children aged 4 years and 79% of those aged 3 attended early (or primary) education institutions in 2017. While several countries have achieved full enrolment from age 3, France, Hungary, Israel and the United Kingdom have achieved around 100%. Greece and Poland have experienced a growth of respectively 16 p.p. and 18 p.p. in enrolment rate at age 4 since 2012. Although just above one-third of children aged 4 are enrolled in Turkey, the enrolment has grown by 17 p.p. since 2012.

On average, private (i.e. all non-governmental sources) funding accounts for less than one-third of the education budget. At the primary, secondary and post-secondary (non-tertiary) levels, less than 10% of the funds in OECD countries came from private sources in 2015. The proportion rises to roughly 18% for pre-primary education and more than triples for tertiary education (31%).

There are large variations in the funding of education systems across OECD countries, which can be attributed to different policies. Finland, Norway and Sweden rely exclusively on public funds for primary, secondary and post-secondary education, while in Turkey 25% of costs are borne by private sources. Belgium, Ireland and Luxembourg fund pre-primary education exclusively from public sources, while more than half of the expenditures on pre-primary education in Japan come from private sources.

Some countries encourage enrolment in tertiary education by investing public funds at this level. The share of private funds for tertiary education in Austria, Finland, Iceland, Luxembourg and Norway accounted for 8% or less in 2016, while it was 64% and over of the total expenditures in Chile, Japan, United Kingdom and United States. Public expenditures on tertiary education are above 1.8% of GDP in Austria, Finland, Norway and Sweden (in comparison to the OECD average of 1.2%), which allows universities in these countries to charge low or no tuition fees.

Those who decide to pursue a tertiary diploma, generally enrol directly upon completing secondary education. On average, almost half of the citizens of OECD countries entered tertiary programmes by the age of 25. In Chile, 70% of citizens enrolled by the age of 25. Some people may decide to enrol later on to update or acquire new skills. In Denmark and Switzerland, although almost 70% of the population (excluding international students) enrolled at any point, around 50% did so before turning 25. On average, the first-time entry-rate in tertiary education is 65% across the OECD, decreasing to 58% when excluding international students. In New Zealand, the first-time entry rate is 89%, but decreases to 61% when excluding international students.

### *Methodology and definitions*

Data for all 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. The classification of education levels follows the 2011 International Standard Classification of Education (ISCED). Early childhood education (ISCED 0) includes two types of programmes: early childhood educational development (ISCED 01) and pre-primary (ISCED 02). Early childhood education has an international education component that targets children below the age of entry into primary. Full enrolment means that at least 90% of the population is enrolled at a certain age. The net entry rate for a specific age is obtained by dividing the number of first-time entrants of a certain age by the total population of the same age. The sum of net entry rates is computed by adding the rates for each year of age.

## Further reading

OECD (2019), *Education at a Glance 2019: OECD Indicators*, OECD Publishing, Paris, *https://doi.org/10.1787/f8d7880d-en*.

OECD (2017), *Starting Strong 2017: Key OECD Indicators on Early Childhood Education and Care*, OECD Publishing, Paris, *http://doi.org/10.1787/9789264276116-en*

## Figure notes

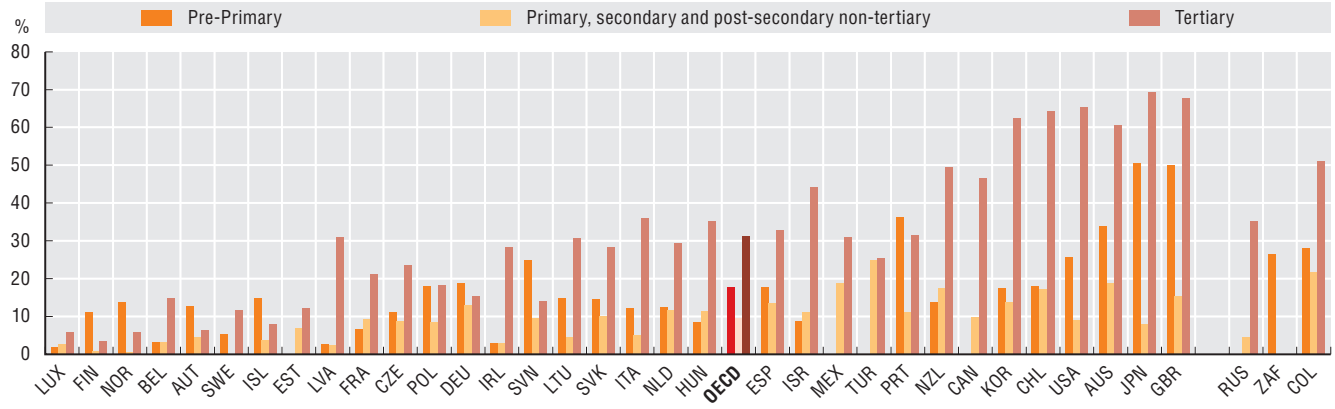
On data for Israel, see *http://doi.org/10.1787/888932315602*.

11.8. Primary education in Canada includes pre-primary, and pre-primary in Ireland includes early childhood education. Data for Chile and Colombia are for 2017. Data for Denmark, Greece and Switzerland are not available. The shares are after transfers from the public sector.

11.9. Data are displayed in decreasing order according to enrolment rate at age 4. Data for South Africa are for 2016.

11.10. Data for Australia, Canada, Estonia, France, Ireland, Korea, Latvia and Turkey are not available.

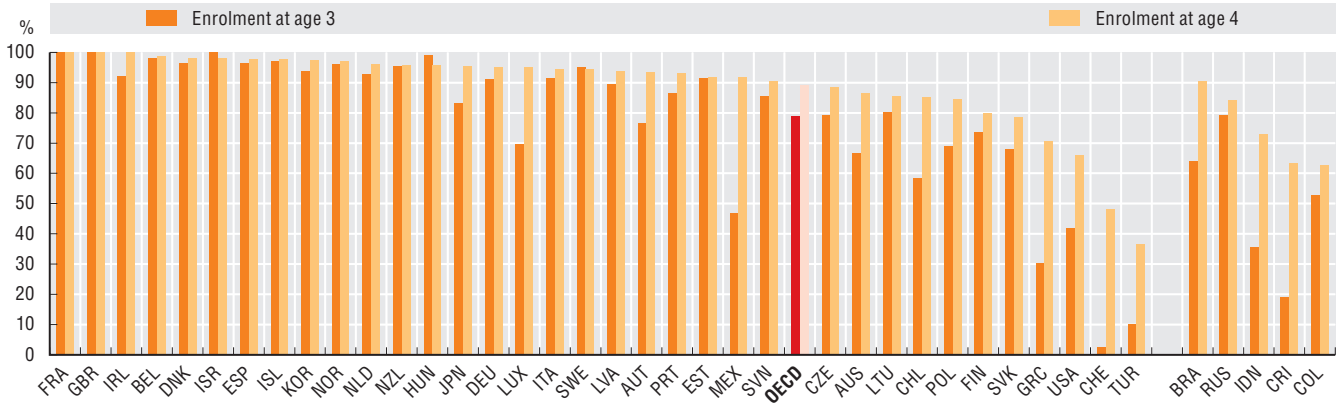
### 11.8 Share of private expenditures on education after transfers, 2016




*Source:* OECD (2019), *Education at a Glance 2019: OECD Indicators.*

StatLink https://doi.org/10.1787/888934033555

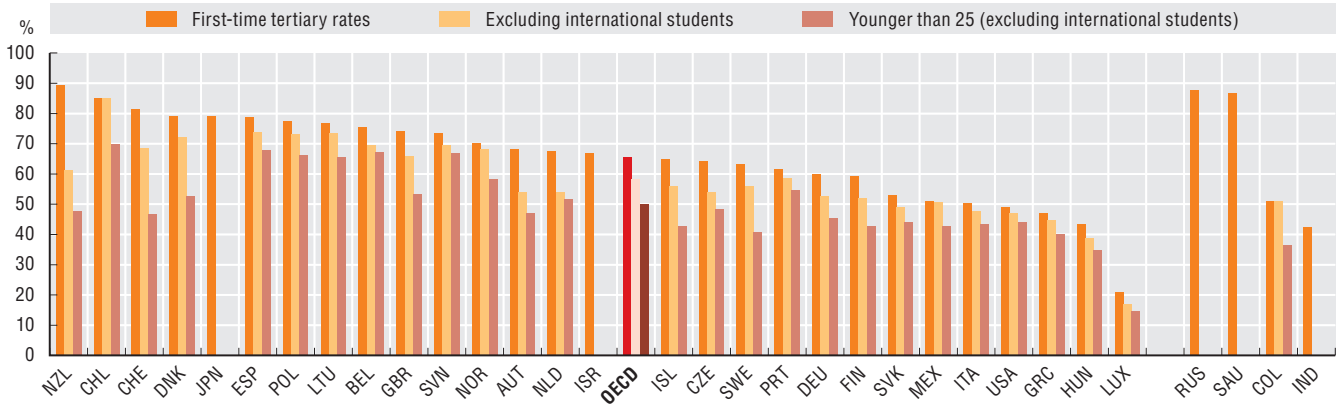
### 11.9 Enrolment at age 3 and 4 in early childhood and pre-primary education, 2017




*Source:* OECD (2019), *Education at a Glance 2019: OECD Indicators.*

StatLink https://doi.org/10.1787/888934033574

### 11.10 First-time tertiary entry rates, 2017




*Source:* OECD (2019), *Education at a Glance 2019: OECD Indicators.*

StatLink https://doi.org/10.1787/888934033593

# Access to legal and justice services

Access to justice is the ability of individuals and businesses to seek and obtain a just resolution of legal problems through a wide range of legal and justice services. This involves legal information, counsel and representation to formal (e.g. courts) and alternative dispute resolution, and enforcement mechanisms (OECD, 2019). Nowadays, more emphasis is placed on legal empowerment, which enables people's meaningful participation in the justice system and builds capabilities to understand and use the law for themselves (OECD, 2019). The rule of law requires impartial and non-discriminatory justice. Without equal access, a large portion of the population would be left behind and exposed to vulnerabilities.

Legal needs surveys are useful in helping policymakers understand citizens' experiences in seeking justice, the pathways they follow and the obstacles they face in resolving disputes. These surveys ask respondents whether they experienced any legal problems throughout the reference period, whether they sought legal help and from whom, whether they attempted to solve the dispute and how, among others. Some countries have included modules on legal needs in their household surveys, but these are not regularly collected (OECD/Open Society Foundations, 2019). Since 2016, the World Justice Project collects data on access to justice in its General Population Poll across the world, allowing for cross-country comparisons.

In 2018, on average, 59% of respondents across OECD countries reported experiencing a legal problem over the past 24 months. Of these, 32% sought legal help, primarily from relatives or friends –who may or may not have been law professionals. There is a large disparity across OECD countries regarding the decision to request legal advice: while in the Netherlands almost half of those who experienced a legal problem sought help, only 16% did so in Turkey.

From those who experienced a legal problem, only 14% decided to turn to a formal mechanism, such as courts, the police, government offices, or religious or community authorities. In Spain 22% of respondents sought such type of solution to their dispute, while less than 8% did so in Finland Hungary, Norway and the United Kingdom.

Reported reasons for not seeking legal assistance were mainly that respondents who experienced legal problems did not consider it difficult to resolve on their own (54% on average). The proportion spans from 74% of the respondents in Chile to 39% in Belgium. Across OECD countries, almost 30% of respondents on average reported experiencing access barriers such as lack of knowledge on the possibility of receiving advice or where to do so, distance, fear of getting legal support or of financial costs implied. Some 40% of the respondents in Belgium and 18% in Chile reported having one of such barriers.

Across OECD countries, on average 28% of the respondents did not attempt to solve their problems through a third party because they thought they could solve the problems on their own. In the United Kingdom and the United States, 37% reported this, while 19% did so in Japan. On average, 21% of respondents across OECD countries reported not finding their problem important or easy enough to resolve. This was the case for 35% of respondents in Poland.

### *Methodology and definitions*

Data come from the World Justice Project General Poll conducted in 2017 and 2018. The data are based on a 1,000 sample of respondents in the three largest cities of every country. A quota sampling technique was used, and interviews were conducted online and face to face.

Disputes cover any issues that the individual had with service providers, the government, their employer, their neighbours, their relatives, among others. Examples of such issues include malpractice, power abuse from the police, unfair dismissals, disputes over boundaries and divorces. Individuals who reported experiencing any such issue were asked whether they sought advice from any person or organisation and whether they made a claim to a court or any other mediator to intervene. As a follow-up, respondents who did not were asked to explain why. Reasons for not seeking help included: thinking that the issue was not important; considering that advice was not needed; fear of financial costs; and lack of knowledge on whom to contact, among others. Reasons for not contacting a mediator included thinking that the problem could be resolved without third-party intervention; considering that the process would be long and bureaucratic; and being scared of the consequences, among others.

## Further reading

OECD (2019), *Equal Access to Justice for Inclusive Growth: Putting People at the Centre*, OECD Publishing, Paris, *https://doi.org/10.1787/597f5b7f-en*.

OECD/Open Society Foundations (2019), *Legal Needs Surveys and Access to Justice*, OECD Publishing, Paris, *https://doi.org/10.1787/g2g9a36c-en*.

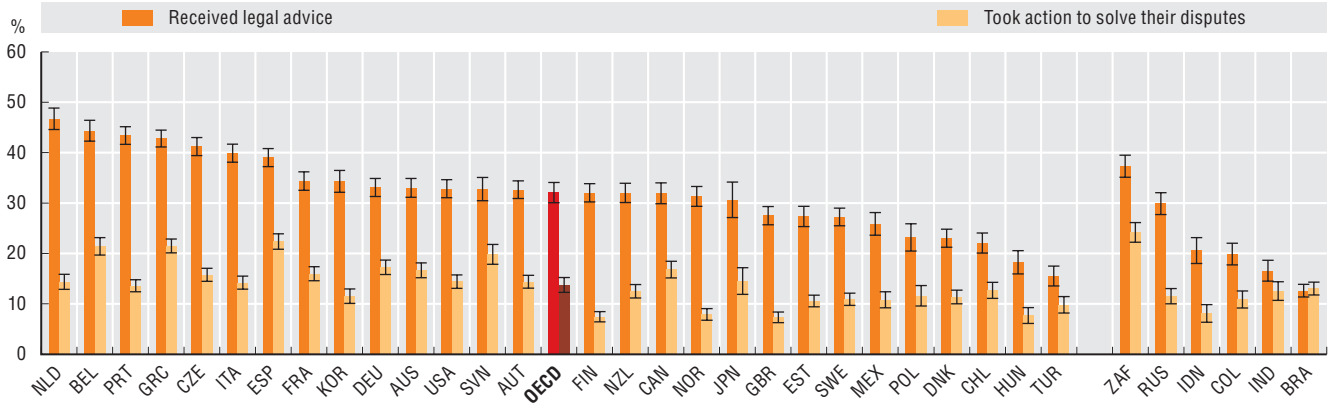
## Figure notes

Data for Austria, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, Greece, Hungary, Italy, Mexico, New Zealand, Norway, Portugal, Slovenia, Brazil and Indonesia are from 2017 instead of 2018. Data for Iceland, Ireland, Israel, Latvia, Lithuania, Luxembourg, the Slovak Republic and Switzerland are not available.

