

## Executive summary

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

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

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

### **Public spending on health care and social protection have increased**

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

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

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

## **Women are underrepresented in government leadership positions**

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

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

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

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

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

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

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

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

