

**SYSTEM OF GOVERNMENT: Parliamentary**

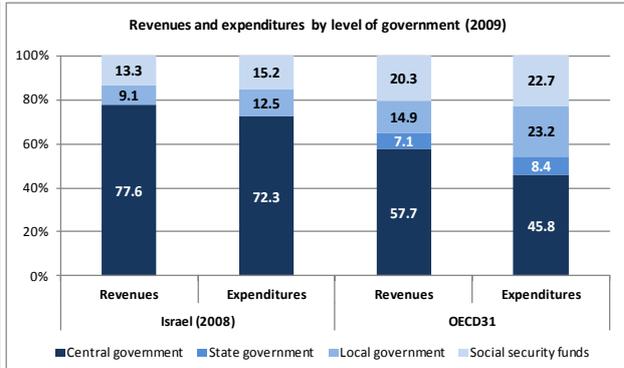
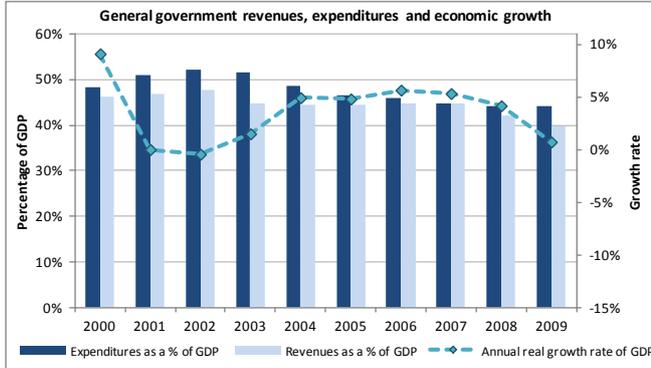
- No. of ministries: 30 (2010)
- No. of governments over last 20 years: 10
- No. of coalitions over last 20 years: 10

**STATE STRUCTURE: Unitary**

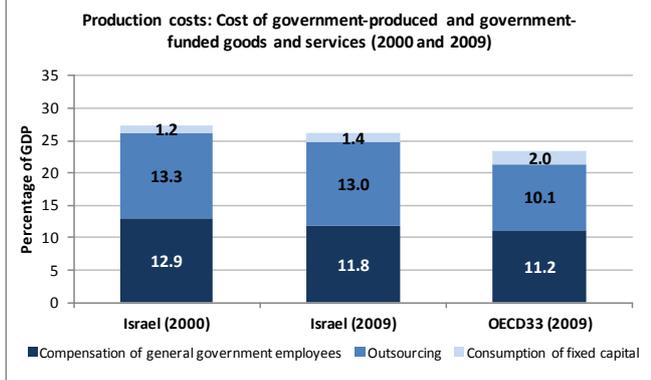
**LEGISLATURE: Unicameral**

- Upper house: none
- Lower house: elected using Proportional Representation

After expenditures as a share of GDP peaked at around 70% in the mid-1980s accompanied by high levels of debt, the Israeli government pursued a Stabilisation Programme with an over-arching goal of “smaller government” through privatisation, savings in public spending, lower tax burdens and debt reduction. As a result, expenditures have decreased to around 44% of GDP in 2009. Budget deficits peaked in 2001-03 due to the Intifada and the bursting of the dot.com bubble. In contrast, the economic boom from 2004-08 resulted in rapid growth in tax revenues so much so that cuts have been made to corporate and personal income tax rates.

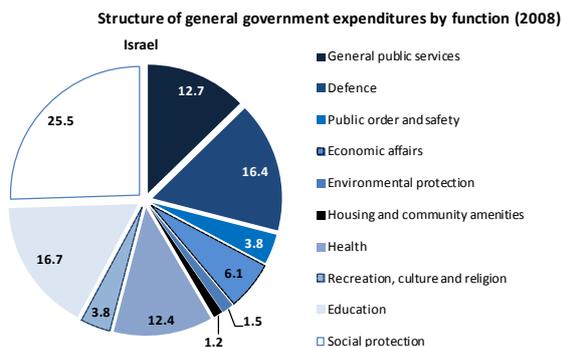


Source: OECD National Accounts and Economic Outlook 89. [Revenues] [Expenditures] [Revenues by level of government] [Expenditures by level of government]