11.13. The 2017 round of interviews did not include questions on reasons for not taking action to resolve disputes.

The error bars display the standard error.

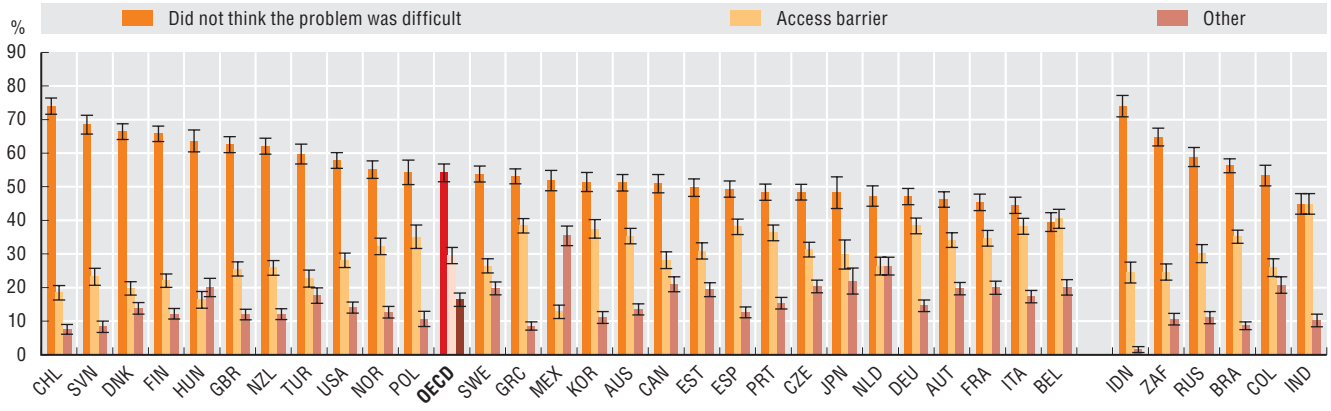
### 11.11 Percentage of individuals who received legal advice and who took actions to solve their disputes over the past two years, 2018




*Source:* World Justice Project (2018), "General Population Poll".

StatLink https://doi.org/10.1787/888934033612

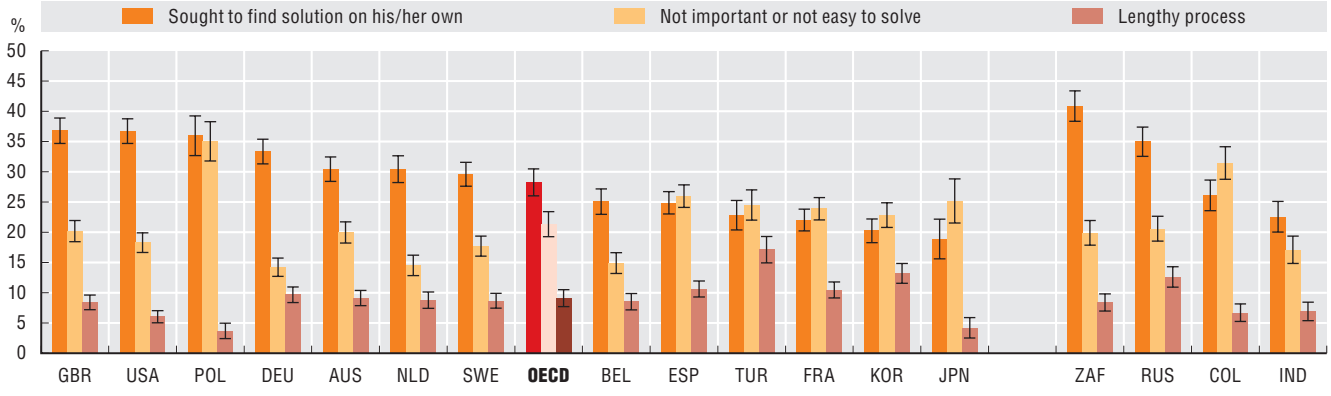
### 11.12 Top three reasons for not attempting to obtain legal assistance to resolve a dispute, 2018




*Source:* World Justice Project (2018), "General Population Poll".

StatLink https://doi.org/10.1787/888934033631

### 11.13 Reasons for not taking action to resolve a dispute, 2018




*Source:* World Justice Project (2018), "General Population Poll".

StatLink https://doi.org/10.1787/888934033650

# Responsiveness of health systems to patient needs

Beyond providing access to medical services, health systems are increasingly focusing on improving patient experience when interacting with health care providers, especially since these have become part of their performance framework. Health systems are seeking to become more patient-centered, which involves involving patients in decisions regarding their treatment and promoting accountability and transparency from providers.

Given the importance of measuring, monitoring and using patient-reported data for improving health system performance, many countries collect patient-reported experience measures (PREMs), covering samples of patients who have experienced inpatient or outpatient care. The OECD started the Patient-Reported Indicators Surveys (PaRIS) initiative in 2018. Additionally, the Commonwealth Fund International Health Policy Survey collects data on patient experiences in 11 OECD countries. The 2017 round focused on older adults, aged 65 and above.

Communication between doctors and patients is one of the aspects considered in PREMs. Providing patients with relevant information of, and influence over their treatment is key to including them as co-producers of their own health, especially regarding self-care practices. According to the Commonwealth Fund Survey in 2017, on average, 59% of older patients in OECD countries reported that their regular doctor involves them in decisions regarding care and treatment. Some 73% of patients in the United States and 72% in New Zealand indicated being consulted by their regular doctor, while only 26% of French patients reported being involved in such decisions.

Long waiting lists can worsen patient symptoms (Siciliani, Borowitz and Moran, 2013) and have a negative impact on patient experience. According to the 2017 Commonwealth Fund Survey, on average 15% of older adults had to wait two months or longer for an appointment with a specialist after a referral by a general practitioner. In Switzerland and the Netherlands only 5% of respondents reported having such a long wait, while the proportion rose to 22% in Norway and 28% in Canada.

Surgical intervention is generally required to repair or replace the hip joint following a hip fracture. There is consensus that early surgical intervention maximises patient outcomes and minimises the risk of complications (OECD, forthcoming). On average, 81% of people who needed a hip replacement surgery were operated on within two days in 2017 (a 3 p.p. increase from 2012). Denmark, Norway and the Netherlands have the highest rate, with over 96% of patients being operated within two days. This was the case for less than half of the patients in Latvia and Portugal. Israel has shown the greatest improvement, from 68% to 89% since 2012.

### *Methodology and definitions*

Hip fracture surgery initiation after admission to hospital is defined as the proportion of patients aged 65 years and over admitted to hospital in a specified year with a diagnosis of upper femur fracture, who had surgery initiated within two calendar days of their admission to hospital.

Data for figures 11.14 and 11.15 come from the 2017 Commonwealth Fund International Health Policy Survey of Older Adults (aged 65 and above), which covers 11 OECD countries. For the 2017 round, interviews were conducted between March and June over the phone (except for Switzerland, where they were conducted online). Samples ranged from 500 to 7000 cases. Data were weighted to ensure representativeness. Further information is available at: *www.commonwealthfund.org*.

## Further reading

Fujisawa, R. and N. Klazinga (2017), "Measuring patient experiences (PREMS): Progress made by the OECD and its member countries between 2006 and 2016", *OECD Health Working Papers*, No. 102, OECD Publishing, Paris, *https://doi.org/10.1787/893a07d2-en*.

OECD (forthcoming), *Health at a Glance 2019: OECD Indicators*, OECD Publishing, Paris.

Siciliani, L., M. Borowitz and V. Moran (eds.) (2013), *Waiting Time Policies in the Health Sector: What Works?*, OECD Health Policy Studies, OECD Publishing, Paris, *https://doi.org/10.1787/9789264179080-en*.

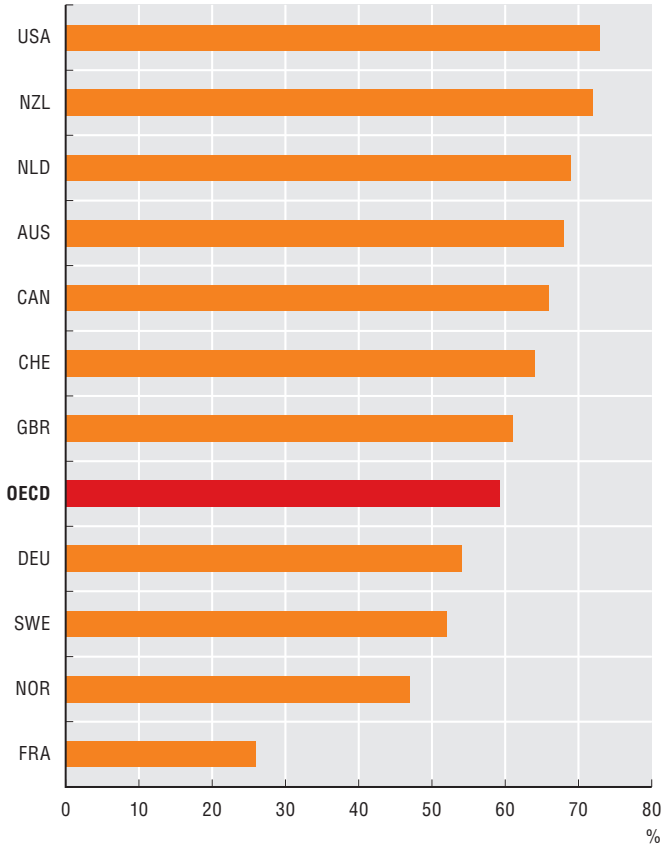
## Figure notes

11.14. The question, "How often does your regular doctor or medical staff you see involve you as much as you want in decisions about your treatment or care?" was asked to respondents who reported having one or several regular doctors.

11.15. The question, "After you were advised to see or decided to see a specialist, how many days, weeks or months did you have to wait for an appointment?" was asked only to respondents who indicated that they saw or needed to see a specialist in the past two years and made an appointment.

11.16. Data for the Czech Republic, Germany, the Netherlands and Portugal are for 2011 instead of 2012. Data for Iceland and the Netherlands are for 2016; for Finland, Italy, Switzerland and Costa Rica data are for 2015; and for Belgium and Norway data are for 2014 instead of 2017. On data for Israel, see *http://doi.org/10.1787/888932315602*.

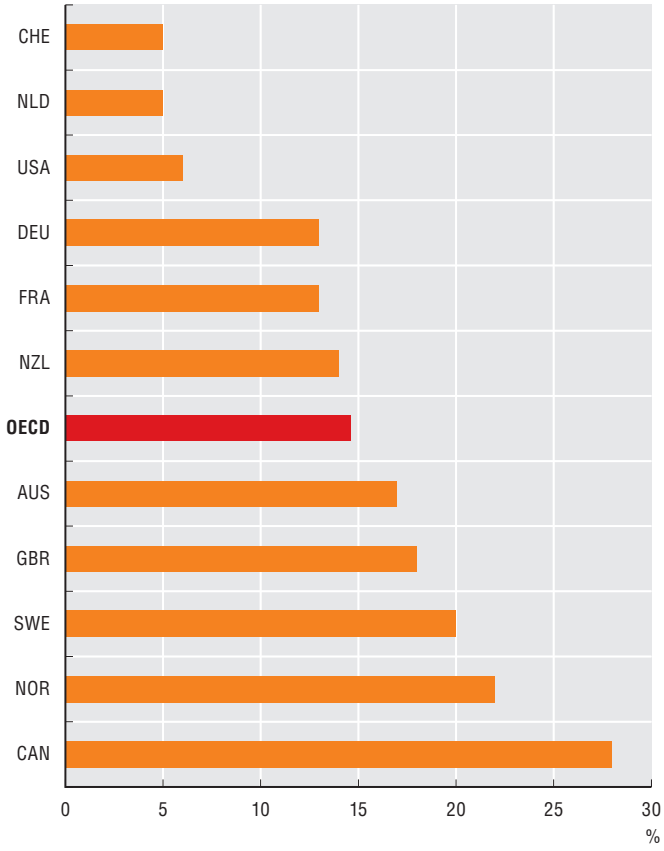
### 11.14. Percentage of patients involved in decisions about treatment or care as much as they wanted by their regular doctor, 2017




*Source:* 2017 Commonwealth Fund International Health Policy Survey of Older Adults

StatLink https://doi.org/10.1787/888934033669

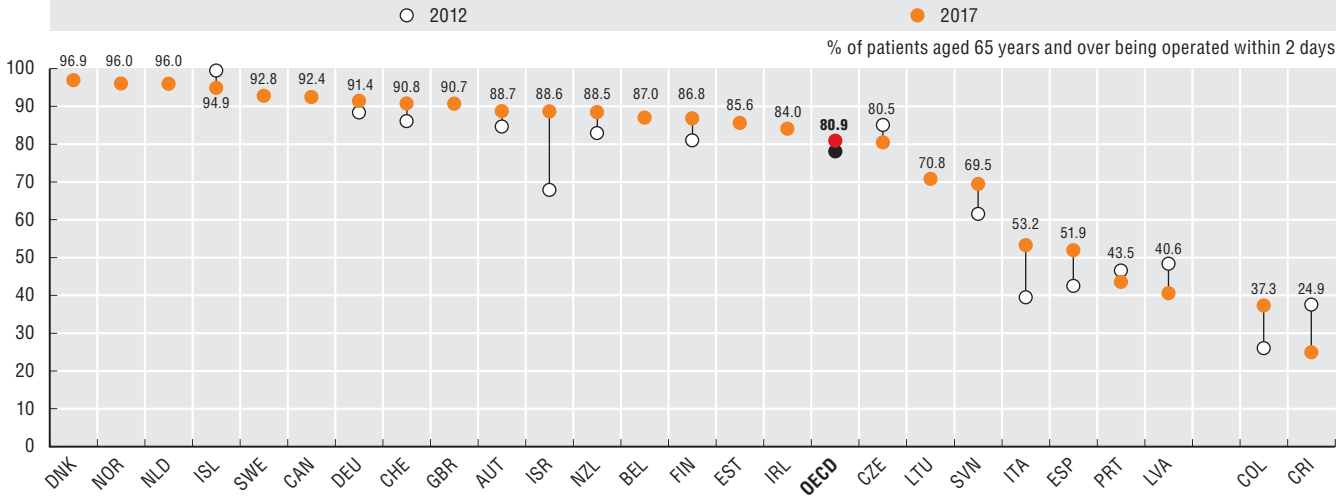
### 11.15. Percentage of patients who waited two months or more for a specialist appointment, 2017




*Source:* 2017 Commonwealth Fund International Health Policy Survey of Older Adults

StatLink https://doi.org/10.1787/888934033688

### 11.16 Hip fracture surgery initiation after admission to hospital, 2012 and 2017 (or nearest year)




*Source:* OECD (forthcoming), *Health at a Glance 2019: OECD Indicators.*

StatLink https://doi.org/10.1787/888934033707

# Responsiveness of education systems to special needs

The labour market is changing fast: some low-skilled jobs are progressively being replaced by automated processes. New jobs require information and communication technology (ICT) skills as well as analytical skills and creative thinking. The education system plays helps prepare youth for the jobs of the future. Responsiveness in this context involves ensuring that citizens from different backgrounds, income levels and living conditions have equal education opportunities.

