Executive summary

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

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

Key findings

The overall fiscal balance of OECD countries is improving

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

Government investment is low and down significantly from 2009

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

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

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

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

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

Public integrity efforts are growing, but major loopholes remain

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

Countries are implementing open government data good practices

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

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

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

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