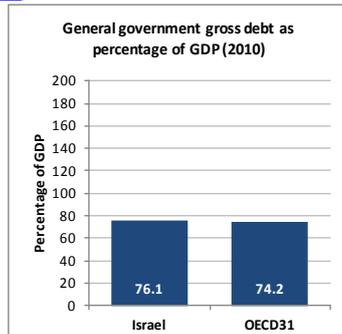
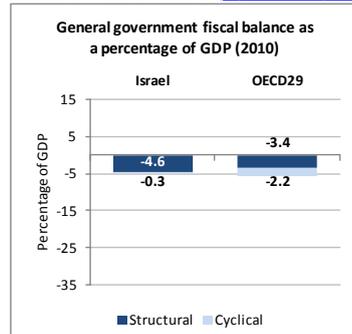
Source: OECD National Accounts. [Production costs]

The Israeli government is very centralised, with the central government collecting over 77% of revenues and accounting for over 72% of total expenditures. Local authorities’ responsibilities include: upper-secondary schools, local health care, water and waste management, road maintenance, parks and recreation, and emergency services. Legislation, national regulation and the earmarking of transfers mean that for some services local authorities have only limited discretionary powers. Just over 26% of the Israeli economy was devoted to producing public goods and services in 2009, slightly more than the OECD average of 23.3%. Production costs as a share of GDP decreased from 2000 to 2009, mostly related to decreases in the compensation costs of government employees. Israel relies slightly more on outsourcing during the production process than on average across the OECD area.



Source: OECD National Accounts. [Expenditures by function]

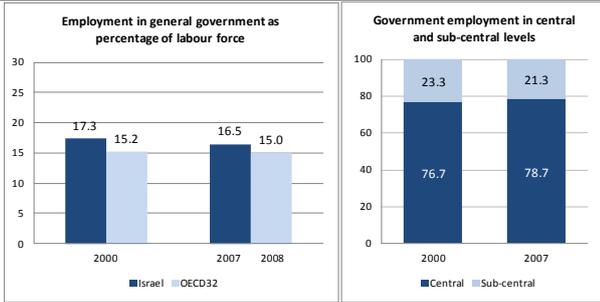
In 2008, the Israeli government devoted a much larger share of resources to defence and education than the average OECD country. At 16.4%, the share of resources devoted to defence is the highest in the OECD. This is balanced by relatively smaller proportions of spending devoted to social protection programmes (reflecting comparatively modest state pension levels) and economic affairs.



Source: OECD Economic Outlook 89. OECD average refers to the unweighted average [Fiscal balance] [Debt]

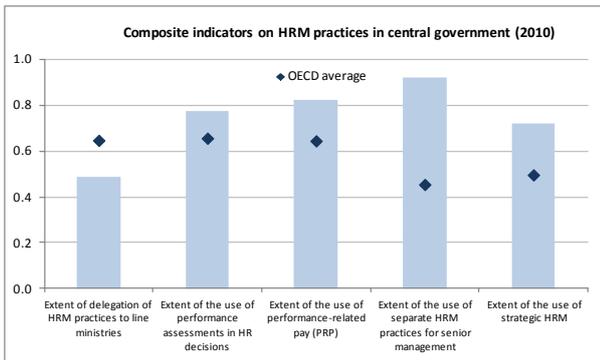
Israel operated at a deficit of 4.9% of GDP in 2010, better than the OECD average of 5.6%. Gross debt fell from 93.5% to 76.1% of GDP between 2005 and 2010 as the government adopted fiscal restraint during the pre-crisis years. Israel has a deficit target that aims to bring the debt-to-GDP ratio below 60% by 2020. In addition, it is the only OECD country (aside from one or two exceptional circumstances) that has adopted a two-year cycle in central government budgeting.

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.



Government employment in Israel made up 16.5% of the labour force in 2007. This is just greater than the OECD average of 15%, and well within the overall range of 6.7%-29.3%. It also represents a slight decrease from 2000, when 17.3% of the labour force worked in the general government sector. Currently there are limited plans to reduce public employment further; 80-100% of staff leaving the government are set to be replaced. Most staff work at the central level (over 78% in 2007).