Youth not in education, employment or training (NEET) is one of the main challenges for OECD countries, especially following the 2007-08 crisis. In OECD European countries, 5.2% of youth aged 18-24 years fit into this category in 2018 (a 1.7 p.p. improvement from 2012). In total, 10.7% of people aged 18-24 years left school before or upon completing lower secondary education (i.e. early leavers) in 2018, 2.1 p.p. down from 2012. While most countries were able to reduce the number of young people experiencing these conditions, in Greece, Portugal and Ireland these were halved.

In 2010 Germany launched the Education Chains initiative to support young people in transitioning from school to vocational training. The initiative includes a potential analysis to help youth discover their own strengths and talents. For example, Practice-oriented Workshop Days provide them with practical insight into roughly 18 occupational fields for them to identify jobs which match their interests.

Schools require lower secondary education teachers who are qualified to respond to the needs of students to encourage them to continue their studies. Across OECD countries, 31% of principals reported a shortage of teachers with competence in teaching students with special needs (i.e. those who are mentally, physically, or emotionally disadvantaged). Further, 18% indicated that they lacked staff qualified to teach in multicultural settings, and 16% do not have enough teachers skilled to deal with socioeconomically disadvantaged students.

The governance of schools is another dimension that affects the responsiveness of education systems. In the OECD, on average, 38% of all decisions are taken at the school level or after consultation with it, with 23% of all decisions are taken by the school within a framework set by higher authorities, and 10% in full autonomy.

The degree of autonomy conceded to schools varies across OECD countries, with some granting them little decision-making power and others fostering decentralised governance. The Netherlands allows schools to take 92% of all decisions, 11 times more than Greece and Turkey. England allows schools to take 48% of decisions in full autonomy, while around 33% of OECD countries do not grant them any decision-making power.

### *Methodology and definitions*

Data for figure 11.17 come from the 2018 and 2012 rounds of the European Union Labour Force Survey (EU LFS), a large quarterly household sample survey (over 1.7 million interviews) of people aged 15 and over. Early leavers from education and training are defined by Eurostat as persons aged 18-24 who have completed at most lower secondary education (ISCED 2011 levels 0-3C) and were not involved in education or training in the four weeks before the interview. The indicator is expressed as a percentage of the people aged 18-24 with such criteria out of the total population within that age range. A person between 18-24 years who is not currently studying nor working is considered a NEET (not in employment, education or training).

Data for figure 11.18 come from the 2018 Teaching and Learning International Survey (TALIS) conducted by the OECD. The survey is composed of two questionnaires, one sent to principals and another to teachers. A minimum of 200 schools were selected per country. The figure reports the results of the survey sent to principals of lower secondary education (ISCED 2), which asked "To what extent is this school's capacity to provide quality instruction currently hindered by any of the following issues?"

Data for figure 11.19 come from the 2017 OECD Survey on Decision-Making, which was completed by a panel of experts on lower secondary education in each country. The survey covers levels of decision making in lower secondary institutions and their autonomy, by type of authority. The domains involved the organisation of instruction (e.g. instruction time), personnel management (e.g. hiring), planning and structures (e.g. creation of schools) and resource allocation and use. The results are reported as a percentage of all decisions.

## Further reading

Carcillo, S. et al. (2015), "NEET Youth in the Aftermath of the Crisis: Challenges and Policies", *OECD Social, Employment and Migration Working Papers*, No. 164, OECD Publishing, Paris, *https://doi.org/10.1787/5js6363503f6-en*.

## Figure notes

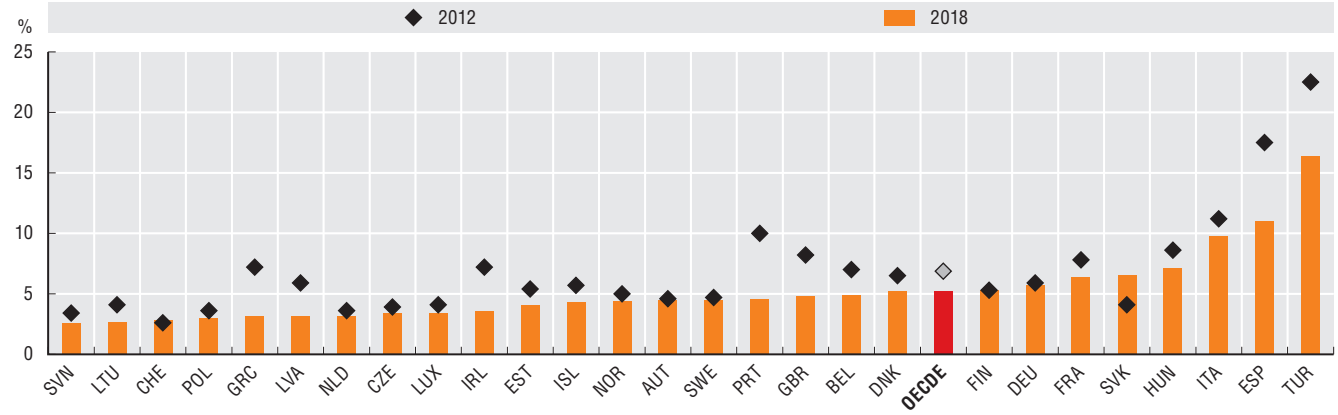
On data for Israel, see *http://doi.org/10.1787/888932315602*.

11.17. Data are only available for OECD European countries.

11.18. Countries are sorted in ascending order regarding the shortage of teachers qualified to teach students with specific needs. Data for Canada refer only to Alberta; data for the United Kingdom refer only to England. Data for Germany, Greece, Iceland, Ireland, Luxembourg, Poland and Switzerland are not available.

11.19. Belgium is presented as Belgium (Fr) and Belgium (Fle). The United Kingdom is presented as England (Eng) and Scotland (Sct).

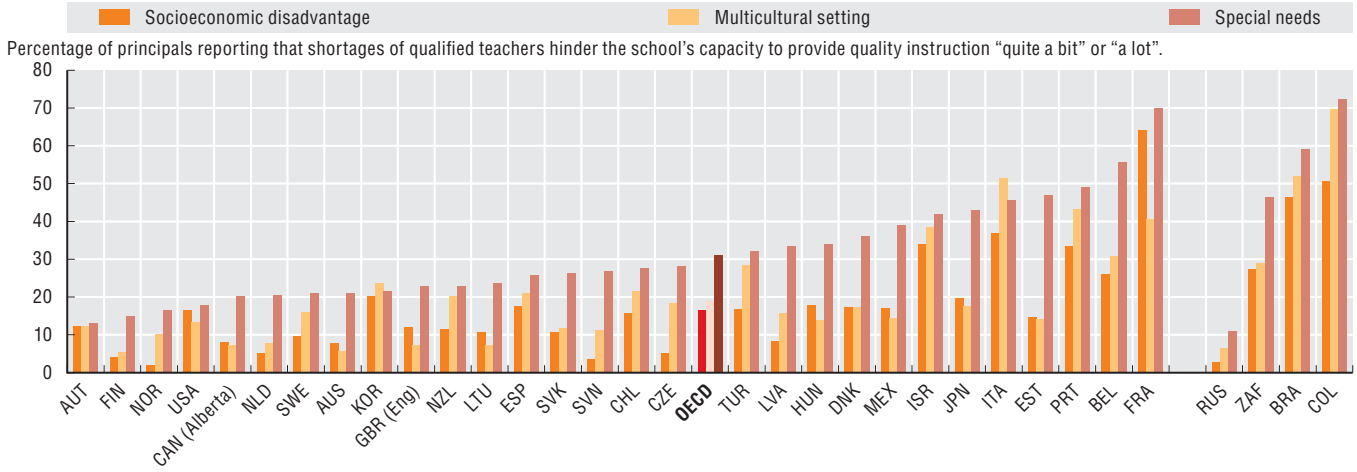
### 11.17 Percentage of early leavers from education and training aged 18-24 years who are not currently working, 2012 and 2018




*Source:* European Labour Force Survey, 2018 and 2012

StatLink https://doi.org/10.1787/888934033726

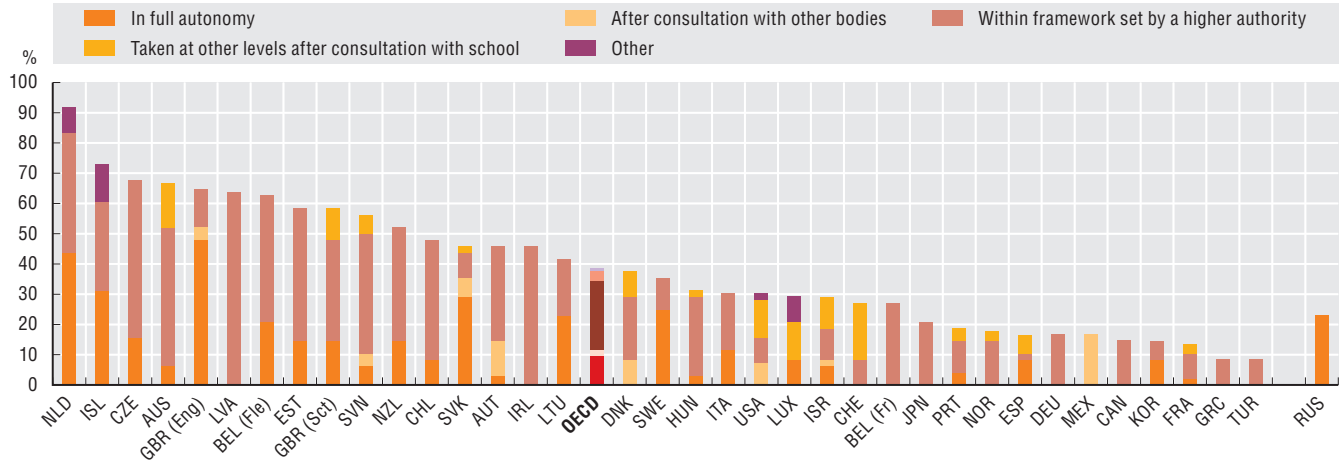
### 11.18 Schools with shortage of qualified teachers in teaching students with specific needs in lower secondary education, 2018




*Source:* OECD (2018), *Teaching and Learning International Survey*.

StatLink https://doi.org/10.1787/888934033745

### 11.19 Percentage of decisions taken at the school levels in public lower secondary education, 2017




*Source:* OECD (2018), *Education at a Glance: OECD Indicators*.

StatLink https://doi.org/10.1787/888934033764

# Timeliness of civil justice services

Rule of law implies applying the same impartial rules to all individuals, institutions and entities. The absence of the rule of law can undermine people's ability to claim their rights and resolve legal issues. Legal problems are ubiquitous – they arise from everyday life and most frequently are of a civil nature. Delays affect citizens in several ways – costs, productivity, health, employment and relationships – and could deter them from following legal procedures to solve their disputes in the future. The responsiveness of the justice system ensures that the "right" mix of services are provided to the "right" clients, in the "right" areas of law, in the "right" locations and at the "right" time (OECD, 2019).

Main factors that hinder timeliness of dispute resolutions are a shortage of judges and other relevant professionals, lack of court rooms for hearings, limited use of alternative dispute resolution mechanisms, and other issues related to the shortage of funds. Beyond material constrains, inflexibility in justice systems (which do not allow for the reallocation of cases), ineffective procedural rules (e.g. which do not allow prosecuting witnesses who refuse to testify), ineffective allocation of resources and low use of ICTs also affect case management.

The European Commission for the Efficiency of Justice (CEPEJ) collects data on the estimated length of civil, commercial, administrative and other cases in courts (that do not fall within criminal justice), which is also called disposition time (DT). DT estimates the maximum number of days needed for a court to decide on a case in a given jurisdiction, given the number of cases solved in a year and those that remain unresolved.

For non-criminal, non-litigious cases (i.e. uncontested proceedings), DT in Denmark (21 days), Estonia (40 days), and Lithuania (41 days) were the shortest in 2016. On the contrary, France, Italy and Israel take the longest (over 300 days). The time to reach a decision has lengthened in the Czech Republic (where a case takes 39 days more than in 2012), France (37 days more) and Poland (35 days more). Switzerland has reduced DT by 161 days and the Slovak Republic by 120 days since 2012.

For civil and commercial litigious cases, Lithuania (88 days), Luxembourg (91 days) and Switzerland (107 days) had the shortest DT in 2016. On the contrary, Greece (more than 18 months to solve a case), Italy (almost 18 months), and Turkey (more than 1 year) take the longest to reach a decision. The largest improvements were observed in the Slovak Republic (307 days less than in 2012), Portugal (80 days less) and Italy (76 days less). Turkey (265 days more) and Greece (141 days more) have slowed the pace for solving cases since 2012.

In the case of administrative trials, Lithuania (72 days), Israel (101 days), Estonia (108 days), Sweden (108 days) and Hungary (109 days) were the fastest jurisdictions in 2016. Greece, Italy and Portugal have the longest DTs, taking 2.5 years or more. The Slovak Republic has improved its case management, taking 530 days less than in 2012. Greece has also reduced the time from 1520 days in 2012 to 1086 in 2016. In Slovenia, on the contrary, the DT has more than doubled, from 130 days in 2012 to 282 in 2016.

### *Methodology and definitions*

Data come from the European Commission for the Efficiency of Justice (CEPEJ) database, which reports the 2016 evaluation of judiciary systems and earlier. Length of proceedings indicates the estimated time needed to solve a case, which implies the time taken by a first instance court to reach a decision. It is calculated by dividing the number of pending cases in a given year by the number of cases that were solved the same period, multiplied by 365. Although it does not provide information on the average time needed to solve a case, it does provide an estimate of the length of the process within a specific jurisdiction.

Litigious civil and commercial cases refer to disputes between parties, such as litigious divorces. Non-litigious cases concern uncontested proceedings, e.g. uncontested payment orders. Commercial cases are addressed by dedicated courts in some countries and by civil courts in others. Administrative cases refer to disputes between citizens and local, regional or national authorities. While specialised courts deal with these types of disputes in some countries, civil courts deal with them in others.

Countries differ in the ways they administer justice and distribute responsibilities between courts; hence, cross-country comparisons must be taken with caution. There are differences in the types of courts and cases included in this exercise, as well as different methods of data collection and categorisation.

## Further reading

CEPEJ (2018), *European Judicial Systems: Efficiency and Quality of Justice*, Council of Europe, Strasbourg.

European Network of Councils for the Judiciary (2011), *Timeliness Report 2010-11*, ENCJ, Brussels.

OECD (2019), *Equal Access to Justice for Inclusive Growth: Putting People at the Centre*, OECD Publishing, Paris, *https://doi.org/10.1787/597f5b7f-en*.

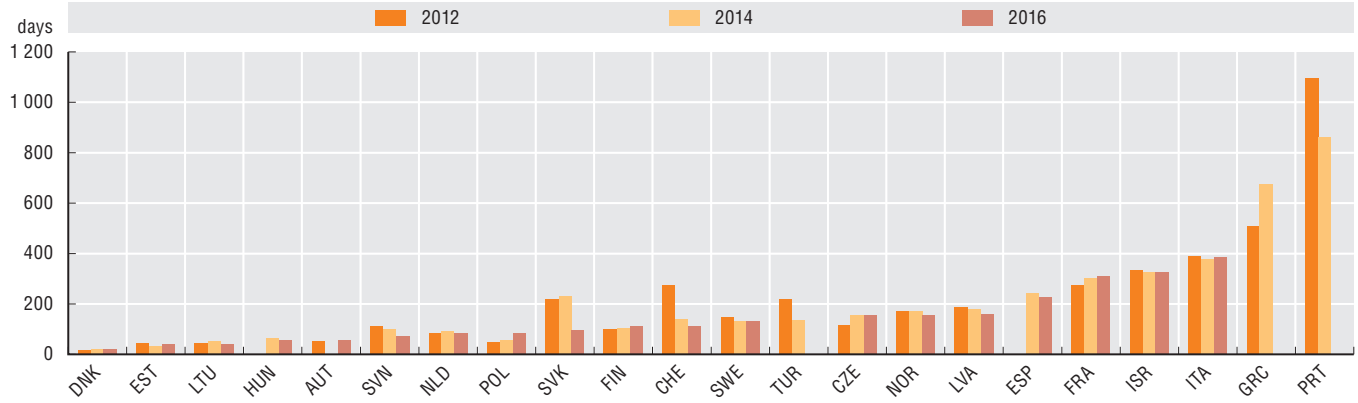
## Figure notes

Data are ranked in ascending order regarding the time needed in days on the latest year when data was available.

Data for the OECD non-European countries are not available. On data for Israel, see *http://doi.org/10.1787/888932315602*.

11.22. Data for the United Kingdom cover only England and Wales.

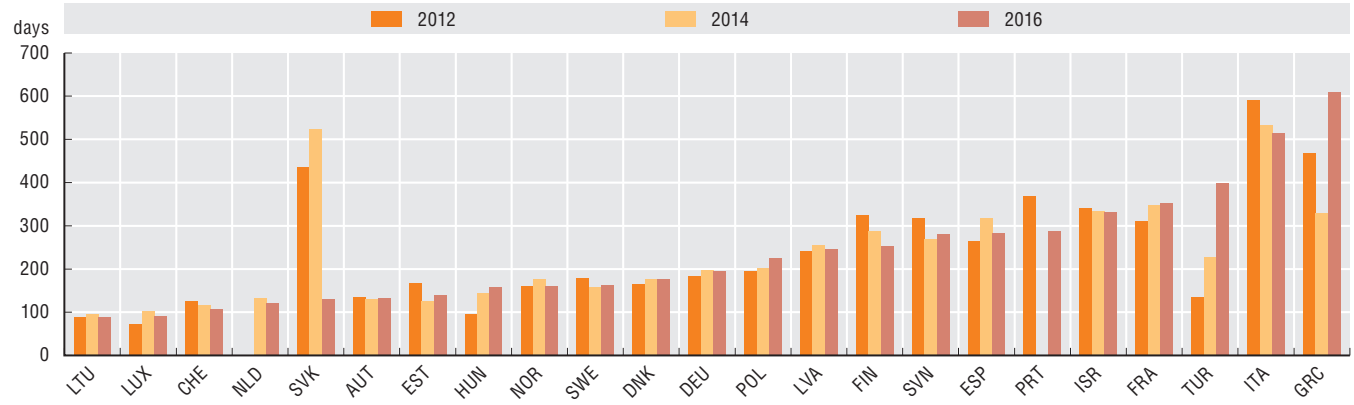
### 11.20 Disposition time for civil, commercial, administrative and other cases, 2012, 2014 and 2016




*Source:* Council of Europe European Commission for the Efficiency of Justice (CEPEJ) (database), 2019.

StatLink https://doi.org/10.1787/888934033783

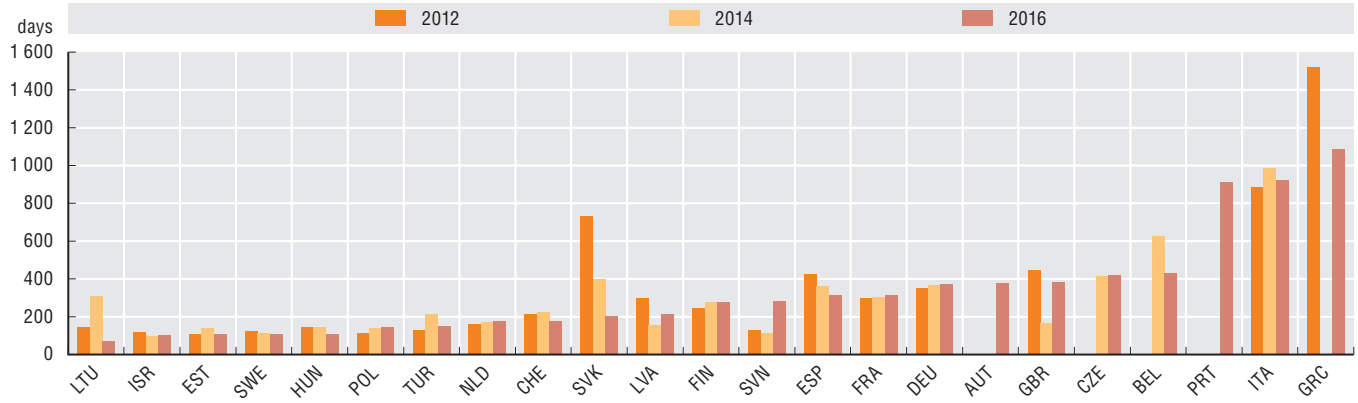
### 11.21 Disposition time for litigious civil and commercial cases, 2012, 2014 and 2016




*Source:* Council of Europe European Commission for the Efficiency of Justice (CEPEJ) (database), 2019.

StatLink https://doi.org/10.1787/888934033802

### 11.22 Disposition time for administrative cases, 2012, 2014 and 2016




*Source:* Council of Europe European Commission for the Efficiency of Justice (CEPEJ) (database), 2019.

StatLink https://doi.org/10.1787/888934033821

# Quality of health care

The health system is responsible for preventing health problems (i.e. prevention) and addressing acute or chronic health problems when they arise (i.e. treatment). Quality of care refers to achieving desirable health outcomes (e.g. longer and healthier lives), and avoiding any adverse effects that result from the health care processes themselves (Kelley and Hurst, 2006).

Mortality within 30 days after hospital admission for acute myocardial infarction (AMI or heart attack), is a well-recognised hospital care outcome indicator. Across OECD countries there has been a reduction of 2.6 deaths per 100 admissions of adults aged 45 and above between 2007 and 2017, with most countries showings improvement, notably Chile and the Slovak Republic (reduction of 5.7 deaths), and the Netherlands (5.4). Only Mexico reports a marginal increase in deaths. Iceland, Denmark, Norway, the Netherlands, Australia and Sweden have the lowest rates (all below 4%).

Primary care is usually the initial point of contact between patients and the health care system, which is responsible for the prevention, early diagnosis and managing of common health conditions. Asthma, chronic obstructive pulmonary disease (COPD) and congestive heart failure (CHF) are prevalent long-term conditions across OECD countries. These three conditions have well established treatments that can, for the most part, be delivered at the primary care level. A primary care system where accessible and high-quality services are provided can reduce acute deterioration in people living with asthma, COPD or CHF and reduce unnecessary admissions to a hospital (OECD, 2019).

The hospital admission rate for asthma and COPD was 183 per 100 000 population across OECD countries in 2017. Chile, Italy, Japan, Mexico and Portugal have admission rates less than one-half the OECD average. Hungary and Turkey, on the contrary, have close to twofold the rate of hospitalisations for these conditions. Latvia has the highest rate for asthma, with 93 admissions per 100 000 population, whereas Hungary has the highest rate for COPD (354 per 100 000).

On average, the rate of admissions for CHF was of 233 per 100 000 population in 2017 across OECD countries. Mexico has the lowest rate with 57, followed by Korea (88) and Chile (96). Poland has the highest rate of avoidable admissions related to this condition, 510 per 100 000, followed by Lithuania (502) and the Slovak Republic (479).

### *Methodology and definitions*

The case-fatality rate for AMI measures the percentage of people aged 45 and over who die within 30 days following admission to hospital. The rates presented in Figure 11.23 refer to patients who died in the same hospital where they were initially admitted. Rates are age-sex standardised.

The indicators are defined as the number of hospital admissions with a primary diagnosis of asthma, COPD or CHF among people aged 15 years and over per 100 000 population. Rates are age-sex standardised to the 2010 OECD population aged 15 and over. Admissions resulting from a transfer from another hospital and where the patient dies during the admission are excluded from the calculation, as these admissions are considered unlikely to be avoidable.

## Further reading

Kelley, E. and J. Hurst (2006), "Health Care Quality Indicators Project: Conceptual Framework Paper", *OECD Health Working Papers*, No. 23, OECD Publishing, Paris, *https://doi.org/10.1787/440134737301*.

OECD (forthcoming), *Health at a Glance 2019: OECD Indicators*, OECD Publishing, Paris

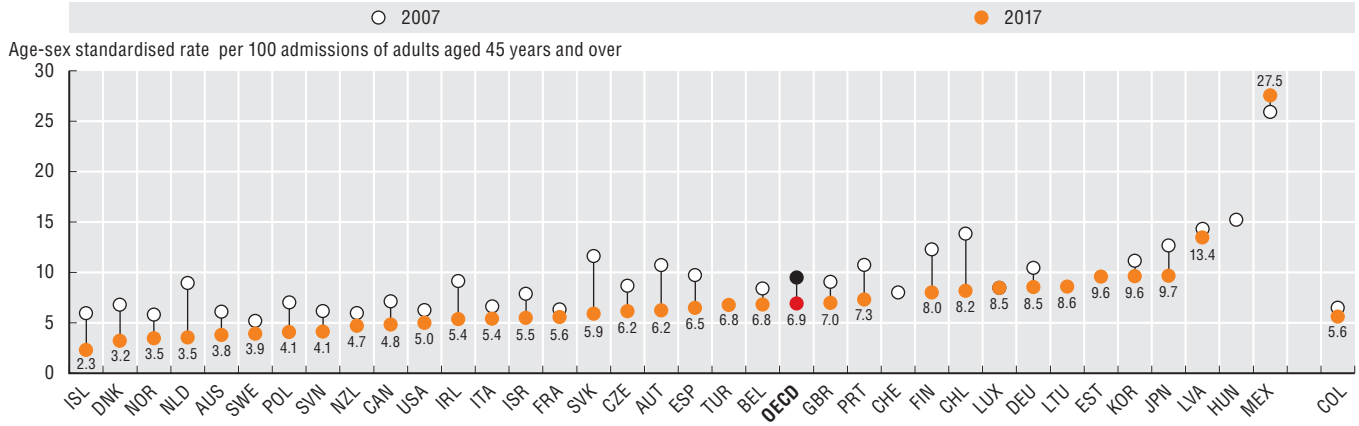
## Figure notes

On data for Israel, see *http://doi.org/10.1787/888932315602*.

11.23. Data for Austria, Belgium, Chile, Japan, Korea, Latvia and the United Kingdom are for 2008; data for Finland, France, Mexico, Slovenia and Colombia are for 2009 instead of 2007. Data for France, Italy, Luxembourg and New Zealand are for 2015, for Australia, Iceland and the Netherlands are for 2016 instead of 2017. UK data are limited to England and presented at trust level (i.e. multiple hospitals).

11.24 and Figure 11.25. Data for Australia, Iceland, the Netherlands, Poland and the United States are for 2016. Data for France, Luxembourg, Switzerland and Turkey (only 11.24) are for 2015. Data for Belgium (only 11.24) and New Zealand are for 2014. Data for Hungary are for 2012, and data for Japan are for 2011 instead of 2017. Data for Greece and Latvia are not available. Data for 11.25 for Luxembourg and Japan are not available.