Source: International Labour Organisation. [\[General government employment\]](#) [\[Distribution by level\]](#)



The HRM system in the central government of Israel is highly centralised; the only fully delegated HRM responsibility to line departments is the decision on the allocation of the budget envelope between payroll and other expenses. Performance management both in the form of performance assessment and performance-related pay is prevalent. There is a separate cadre of senior civil servants who are managed separately and with different employment conditions from other government employees. Strategic HRM is also relatively well developed in the Israeli central government compared to other OECD countries. It is characterised by a strong general accountability framework for senior and middle managers. However, workforce planning needs strengthening.

Source: OECD 2010 Strategic HRM Survey. [\[Delegation\]](#) [\[Performance assessment\]](#) [\[PRP\]](#) [\[Senior management\]](#) [\[Strategic HRM\]](#)

### Transparency in public procurement, 2010

	Central proc. website	Contracting entity website	Domestic printed or electronic journal	Other website	Pct. OECD countries that publish info
Information for potential bidders	Yes	No	No	No	97%
Selection & evaluation criteria	Yes	No	No	No	97%
Tender documents	Yes	No	No	No	82%
Contract award	No	No	No	Yes	100%
Justification for award	No	No	No	No	59%
Tracking procurement spending	No	No	No	No	32%

Percentages refer to the share of OECD countries that reported publishing information "always" or "sometimes".

Achieving greater transparency in public procurement is important, especially given that Israel spent an estimated 15% of GDP on procurement in 2008.

Like the majority of OECD countries, Israel publishes most public procurement information on its central procurement website: [www.mr.gov.il](http://www.mr.gov.il). Furthermore, procurement laws and policies, specific guidance on application procedures such as templates and forms, procurement plans, and contract modifications are also published on the central procurement website. Meanwhile, information on contract awards (name and amount of selected contractor) is only published on the Regulations, Funds and Economy Ministry website.

Currently, Israel does not publish information on justifications for awarding a contract to a selected contractor nor does it allow tracking public procurement spending on line. This is done by 59% and 32% of OECD member countries, respectively.

Providing an adequate degree of transparency throughout the entire public procurement cycle is critical to minimise risk of fraud, corruption and mismanagement of public funds in order to ensure fairness and equitable treatment of potential suppliers. Additionally, it allows for effective oversight by concerned institutions and the general public.

Source: OECD 2010 Survey on Public Procurement. [\[Transparency in public procurement\]](#)

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### REGULATORY GOVERNANCE

#### Regulatory governance mechanisms, 2008

Functions of the oversight body	Year	Percentage of OECD countries responding "yes"	ISRAEL 2009
Consulted as part of process of developing new regulation	2005	73%	N.A.
	2008	82%	No
Reports on progress made on reform by individual ministries	2005	43%	N.A.
	2008	56%	No
Authority of reviewing and monitoring regulatory impacts conducted in individual ministries	2005	43%	N.A.
	2008	50%	No
Conducts its own regulatory impact analysis	2005	43%	N.A.
	2008	47%	No
<b>Anticipating compliance and enforcement</b>			
Regulatory policies require that issue of securing compliance and enforcement be anticipated when developing new legislation	2005	57%	N.A.
	2008	70%	N.A.
Guidance for regulators on compliance and enforcement	2005	37%	N.A.
	2008	47%	N.A.
Existence of policy on risk-based enforcement	2005	N.A.	N.A.
	2008	30%	N.A.

This table presents two elements drawn from the wide range of activities for managing regulatory quality.

Israel is one of the few OECD member countries, whose government has not developed a specific institutional structure for regulatory management. Israel has no central body that advises, oversees, promotes or coordinates reform. This goes along with the lack of a comprehensive policy on regulatory management in Israel.

Over the past few years some discussions have, however, been held to engage in a policy to promote regulatory quality, for example through the integration of impact assessment in the procedure for making new legislation. Some initiatives have been taken to reduce red tape, but there has not been any broad programme for administrative simplification. With respect to the law making process, the Ministry of Justice and the Ministry of Finance play an important role since they assess all regulations and laws presented by the government to the Knesset. The Attorney General makes a legal check on the respect of rights and the Basic Laws as well as the legal foundation for all regulations and their technical wording. The Government Secretariat in the Prime Minister's Office coordinates the rule-making process. Another key player is the Ministry of Finance which prepares the State's draft budget.