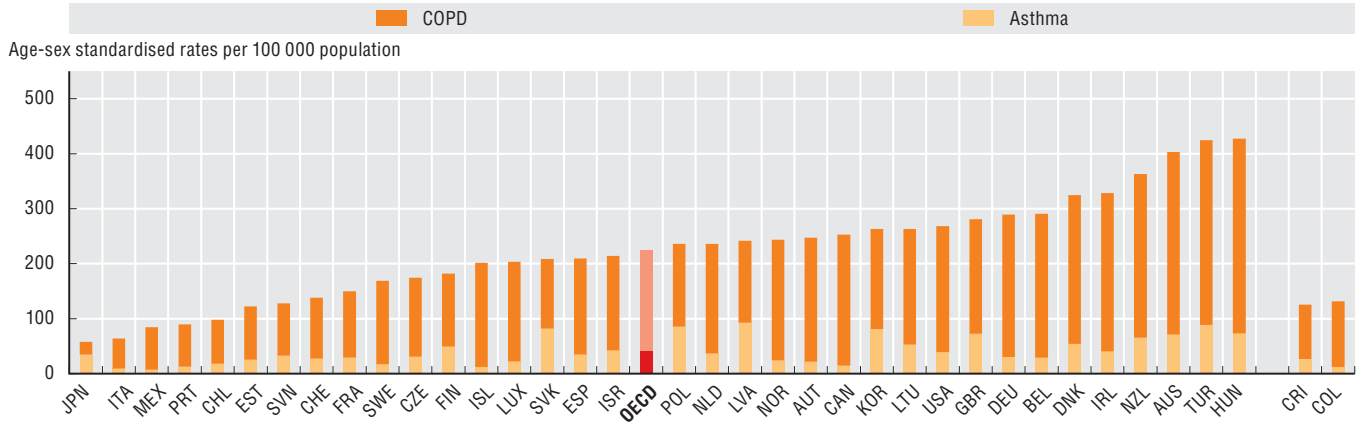
### 11.23 Thirty-day mortality after admission to hospital for AMI, 2007 and 2017




*Source:* OECD (2019), *OECD Health Statistics* (database).

StatLink https://doi.org/10.1787/888934033840

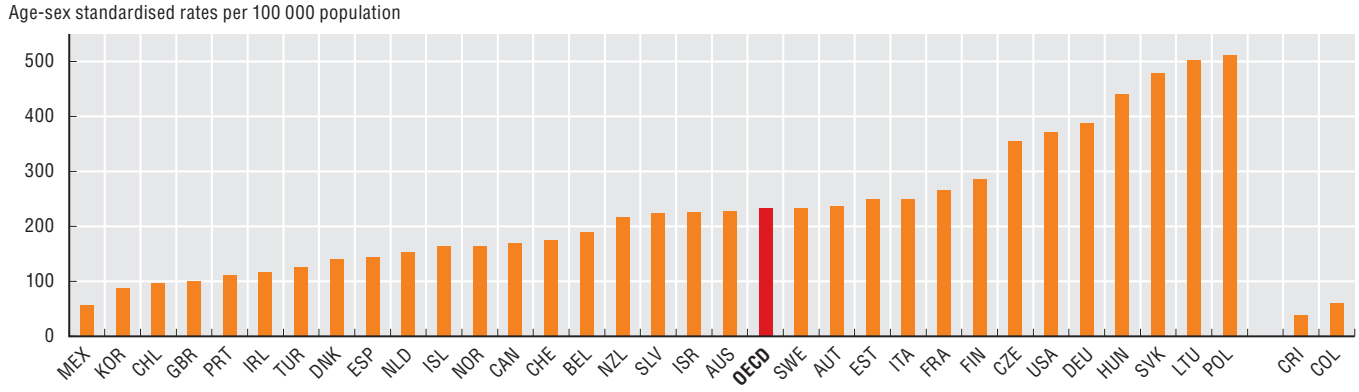
### 11.24 Asthma and COPD hospital admission in adults, 2017 (or nearest year)




*Source:* OECD (2019), *OECD Health Statistics* (database).

StatLink https://doi.org/10.1787/888934033859

### 11.25 Congestive heart failure (CHF) hospital admission in adults, 2017 (or nearest year)




*Source:* OECD (2019), *OECD Health Statistics* (database).

StatLink https://doi.org/10.1787/888934033878

# Student performance and equity in education

The education system is responsible for equipping individuals with the knowledge, skills and tools needed for their life-long development. The quality of education can be gauged by how effectively students incorporate the skills needed to thrive in the society in which they live. Early investments in education offer higher returns than later investments and supportive school environments are essential for providing better opportunities to socioeconomically disadvantaged children (OECD, 2012).

There are two main international assessments of education, the OECD Programme for International Student Assessment (PISA), and the Trends in International Mathematics and Science Study (TIMSS) and the Progress in International Reading Literacy Study (PIRLS) by the International Association for Education Achievement (IEA). PISA focuses on 15-year-old students, TIMSS focuses on 4$^{th}$ and 8$^{th}$ grade students, and PIRLS on 4$^{th}$ grade students (aged 13-14). These assessments offer cross-country comparisons and allow for identifying differences between groups of students and schools.

Overall, the PIRLS scores of participating OECD countries in 2016 have remained stable since 2011, with Ireland and Finland as the top performers. France and Wallonia (Belgium) had the lowest scores among participating OECD countries. The largest improvements were observed in Lithuania (+22 scale score points), Australia (+17), Hungary (+15), Ireland (+15) and Spain (+15), while scores decreased the most in Portugal (-13) and Israel (-11). The scores of the 2016 PIRLS are highly correlated with those of the 2015 PISA round across participating countries, which indicates that the average performance of education systems remains stable throughout school years and that such assessments are reliable.

Children who access early learning opportunities are more likely to increase their skills throughout their lives and achieve better outcomes. PIRLS identifies schools where over 75% of the students enter primary education with basic reading skills, e.g. as reading some words. In OECD countries, 21% of the students attend such schools, with 96% in Ireland and 94% in Northern Ireland. The difference in performance between those who attend schools where the majority of children enter with basic skills and the mean is largest in Chile. Israel, Italy and Poland show the opposite; – however, in such countries, fewer than 15% of students attend schools where the majority enter primary education with basic reading skills.

Integration of students in the school can explain performance variations. The PIRLS questionnaire assesses whether students feel they belong to their school by enquiring whether they like being in school and whether their teachers treat them fairly, among others. While 82% of Portuguese students indicated a high sense of belonging, only 42% did so in the Czech Republic. In most OECD countries, students expressing a high sense of belonging scored better than those with a lower sense of belonging. The gaps are largest in Northern Ireland and Finland. Israel is the only country where those expressing a low sense of belonging outperform those who express a high sense.

### *Methodology and definitions*

Data are derived from the PIRLS 2016 assessment. PIRLS has been conducted every five years since 2006 by the International Association for the IEA, which also produces the TIMSS. With regard to coverage, 50 countries and 11 benchmarking regions participated in 2016, with a total of 346,852 students. The assessment focused on four reading comprehension processes: retrieve explicitly stated information; make straightforward inferences; interpret and integrate ideas and information; and evaluate and analyse content and textual elements. The PIRLS reading achievement scale was established in 2001, based on the achievement of all participating countries. It ranges from 300 to 700 points, with a centre point of 500, corresponding to the mean of overall achievement in 2001.

In the school background questionnaire, the school principals were asked to indicate the percentage of students who entered 1$^{st}$ grade knowing how to recognise most letters of the alphabet, read some words, read sentences, read a story, write letters of the alphabet and write some words. Figure 11.27 shows only results for those who reported at least 75% of the students had three or more of such skills.

In the student background questionnaire, children were asked to report their agreement with the following statements: "I like being in school", "I feel safe when I am at school", "I feel like I belong at this school", "Teachers at my school are fair to me", "I am proud to go to this school". High sense of belonging is defined as at least "agreeing a lot" to three statements and "agreeing a little" to the other two.

## Further reading

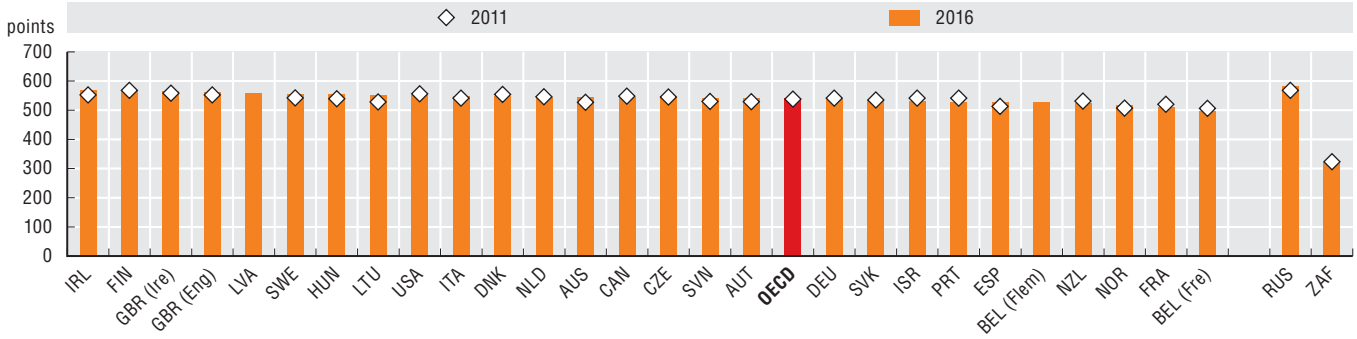
OECD (2012), *Equity and Quality in Education: Supporting Disadvantaged Students and Schools*, OECD Publishing, Paris, *https://doi.org/10.1787/9789264130852-en*.

## Figure notes

Belgium is presented as the French Community [BEL (Fre)] and the Flemish Community [BEL (Flem)]. The United Kingdom is presented as England [GBR (En)] and Northern Ireland [GBR (Ire)].

Data for Estonia, Greece, Iceland, Japan, Korea, Luxembourg, Mexico, Switzerland and Turkey are not available. On data for Israel, see *http://doi.org/10.1787/888932315602*.

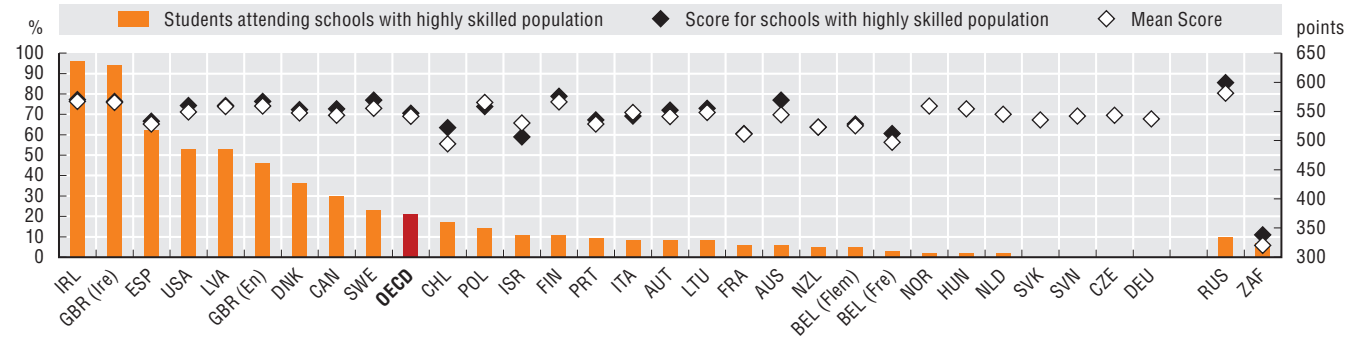
### 11.26 Progress in International Reading Literacy Study (PIRLS) scores, 2011 and 2016




*Source: Progress in International Reading Literacy Study (PIRLS) 2016.*

StatLink https://doi.org/10.1787/888934033897

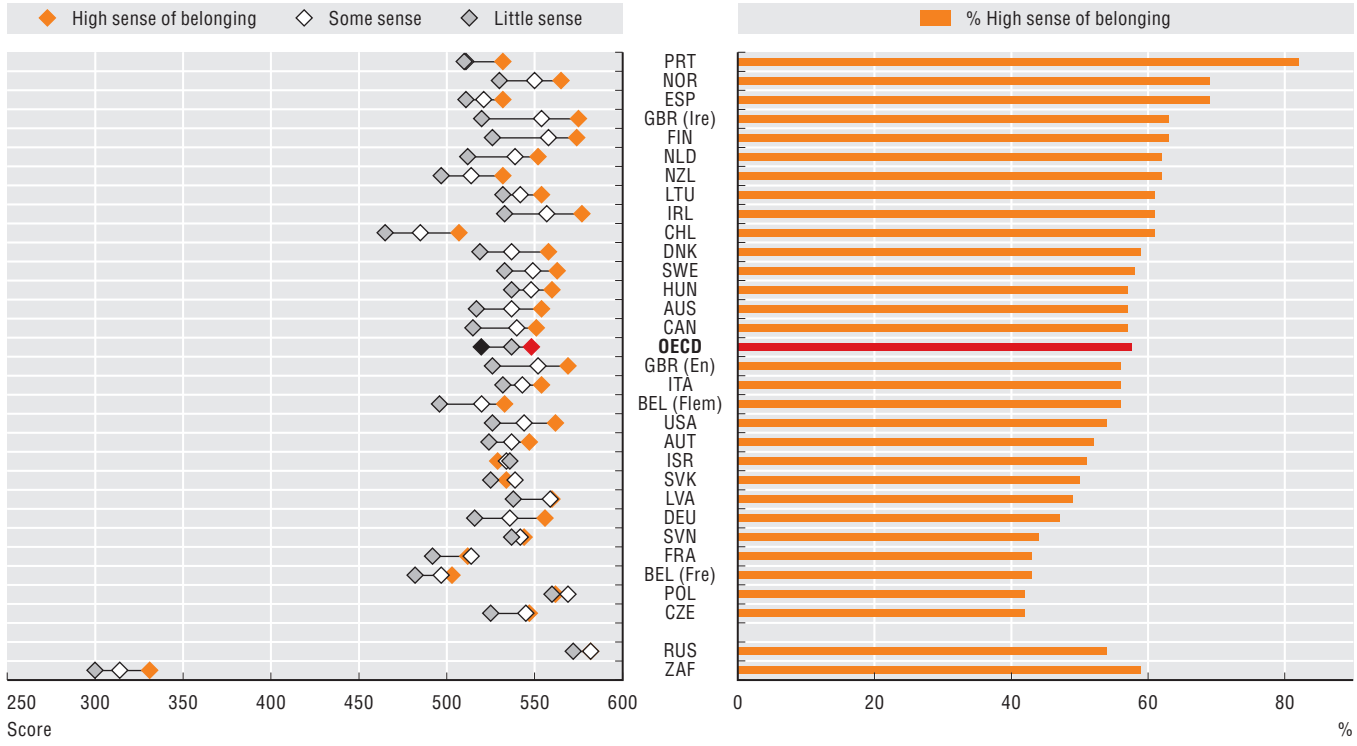
### 11.27 Score on PIRLS for students who attend a school where over 75% of the students enter with some reading and writing skills, 2016




*Source: Progress in International Reading Literacy Study (PIRLS) 2016.*

StatLink https://doi.org/10.1787/888934033916

### 11.28 Score on PIRLS by sense of belonging and percentage of students showing high sense of belonging, 2016




*Source: Progress in International Reading Literacy Study (PIRLS) 2016.*

StatLink https://doi.org/10.1787/888934033935

# Effectiveness and fairness of the justice system

Justice systems serve as key pillars to safeguard rights and guarantee that the legal needs of citizens are met. The effective and fair justice system requires consideration of the full continuum of services, ranging from accessibility of legal information and legal assistance to formal (such as courts) and alternative dispute resolution, and their enforcement mechanisms (OECD, 2019).

Courts remain a core element of justice systems serving as the ultimate resort for individuals and companies to solve disputes, protect and enforce their rights. The effective functioning of courts and fair application of the law, in turn, requires judges to be independent from external pressure. A survey of European judges in 2017 found that undue pressure might from the court management and political parties or their lawyers. A third of respondents also doubted that councils for the judiciary have the appropriate mechanisms to defend their independence (ENCJ, 2017).

Freedom from undue government influence on administrative justice lawsuits and effective enforcement of civil justice, as measured by the World Justice Project's (WJP) Rule of Law Index, are highly correlated. On average, OECD countries have shown a slight deterioration between 2015 and 2019 in these indicators. Belgium (+0.09 points on freedom of improper influence and +0.14 on effective enforcement) has made the largest progress in both dimensions.

From the various types of justice that the judiciary system deals with, criminal justice is one of the most sensitive ones as it affects people freedom. In criminal cases, two fundamental human rights collide: personal security and presumption of innocence. Victims have the right to demand investigation and prosecution of their offender in order to defend themselves and the society from future threats, and the accused have the right to a fair process where all guarantees are respected. For example, pre-trial detention must be avoided and, when used, it must be short as possible to avoid violating individual freedoms. Court decisions must be fast and fair in order to guarantee that both rights are respected.

Timeliness and effectiveness in enforcing criminal justice are highly correlated with the non-use of self-administered justice in disputes, as measured by WJP. On average, OECD countries have remained stable on both dimensions. Turkey (+0.20 on non-use of self-justice and +0.05 on adjudication) has shown the largest overall improvement, followed by Germany (+0.05, +0.07). On the contrary, Korea (-0.17, -0.02) and Greece (-0.09, -0.05) have shown the largest overall decrease. Slovenia has reduced the perception that people resort to violence to redress personal grievances, despite the impression that the criminal justice system is less effective than in 2015 (+0.18, -0.12).

The perception that crime is effectively controlled has improved on average in OECD countries since 2015. WJP takes into account whether individuals reported feeling safe walking alone at night, whether they reported being the victims of burglary and/or theft. The majority of the countries are above average and have shown improvements, especially Norway (+0.05), Hungary (+0.05) and Slovenia (+0.04).

### *Methodology and definitions*

Councils for the judiciary are defined in the Budapest Resolution (2008) of the European Network of Councils for the Judiciary (ENCJ) as bodies that are independent and autonomous from the legislative and executive powers of the State and are responsible for the administration and delivery of justice

Data for the three figures comes from the World Justice Projects' Rule of Law Index, which is based on a general population survey of 1000 respondents (representative) in the three largest cities of each country and a survey of experts in civil law (practitioners and academics). Each dimension of the index has a score ranging from 0 to 1; a higher score means a better performance on the dimension. For more information, see: worldjusticeproject.org/ruleoflaw-index.

Freedom from improper influence is gauged by asking how likely a litigant is to win a case against the state, how likely the government is to respect such decision and to seek to influence the court. Effective enforcement of civil justice enquired about the enforcement of court rulings and their timeliness.

Effectiveness and timeliness of the criminal adjudication system is gauged by how long it takes to take a suspect to trial and the length of pre-trial detention as well as whether the perpetrators of violent crimes are caught and taken to court. Resorting to violence includes intimidating or attacking the perpetrator of an offense, for instance.

Effective control of crime includes citizens' perceptions of being safe when walking at night and being the victim of a crime in the past year/three years (depending on the question), among others.

## Further reading

European Network of Councils for the Judiciary (2017) Data ENCJ Survey on the Independence of Judges 2016-2017, ENCJ, Brussels

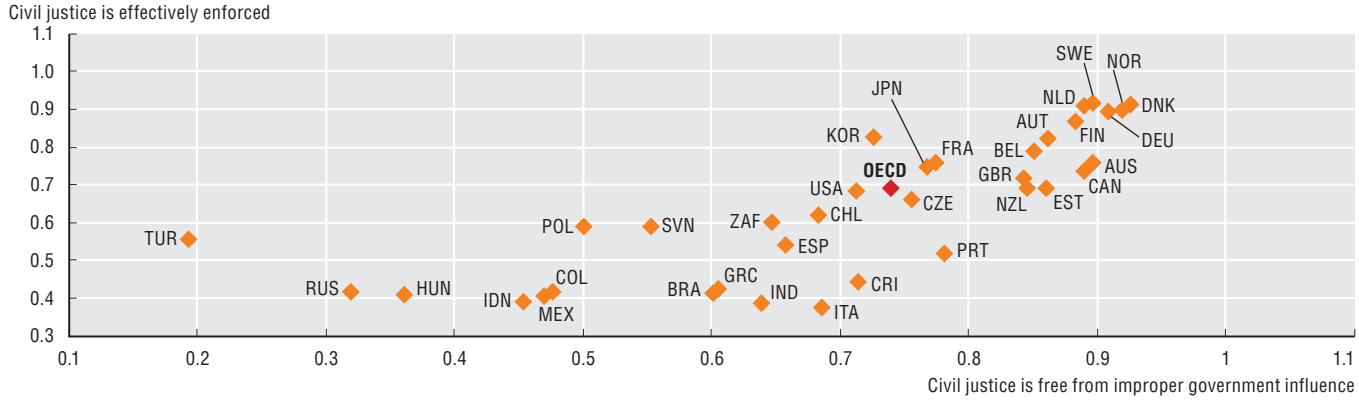
OECD (2019), *Equal Access to Justice for Inclusive Growth: Putting People at the Centre*, OECD Publishing, Paris, *https://doi.org/10.1787/597f5b7f-en*.

## Figure notes

Data for Iceland, Israel, Latvia, Lithuania, Luxembourg, the Slovak Republic and Switzerland are not available.

11.32. (Effective enforcement of civil justice and freedom from improper government influence, 2015 and 2019) and 11.33. (Effectiveness/timeliness of criminal justice courts adjudication system and the extent of the use of violence to redress personal grievances, 2015 and 2019) are available online on Annex F.

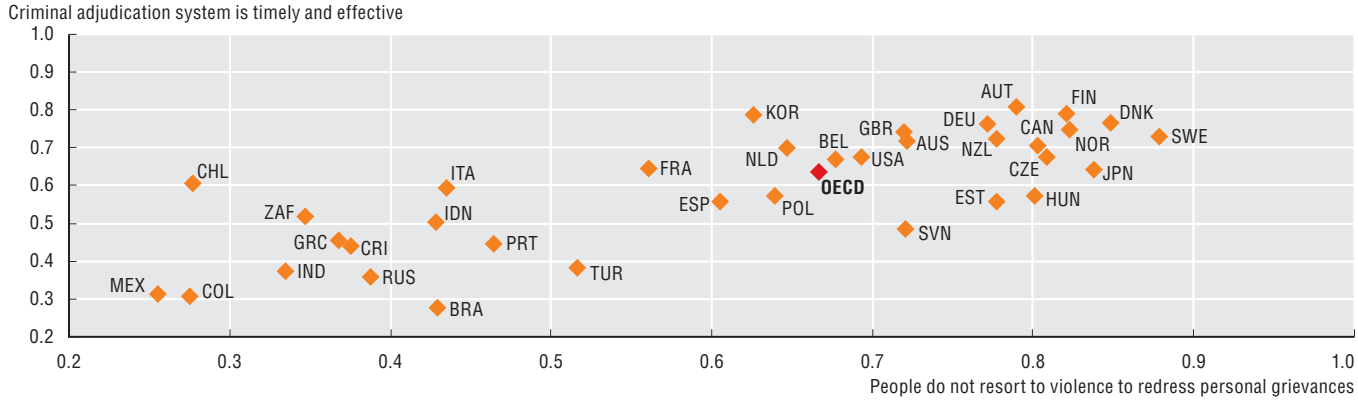
### 11.29 Effective enforcement of civil justice and freedom from improper government influence, 2019




*Source:* World Justice Project (2019), *Rule of Law Index 2019*.

StatLink https://doi.org/10.1787/888934033954

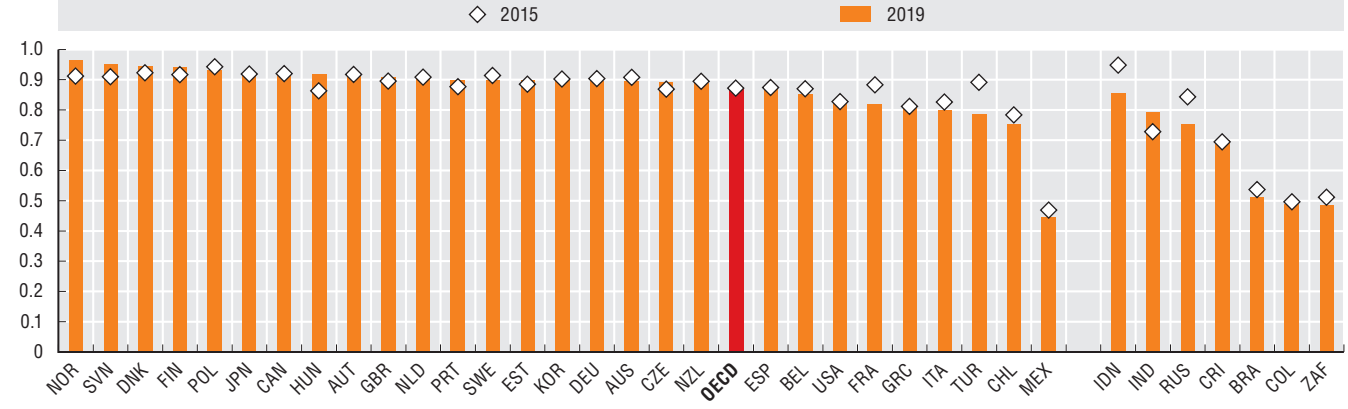
### 11.30 Effectiveness/timeliness of criminal justice courts adjudication system and the extent of the use of violence to redress personal grievances, 2019




*Source:* World Justice Project (2019), *Rule of Law Index 2019*.

StatLink https://doi.org/10.1787/888934033973

### 11.31 Crime is effectively controlled, 2015 and 2019




*Source:* World Justice Project (2019), *Rule of Law Index 2019*.

StatLink https://doi.org/10.1787/888934033992

# ANNEX A

## *Reporting systems and sources of countries for government in the National Accounts Statistics*

Table A.1. **Reporting systems and sources of countries**

| Country | Non-financial government accounts | Financial government accounts |
|---|---|---|
| **OECD member countries** | | |
| Australia | SNA2008; OECD Annual National accounts, General government accounts | SNA2008; OECD Annual National accounts, Financial balance sheets, consolidated |
| Austria | ESA2010; OECD Annual National accounts, General government accounts | ESA2010; Eurostat Government financial statistics, Annual financial accounts for general government, consolidated* |
| Belgium | ESA2010; OECD Annual National accounts, General government accounts | ESA2010; OECD Annual National accounts, Financial balance sheets, consolidated |
| Canada | SNA2008; OECD Annual National accounts, General government accounts | SNA2008; OECD Annual National accounts, Financial balance sheets, consolidated |
| Chile | SNA2008; OECD Annual National accounts, General government accounts | SNA2008; OECD Annual National accounts, Financial balance sheets, non-consolidated |
| Czech Republic | ESA2010; OECD Annual National accounts, General government accounts | ESA2010; Eurostat Government financial statistics, Annual financial accounts for general government, consolidated* |
| Denmark | ESA2010; OECD Annual National accounts, General government accounts | ESA2010; Eurostat Government financial statistics, Annual financial accounts for general government, consolidated* |
| Estonia | ESA2010; OECD Annual National accounts, General government accounts | ESA2010; Eurostat Government financial statistics, Annual financial accounts for general government, consolidated* |
| Finland | ESA2010; OECD Annual National accounts, General government accounts | ESA2010; Eurostat Government financial statistics, Annual financial accounts for general government, consolidated* |
| France | ESA2010; OECD Annual National accounts, General government accounts | ESA2010; Eurostat Government financial statistics, Annual financial accounts for general government, consolidated* |
| Germany | ESA2010; OECD Annual National accounts, General government accounts | ESA2010; Eurostat Government financial statistics, Annual financial accounts for general government, consolidated* |
| Greece | ESA2010; OECD Annual National accounts, General government accounts | ESA2010; OECD Annual National accounts, Financial balance sheets, consolidated |
| Hungary | ESA2010; OECD Annual National accounts, General government accounts | ESA2010; OECD Annual National accounts, Financial balance sheets, consolidated |
| Iceland | SNA2008; OECD Annual National accounts, General government accounts | SNA2008; OECD Annual National accounts, Financial balance sheets, consolidated |
| Ireland | ESA2010; OECD Annual National accounts, General government accounts | ESA2010; OECD Annual National accounts, Financial balance sheets, consolidated |
| Israel | SNA2008; OECD Annual National accounts, General government accounts | SNA2008; OECD Annual National accounts, Financial balance sheets, consolidated |
| Italy | ESA2010; OECD Annual National accounts, General government accounts | ESA2010; Eurostat Government financial statistics, Annual financial accounts for general government, consolidated* |
| Japan | SNA2008; OECD Annual National accounts, General government accounts | SNA2008; OECD Annual National accounts, Financial balance sheets, consolidated |
| Korea | SNA2008; OECD Annual National accounts, General government accounts | SNA2008; OECD Annual National accounts, Financial balance sheets, consolidated |