Source: [Regulatory Management System Country Notes 2011](#) based on a survey conducted in 2009. [[Oversight bodies](#)] [[Compliance and enforcement](#)]. [www.oecd.org/refreform/indicators](http://www.oecd.org/refreform/indicators)

### OPEN GOVERNMENT

#### Disclosure of public sector information, 2010

Types of information disclosed	Proactive disclosure		
	Israel	OECD32	Publication channels
Budget documents	●	94%	MA
Audit reports	⊙	72%	MA
List of public servants and their salaries	⊙	28%	OW
<b>Sharing of administrative data</b>			
Administrative data sets	○	66%	Not published
Requirements on publishing in open data formats	No	53%	–
<ul style="list-style-type: none"> <li>● Required to be proactively published by FOI laws</li> <li>⊙ Not required by FOI laws, but routinely proactively published</li> <li>○ Neither required nor routinely published</li> </ul> <p>CP= central portal; MA= ministry or agency website; OW=other website</p> <p>OECD percentages refer to the percentage of the 32 responding OECD countries that either require that information be published by law or do not require it but routinely publish information.</p>			

Israel's Freedom of Information legislation requires that the government publish budget documents. These documents, as well as audit reports, are generally available on ministry/agency websites. Additionally, Israel is one of the few OECD countries that proactively publishes lists of public servants and their salaries, although this information is not generally published on the Internet. Administrative data sets are not disclosed and currently there is no requirement to publish government information in open data formats.

Source: OECD 2010 Survey on Access to Information. [[Disclosure of information](#)] [[Publication channels](#)]

### E-GOVERNMENT

#### E-Government building blocks and e-procurement, 2010

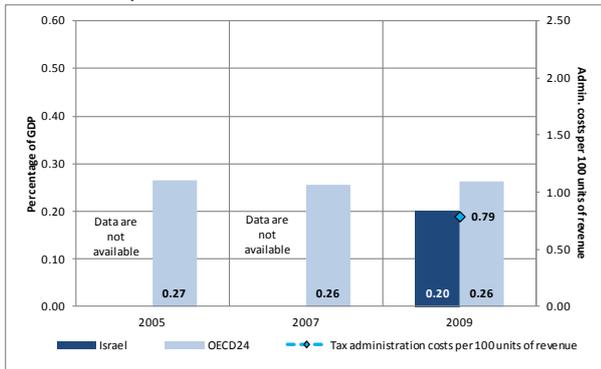
e-enabling laws and policies	Israel	OECD25
Recognition & use of digital signature	..	100%
Electronic filing within the public sector	..	88%
Administering PPPs for e-government projects	..	64%
<b>Services offered on single-entry procurement website</b>		
Tender searches	●	62%
Tracking of outcomes of contracts	●	32%
OECD percentages refer to percentage of responding countries answering in the affirmative. ● Yes ○ No .. Data unavailable		

Similar to most OECD countries with a single-entry procurement website, Israel allows businesses to perform tender searches, thereby facilitating more equal access to procurement opportunities. Israel is also among a small group of OECD countries that allows businesses to track outcomes of contracts, a functionality which is important to increasing transparency in the procurement process. No data are available for Israel regarding e-government laws and policies.

Source: OECD 2010 e-Government Survey and OECD 2010 Public Procurement Survey. [[E-enabling laws](#)] [[E-procurement](#)]

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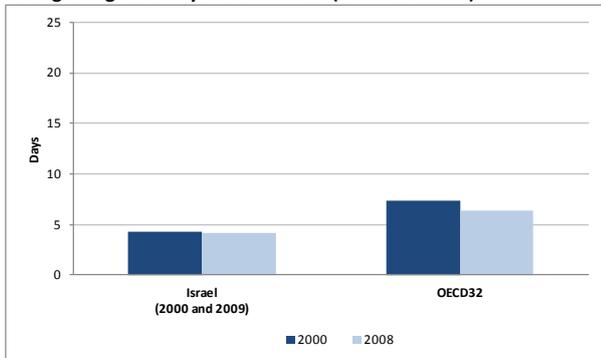
**Tax efficiency: Total revenue body expenditures as a percentage of GDP and tax administration costs per 100 units of revenue (2005, 2007 and 2009)**



Growing fiscal constraints have led to increased attention on improving the efficiency of tax administrations. The “cost of collection ratio,” for instance, is one efficiency measure which compares the annual administration costs incurred by a revenue body with the total revenue collected over the course of a fiscal year. Over time, a decreasing trend could reflect greater efficiency in terms of lowered costs and/or improved tax compliance. No time series data are available for Israel regarding the administration costs of collecting 100 units of revenue, however, total revenue body expenditure as a percentage of GDP are about 30% lower than the OECD average.