Table A.1. **Reporting systems and sources of countries** *(cont.)*

| Country | Non-financial government accounts | Financial government accounts |
|---|---|---|
| Latvia | ESA2010; OECD Annual National accounts, General government accounts | ESA2010; Eurostat Government financial statistics, Annual financial accounts for general government, consolidated* |
| Lithuania | ESA2010; OECD Annual National accounts, General government accounts | ESA2010; OECD Annual National accounts, Financial balance sheets, consolidated |
| Luxembourg | ESA2010; OECD Annual National accounts, General government accounts | ESA2010; Eurostat Government financial statistics, Annual financial accounts for general government, consolidated* |
| Mexico | SNA2008; OECD Annual National accounts, General government accounts | SNA2008; OECD Annual National accounts, Financial balance sheets, non-consolidated |
| Netherlands | ESA2010; OECD Annual National accounts, General government accounts | ESA2010; Eurostat Government financial statistics, Annual financial accounts for general government, consolidated* |
| New Zealand | SNA2008; OECD Annual National accounts, General government accounts | SNA2008; OECD Annual National accounts, Financial balance sheets, non-consolidated |
| Norway | SNA2008; OECD Annual National accounts, General government accounts | SNA2008; OECD Annual National accounts, Financial balance sheets, consolidated |
| Poland | ESA2010; OECD Annual National accounts, General government accounts | ESA2010; OECD Annual National accounts, Financial balance sheets, consolidated |
| Portugal | ESA2010; OECD Annual National accounts, General government accounts | ESA2010; Eurostat Government financial statistics, Annual financial accounts for general government, consolidated* |
| Slovak Republic | ESA2010; OECD Annual National accounts, General government accounts | ESA2010; Eurostat Government financial statistics, Annual financial accounts for general government, consolidated* |
| Slovenia | ESA2010; OECD Annual National accounts, General government accounts | ESA2010; Eurostat Government financial statistics, Annual financial accounts for general government, consolidated* |
| Spain | ESA2010; OECD Annual National accounts, General government accounts | ESA2010; OECD Annual National accounts, Financial balance sheets, consolidated |
| Sweden | ESA2010; OECD Annual National accounts, General government accounts | ESA2010; Eurostat Government financial statistics, Annual financial accounts for general government, consolidated* |
| Switzerland | SNA2008; OECD Annual National accounts, General government accounts | SNA2008; OECD Annual National accounts, Financial balance sheets, consolidated |
| Turkey | SNA2008; OECD Annual National accounts, General government accounts | SNA2008; OECD Annual National accounts, Financial balance sheets, consolidated |
| United Kingdom | ESA2010; OECD Annual National accounts, General government accounts | ESA2010; OECD Annual National accounts, Financial balance sheets, consolidated |
| United States | SNA2008; OECD Annual National accounts, General government accounts | SNA2008; OECD Annual National accounts, Financial balance sheets, consolidated |
| **OECD accession countries** | | |
| Colombia | SNA1993; OECD Annual National accounts, General government accounts | SNA2008; OECD Annual National accounts, Financial balance sheets, consolidated |
| Costa Rica | SNA2008; OECD Annual National accounts, General government accounts | SNA1993 (GFSM2001/86) |
| Russia | SNA1993; OECD Annual National accounts, General government accounts | SNA2008; OECD Annual National accounts, Financial balance sheets, non-consolidated |

*Note:* * The source for the financial government accounts for these countries refers to Eurostat as it reflects the latest (validated) data updates (which are transmitted twice a year). For the other countries of the same domain the latest (validated) data updates have been transmitted to and drawn from the *OECD National Accounts Statistics* (database).

© OECD 2019

ANNEX B

# *Methodology for revenue aggregates*

The following table provides detailed information about how the aggregates of taxes, net social contributions, sales, and grants and other revenues presented in Chapter 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 |
| **Sales** | Market output and output for own final use | GP11_P12R |
| | Payments for other non-market output | GP131R |
| **Grants and other revenues** | | |
| Current and capital grants | Other current transfers, receivable | GD7R |
| | Other capital transfers and investment grants, receivable | GD92R_D99R |
| Subsidies | Other subsidies on production, receivable | GD39R |
| Property income | Property income, receivable | GD4R |
| **Total revenues** | Total revenues | GTR |

ANNEX C

# *Classification of the Functions of Government (COFOG)*

Developed by the OECD, the Classification of the Functions of Government (COFOG) classifies government expenditure data from the *System of National Accounts* by the purpose for which the funds are used. As Table C.1 illustrates, first-level COFOG splits expenditure data into ten "functional" groups or sub-sectors of expenditures (such as economic affairs, education and social protection), and second-level COFOG further splits each first-level group into up to nine sub-groups. While first-level COFOG data are available for 32 out of the 36 OECD countries (according to time series availability), second-level COFOG data are currently only available for 26 OECD European countries plus Israel and 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 Canada, Chile and Mexico. Until recently, second level COFOG data were available in some national statistical offices, but were not collected by international organisations. Moreover, the second-level COFOG data were not always fully comparable among countries because the SNA/UN guide and the International Monetary Fund Manual on Government Finance Statistics did not provide much practical information on the application of COFOG concepts. However, in 2005, Eurostat established a task force on guidance on the application of COFOG to national account expenditure data and to discuss the collection of second-level COFOG data for European countries. Second-level COFOG data are not available for Turkey and all non-European member countries of the OECD, except Israel and Japan. In addition, these data are available only for selected COFOG divisions in some members of the European Union. 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

# *Classification and definition of occupations*

The following classification resulted from the 2016 OECD Survey on Strategic Human Resources Management updated in 2019, which also used the same definitions as in the 2016 OECD Survey on Composition of Employees in Central/Federal Governments. This classification defines the four main hierarchical levels of occupations.

The classification and the definition of the occupations are an adaptation of the International Standard Classification of Occupations (ISCO 08) developed by the International Labour Organization (ILO). Full definitions are available at *www.ilo.org/public/english/bureau/stat/isco/isco08/index.htm*.

The reason for the adaptation is that not all countries follow the ISCO model to classify their occupations in government, as the occupations included at the national level may differ due to specific legal and administrative frameworks

Table D.1. **Classification and definition of occupations**

| **Top managers** |
|---|
| **D1 Managers** (part of ISCO-08 1112) are top public servants just below the minister or Secretary of State/ junior minister. They can be a member of the senior civil service and/or appointed by the government or head of government. They advise government on policy matters, oversee the interpretation and implementation of government policies and, in some countries, have executive powers. D1 managers may be entitled to attend some cabinet/council of ministers meetings, but they are not part of the Cabinet/council of ministers. They provide overall direction and management to the ministry/secretary of state or a particular administrative area. In countries with a system of autonomous agencies, decentralised powers, flatter organisations and empowered managers, D1 managers will correspond to Director Generals. |
| **D2 Managers** (part of ISCO-08 11 and 112) are just below D1 managers. They formulate and review the policies and plan, direct, co-ordinate and evaluate the overall activities of the ministry or special directorate/unit with the support of other managers. They may be part of the senior civil service. They provide guidance in the co-ordination and management of the programme of work and leadership to professional teams in different policy areas. They determine the objectives, strategies, and programmes for the particular administrative unit / department under their supervision. |
| **Middle managers (have managerial responsibilities for at least 3 staff)** |
| D3 Managers (part of ISCO-08 12) are just below D2 managers. They plan, direct and co-ordinate the general functioning of a specific directorate/administrative unit within the ministry with the support of other managers usually within the guidelines established by a board of directors or a governing body. They provide leadership and management to teams of professionals within their particular area. These officials develop and manage the work programme and staff of units, divisions or policy areas. They establish and manage budgets, control expenditures and ensure the efficient use of resources. They monitor and evaluate performance of the different professional teams. |
| **D4 Managers** (part of ISCO-08 121) are just below D3. They formulate and administer policy advice, and strategic and financial planning. They establish and direct operational and administrative procedures, and provide advice to senior managers. They control selection, training and performance of staff; prepare budgets and oversee financial operations, control expenditures and ensure the efficient use of resources. They provide leadership to specific professional teams within a unit. |
| **D5 Managers** (optional) (part of ISCO-08 1211, 1212, and 1213) are just below D4. They may be senior professionals whose main responsibility is to lead the execution of the work programme and supervise the work of other professionals and young professionals. |
| **D6 Managers** (optional) (part of ISCO-08 1211, 1212, and 1213) may be professionals whose main responsibility is to lead the execution of the work programme and supervise the work of other professionals or young professionals. |

Table D.1. **Classification and definition of occupations** *(cont.)*

| Professionals |
|---|
| **Senior Economists / Policy Analysts** (part of ISCO-08 242 and 2422) do not have managerial responsibilities (beyond managing 3 staff maximum), and are above the ranks of junior analysts and administrative/secretarial staff. They are usually required to have a university degree. They have some leadership responsibilities over a field of work or various projects, develop and analyse policies guiding the design, implementation and modification of government operations and programmes. These professionals review existing policies and legislation in order to identify anomalies and out-of-day provisions. They analyse and formulate policy options, prepare briefing papers and recommendations for policy changes. Moreover, they assess the impact, financial implications and political and administrative feasibility of public policies. Staffs in this group have the possibility of becoming a manager through career progression. Their areas of expertise may vary from law, economics, politics, public administration, international relations, to engineering, environment, pedagogy, health economics etc. Senior policy analysts/economists have at least 5 years of professional experience. |
| **Junior economists/policy analysts** (part of ISCO-08 242 and 2422) are above the ranks of administrative/ secretarial staff. They are usually required to have a university degree. They have no leadership responsibilities. They develop and analyse policies guiding the design, implementation and modification of government operations and programmes. These professionals review existing policies and legislation in order to identify anomalies and out-of-day provisions. They analyse and formulate policy options, prepare briefing papers and recommendations for policy changes. Moreover, they assess the impact, financial implications and political and administrative feasibility of public policies. Their areas of expertise may vary from law, economics, politics, public administration, international relations, to engineering, environment, pedagogy, health economics etc. Junior policy analysts/economists have less than 5 years of professional experience. |
| **Secretarial positions** |
| **Secretaries** (general office clerks) (part of ISCO-08 411 and 4110) are generally not required to have a university degree although many do. They perform a wide range of clerical and administrative tasks in connection with money-handling operations, travel arrangements, requests for information, and appointments. record, prepare, sort, classify and fill information; sort, open and send mail; prepare reports and correspondence; record issue of equipment to staff; respond to telephone or electronic enquiries or forwarding to appropriate person; check figures, prepare invoices and record details of financial transactions made; transcribe information onto computers, and proof read and correct copy. Some assist in the preparation of budgets, monitoring of expenditures, drafting of contracts and purchasing or acquisition orders. The most senior that supervise the work of clerical support workers are excluded from this category. |

© OECD 2019

ANNEX E

# *Methodology for composite indexes on Gender Budgeting, Regulatory Policy and Governance, and Open Useful Re-usable data*

The narrowly defined composite indexes presented in Government at a Glance represent the best way of summarising discrete, qualitative information. "Composite indexes are much easier to interpret than trying to find a common trend in many separate indicators" (Nardo et al., 2005). 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 (OECD/EU/JRC, 2008) that are necessary for the meaningful construction of composite or synthetic indexes.

Each composite index is based on a theoretical framework representing an agreed upon concept in the area it covers. The variables comprising the indexes are selected based on their relevance to the concept. Each index is constructed in close collaboration with the relevant OECD expert group including seeking their advice on the selection of the variables for the composite and the use of weighting schemes.

In addition, various statistical analyses are conducted to ensure validity and reliability of the composite indicators.

- The survey questions used to create the indexes are the same across countries, ensuring that the indexes are comparable.
- Different methods for imputing missing values have been explored.
- All sub-indicators and variables were normalised for comparability.
- To build the composites, all sub-indicators were aggregated using a linear method according to the accepted methodology.
- Principal component factor analysis is conducted to confirm hypotheses on the underlying concepts being measured.
- Redundant variables are excluded to avoid double counting and overweighting.
- Chronbach's alpha is also calculated to measure inter-item correlations.
- Finally, sensitivity analysis (Monte Carlo simulation) is performed to establish the robustness of the indicators to different weighting options.

Detailed annexes on each of the composite indexes presented in this edition of Government at a Glance, including the variables and weights used to construct each indicator, are available online at *http://www.oecd.org/gov/govataglance.htm*.

### *References*

Nardo, M., et al. (2005). Tools for Composite Indicators Building, Report EUR 21682 EN, Joint Research Centre, Ispra.

OECD/EU/JRC (2008), *Handbook on Constructing Composite Indicators and User Guide* OECD Publishing, Paris, *https://doi.org/10.1787/9789264043466-en*.

ANNEX F

# *Additional figures accessible online*

## Chapter 2. Public finance and economics

- 2.5. Net capital transfers as a percentage of GDP *[https://doi.org/10.1787/888934034011]*
- 2.12. Annual average growth rate of real government debt per capita, 2007-17 and 2017-18 *[https://doi.org/10.1787/888934034030]*
- 2.24. Structure of central government revenues, 2017 and 2018 *[https://doi.org/10.1787/888934034049]*
- 2.25. Structure of state government revenues, 2017 and 2018 *[https://doi.org/10.1787/888934034068]*
- 2.26. Structure of local government revenues, 2017 and 2018 *[https://doi.org/10.1787/888934034087]*
- 2.32. Structure of general government expenditures by function, 2017 *[https://doi.org/10.1787/888934034106]*
- 2.33. Change in the structure of general government expenditures by function, 2007 to 2017 *[https://doi.org/10.1787/888934034125]*
- 2.34. Structure of government expenditures by function of general public services, 2017 *[https://doi.org/10.1787/888934034144]*
- 2.35. Structure of government expenditures by function of public order and safety, 2017 *[https://doi.org/10.1787/888934034163]*
- 2.36. Structure of government expenditures by function of economic affairs, 2017 *[https://doi.org/10.1787/888934034182]*
- 2.37. Structure of government expenditures by function of education, 2017 *[https://doi.org/10.1787/888934034201]*
- 2.38. Structure of central government expenditures by function, 2017 *[https://doi.org/10.1787/888934034220]*
- 2.39. Structure of state government expenditures by function, 2017 *[https://doi.org/10.1787/888934034239]*
- 2.40. Structure of local government expenditures by function, 2017 *[https://doi.org/10.1787/888934034258]*
- 2.42. Structure of central government expenditures by economic transaction, 2017 and 2018 *[https://doi.org/10.1787/888934034277]*
- 2.45. Change in the distribution of general government revenues across levels of government, 2007 to 2017 *[https://doi.org/10.1787/888934034296]*

- 2.46. Change in the distribution of general government expenditures across levels of government, 2007 to 2017 *[https://doi.org/10.1787/888934034315]*
- 2.50. Government investment as a share of total investment, 2007 and 2017 *[https://doi.org/10.1787/888934034334]*
- 2.51. Structure of general government investment by function, 2017 *[https://doi.org/10.1787/888934034353]*
- 2.55. Structure of general government outsourcing expenditures, 2017 and 2018 *[https://doi.org/10.1787/888934034372]*
- 2.58. Structure of government expenditures by function of social protection, 2017 *[https://doi.org/10.1787/888934034391]*
- 2.59. Structure of government expenditures by function of health, 2017 *[https://doi.org/10.1787/888934034410]*
- 2.60. Change in the structure of government expenditures by function of social protection, 2009 to 2017 *[https://doi.org/10.1787/888934034429]*
- 2.61. Change in the structure of government expenditures by function of health, 2009 to 2017 *[https://doi.org/10.1787/888934034448]*

## Chapter 4. Institutions

- 4.3. Involvement of CoG and other bodies in reviewing items sent to Cabinet, 2016 *[https://doi.org/10.1787/888934034467]*
- 4.4. Mechanisms for co-ordinating policies, 2016 *[https://doi.org/10.1787/888934034486]*
- 4.7. Stages of the policy-cycle at which CoG consults with stakeholders, 2016 *[https://doi.org/10.1787/888934034505]*
- 4.10. Legal frameworks guiding policy evaluation across government, 2018 *[https://doi.org/10.1787/888934034524]*

## Chapter 5. Budgeting practices and procedures

- 5.15. Environment and climate effect considerations in public infrastructure projects, 2018 *[https://doi.org/10.1787/888934034543]*

## Chapter 8. Public procurement

- 8.3. Change in the structure of general government procurement spending by function, 2012 to 2017 *[https://doi.org/10.1787/888934034562]*
- 8.4. General government procurement spending by level of government, 2009, 2015 and 2017 *[https://doi.org/10.1787/888934034581]*

## Chapter 11. Serving citizens

- 11.4 Confidence in the local police, 2018 *[https://doi.org/10.1787/888934034600]*
- 11.32. Effective enforcement of civil justice and freedom from improper government influence, 2015 and 2019 *[https://doi.org/10.1787/888934034619]*
- 11.33. Effectiveness/timeliness of criminal justice courts adjudication system and the extent of the use of violence to redress personal grievances, 2015 and 2019 *[https://doi.org/10.1787/888934034638]*

# ANNEX G

## *Members of the steering group*

| Country | Name | Title/position | Ministry |
|---|---|---|---|
| Austria | Mr Michael Kallinger | Head of Unit for Administrative Development | Federal Chancellery, Public Service and Innovative Administrative Development |
| Belgium | Mr Jacques Druart | Head of International Co-ordination | Federal Public Service Policy and Support |
| Canada | Ms Erica van Wyngaarden | Analyst, Strategic Policy, Priorities and Planning | Treasury Board of Canada Secretariat |
| Chile | Mr Raimundo Monge | Division Head of Interministerial Coordination | Ministry of the Presidency |
| Finland | Ms Katju Holkeri | Financial counsellor, Public Governance Department | Ministry of Finance |
| France | Daniel Yves Taupenas | Counselor public governance, social affairs and regional development | French permanent representation to the OECD |
| Hungary | Ms Zsuzsanna Gregor | First Secretary | Permanent Delegation of Hungary to the OECD and UNESCO |
| Italy | Mr Stefano Pizzicanela | Director International Relations | Department of Public Administrations |
| Japan | Mr Maki Takashi | First Secretary | Permanent Delegation of Japan to the OECD |
| Korea | Mr Kiyeon Hwang | Counsellor | Delegation of Koreal to the OECD |
| Netherlands | Mr Frans Van Dongen | Program Manager | Ministry of Interior and Kingdom Relations |
| Norway | Mr John Noseid | Senior Adviser | Agency for Public Management and eGovernment |
| Sweden | Mr Arvid Perbo | Analyst | Swedish Agency for Pulic Management |
| United Kingdom | Mr Matt Kerlogue | Head of Strategic and International Analysis, Civil Service Group | Cabinet Office |

## Glossary

| Terms | Used in *Government at a Glance* |
|---|---|
| **Budget** | A comprehensive statement of Government financial plans which include expenditures, revenues, deficit or surplus and debt. The budget is the Government's main economic policy document, demonstrating how the Government plans to use public resources to meet policy goals and to some extent indicating where its policy priorities |
| **Cash transfers** | Benefits provided to eligible individuals by governments that are not required to be spent on a specific good or service. Examples of cash transfers include pensions, unemployment benefits and development aid. |
| **Central Budget Authority (CBA)** | The Central Budget Authority (CBA) is a public entity, or several coordinated entities, located at the central/national/federal level of government, which is responsible for the custody and management of the national/federal budget. In many countries, the CBA is often part of the ministry of Finance. Specific responsibilities vary by country, but generally, the CBA is responsible for formulating budget proposals, conducting budget negotiations, allocating or reallocating funds, ensuring compliance with the budget laws and conducting performance evaluations and/or efficiency reviews. This Authority regulates budget execution but does not necessarily undertake the treasury function of disbursing public funds. lastly, a very important role of the Central Budget Authority is monitoring and maintaining aggregate/national fiscal discipline and enforcing the effective control of budgetary expenditure. |
| **Centre of Government (CoG)** | The Centre of Government refers to the administrative structure that serves the Executive (President or Prime minister, and the Cabinet collectively). The Centre of Government has a great variety of names across countries, such as General Secretariat, Cabinet Office, Chancellery, Office/ministry of the Presidency, Council of ministers Office, etc. In many countries the CoG is made up of more than one unit, fulfilling different functions. The role of the Centre of Government is closely linked to the role of the executive branch itself, i.e. to direct the resources of the State (financial, legal, regulatory, even military) to achieve a mission that reflects a political vision and responds to a mandate from citizens. |

**Citizen's budget** A citizens' guide to the budg et is defined here as an easy-to understand summary of the main features of the annual budget as presented to the legislature. It should be a self-contained document that explains what is in the annual budget proposals and what their effects are expected to be. While containing links or references to more detailed documents, the guide should not require readers to refer to them, or to know their contents, in order to understand the guide.

**Civil servant** An employee of the state, either permanent or on a long-term contract, who would remain a state employee if the government changes. In addition, civil servants are employees covered under a specific public legal framework or other specific provisions.

**Collective goods and services** Goods and services that benefit the community at large. Examples include government expenditures on defence, and public safety and order.

**Composite index** An indicator formed by compiling individual indicators into a single index on the basis of an underlying model (Nardo et al., 2005).

**Dataset** A set of indicators or variables concerning a single topic (e.g. regulatory quality).

**Efficiency** Achieving maximum output from a given level of resources used to carry out an activity (*OECD Glossary of Statistical Terms*).

**Effectiveness** The extent to which the activities stated objectives have been met (*OECD Glossary of Statistical Terms*).

**European System of National Accounts** An internationally compatible accounting framework used by members of the European Union for a systematic and detailed description of a total economy (that is a region, country or group of countries), its components and its relations with other total economies (*OECD Glossary of Statistical Terms*). It is fully consistent with System of National Accounts (SNA).

**Federal state** A country that has a constitutionally delineated division of political authority between one central and several regional or state autonomous governments.

**Fiscal Rule** For purposes of this book, the OECD utilises a similar definition as the European Commission. A numerical fiscal rule refers to a permanent constraint on fiscal policy aggregates (e.g. in-year rules are excluded).

**Full-time equivalent (FTE)** The number of full-time equivalent jobs, defined as total hours worked divided by average annual hours worked in full-time jobs (*OECD Glossary of Statistical Terms*).

**Gender** Socially constructed and socially learned behaviours and expectations associated with females and males. All cultures interpret and elaborate the biological differences between women and men into a set of social expectations about what behaviours and activities are appropriate and what rights, resources, and power women and men possess. like race, ethnicity, and class, gender is a social category that largely establishes one's life chances. It shapes one's participation in society and in the economy.

**General Employment Framework in the public service**

It usually concerns the employment conditions of most government employees, and certainly concerns most statutory employees. Casual employees, by this definition, are not employed under the General Employment Framework for government employees. Please note that in a number of countries, all employees, including those employed on a short term basis, are employed under the General Employment framework, with a few exceptions (few casual employees in those cases, if any).

**General government**

The general government sector consists of the following groups of resident institutional units: a) All units of central, state or local government; b) All non-market NPIs that are controlled by government units. c) The sector also includes social security funds, either as separate institutional units or as part of any or all of central, state or local government. The sector does not include public corporations, even when all the equity of such corporations is owned by government units. Nor does it include quasi-corporations that are owned and controlled by government units. However, unincorporated enterprises owned by government units that are not quasi-corporations remain integral parts of those units and, therefore, must be included in the general government sector (*2008 System of National Accounts*).

**Governance**

The exercise of political, economic and administrative authority.

**Gross domestic product (GDP)**

The standard measure of the value of the goods and services produced by a country during a period. Specifically, it is equal to the sum of the gross values added of all resident institutional units engaged in production (plus any taxes, and minus any subsidies, on products not included in the value of their outputs). The sum of the final uses of goods and services (all uses except intermediate consumption) measured in purchasers' prices, less the value of imports of goods and services, or the sum of primary incomes distributed by resident producer units (*OECD Glossary of Statistical Terms*).

**Independent Fiscal Institution (IFI)**

A publicly funded, independent body under the statutory authority of the executive or the legislature which provides non-partisan oversight and analysis of, and in some cases advice on, fiscal policy and performance. IFIs have a forward-looking *ex ante* diagnostic task (in contrast to public audit institutions which perform an equally indispensable *ex post* task).

**Indicator**

"… quantitative or qualitative measure derived from a series of observed facts that can reveal relative positions (e.g. of a country) in a given area. When evaluated at regular intervals, an indicator can point out the direction of change across different units and through time." (Nardo et al., 2005).

**Individual goods and services**

Goods and services that mainly benefit individuals. Examples include education, health and social insurance programmes.

| | |
|---|---|
| **Input** | Units of labour, capital, goods and services used in the production of goods and services. "Taking the health service as an example, input is defined as the time of medical and non-medical staff, the drugs, the electricity and other inputs purchased, and the capital services from the equipment and buildings used." (Lequiller, 2005). |
| **Labour force** | The labour force, or currently active population, comprises all persons who fulfil the requirements for inclusion among the employed or the unemployed during a specified brief reference period (*OECD Glossary of Statistical Terms*). |
| **Open Government Data centralized portal** | The Central/federal Open Government Data central portal (or "one stop shop" portal) corresponds to a single entry point to access government's data. Access to the data can be provided either directly on the portal or indirectly (redirected to the place where the data is located e.g.: to a ministry's website). |
| **Outcome** | Refers to what is ultimately achieved by an activity. Outcomes reflect the intended or unintended results of government actions, but other factors outside of government actions are also implicated (*OECD Glossary of Statistical Terms*). |
| **Output** | In performance assessment in government, outputs are defined as the goods or services produced by government agencies (e.g. teaching hours delivered, welfare benefits assessed and paid) (*OECD Glossary of Statistical Terms*). |
| **Performance Information** | Performance information can be generated by both government and non governmental organizations, and can be both qualitative and quantitative. Performance information refers to metrics/indicators/general information on the inputs, processes, outputs and outcomes of government policies/programmes/organizations, and can be ultimately used to assess the effectiveness, cost effectiveness and efficiency of the same. Performance information can be found in statistics; the financial and/or operational accounts of government organisations; performance reports generated by government organizations; evaluations of policies, programmes or organizations; or Spending reviews, for instance. |
| **Productivity** | Productivity is commonly defined as a ratio of a volume measure of output to a volume measure of input use (*OECD Statistical Glossary*). Economists distinguish between total productivity, namely total output divided by change in (weighted) input(s) and marginal productivity, namely change in output divided by change in (weighted) input(s) (Coelli et al., 1999). |
| **Public sector** | The public sector includes general government and public corporations. Quasi-corporations owned by government units are grouped with corporations in the nonfinancial or financial corporate sectors, thus part of public corporations (*2008 System of National Accounts*). |
| **Public sector process** | Structures, procedures and management arrangements with a broad application within the public sector. |

**Public services**

Services that are performed for the benefit of the public or its institutions. Public services are provided by government to its citizens, either directly (through the public sector) or by financing private provision of services. The term is associated with a social consensus that certain services should be available to all, regardless of income. Even where public services are neither publicly provided nor publicly financed, for social and political reasons they are usually subject to regulation going beyond that applying to most economic sectors.

**System of National Accounts**

The *System of National Accounts* (SNA) consists of a coherent, consistent and integrated set of macroeconomic accounts; balance sheets and tables based on a set of internationally agreed concepts, definitions, classifications and accounting rules. In 2009, the United Nations Statistical Commission endorsed a revised set of international standards for the compilation of national accounts: the 2008 *System of National Accounts*, replacing the 1993 version of the SNA. The 2008 SNA retains the basic theoretical framework of its predecessor. However, in line with the mandate of the United Nations Statistical Commission, the 2008 SNA introduces treatments for new aspects of economies that have come into prominence, elaborates on aspects that have increasingly become the focus of analytical attention and clarifies guidance on a wide range of issues. The changes in the 2008 SNA bring the accounts into line with developments in the economic environment, advances in methodological research and needs of users.

At the European Union level, the European System of Accounts (ESA), 1995 was made consistent with the 1993 SNA. Its update called European System of Accounts, 2010 covers the recommendations and clarifications agreed at the international level for the 2008 SNA.

**Total employment**

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

**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*).

# Government at a Glance 2019

*Government at a Glance* provides reliable, internationally comparative data on government activities and their results in OECD countries. Where possible, it also reports data for Brazil, China, Colombia, Costa Rica, India, Indonesia, the Russian Federation and South Africa. In many public governance areas, it is the only available source of data. It includes input, process, output and outcome indicators as well as contextual information for each country.

The 2019 edition includes input indicators on public finance and employment; while processes include data on institutions, budgeting practices and procedures, human resources management, regulatory government, public procurement and digital government and open data. Outcomes cover core government results (e.g. trust, inequality reduction) and indicators on access, responsiveness, quality and citizen satisfaction for the education, health and justice sectors. Governance indicators are especially useful for monitoring and benchmarking governments' progress in their public sector reforms.

Each indicator in the publication is presented in a user-friendly format, consisting of graphs and/or charts illustrating variations across countries and over time, brief descriptive analyses highlighting the major findings conveyed by the data, and a methodological section on the definition of the indicator and any limitations in data comparability.

Consult this publication on line at ***https://doi.org/10.1787/8ccf5c38-en***.

This work is published on the OECD iLibrary, which gathers all OECD books, periodicals and statistical databases. Visit ***www.oecd-ilibrary.org*** for more information.

OECD*publishing*
www.oecd.org/publishing

**ISBN 978-92-64-35156-1**