Source: OECD (2011), Tax Administration in OECD and Selected Non-OECD countries: 2010 Comparative Information Series, OECD Publishing, Paris. [\[Total revenue body expenditures\]](#) [\[Tax administration costs per 100 units of revenue\]](#)

**Average length of stay for acute care (2000 and 2008)**



The average length of stay (ALOS) for acute care indicates the average number of days that patients spend in the hospital for curative care. Over time, reductions in the ALOS could reflect efficiency gains, as it could signal that hospitals are expanding early discharge programmes, shifting to day-case surgery for suitable procedures, utilising less invasive procedures, and/or improving pre-admission assessment, all of which can help reduce costs. Unlike most OECD countries- where the ALOS decreased by about one day between 2000 and 2008- the ALOS in Israel has only slightly decreased from 4.3 days in 2000 to 4.2 days in 2009, and it remains about 1.5 times lower than the average. In some countries, lower lengths of stay can be due partly to a shortage of hospital beds for example.

Source: OECD Health Data 2010. [\[ALOS for acute care\]](#)

**Production costs** are a subset of total government expenditures, excluding government investment (other than depreciation costs), interest paid on government debt and payments made to citizens and others not in exchange for the production of goods and services (such as subsidies or social benefits). Production costs include compensation costs of general government employees, outsourcing (intermediate consumption and social transfers in kind via market producers), and the consumption of fixed capital (indicating the level of depreciation of capital).

**“Gross general government debt”** refers to general government gross financial liabilities that require payments of principal and interest. For the European Union countries, gross public debt according to the Maastricht criteria is not presented here (see Annex Table 62 of OECD Economic Outlook No. 89). These data are not always comparable across countries due to different definitions or treatment of debt components. Gross debt is used rather than net debt due to the difficulties in making cross-country comparisons of the value of government-held assets, and because it is more relevant in the context of debt interest payments.

**Structure of government expenditures:** Data on expenditures are disaggregated according to the Classification of the Functions of Government (COFOG), which divides government spending into 10 functions. More information about the types of expenditures included in each function can be found in Annex B of *Government at a Glance 2011*.

**HRM Composites:** The indexes range between 0 (low level) and 1 (high level). Details about the theoretical framework, construction, variables and weighting for each composite are available in Annex E at: [www.oecd.org/gov/indicators/govataglance](http://www.oecd.org/gov/indicators/govataglance).

- The **delegation index** gathers data on the delegation of determining: the number and types of posts needed in an organisation, the allocation of the budget envelope, compensation levels, position classification, recruitment and dismissals, and conditions of employment. This index summarises the relative level of authority provided to line ministries to make HRM decisions. It does not evaluate how well line ministries are using this authority.
- The **performance assessment index** indicates the types of performance assessment tools and criteria used, and the extent to which assessments are used in career advancement, remuneration and contract renewal decisions, based on the views of survey respondents. This index provides information on the formal use of performance assessments in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **performance-related pay (PRP) index** looks at the range of employees to whom PRP applies and the maximum proportion of base pay that PRP may represent. This index provides information on the formal use of performance related pay in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **senior management index** looks at the extent to which separate management rules and practices (such as recruitment, performance management and PRP) are applied to senior civil servants, including the identification of potential senior civil servants early in their careers. The index is not an indicator of how well senior civil servants are managed or how they perform.
- The **strategic HRM index** looks at the extent to which centralised HRM bodies use performance assessments, capacity reviews and other tools to engage in and promote strategic workforce planning, including the use of HRM targets in the assessments of middle and top managers. The index does not reflect situations where strategic workforce planning has been delegated to the ministry/department/agency level.

**Regulatory governance:** The OECD average refers to the following number of countries:

- Functions of oversight bodies 2005: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.
- Functions of oversight bodies 2008: OECD34. Data for Chile, Estonia, Israel and Slovenia refer to 2009.
- Anticipating compliance and enforcement 2005 and 2008: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.

**Tax efficiency:** Tax administration efficiency ratios are influenced by differences in tax rates and the overall legislated tax burden; variations in the range and in the nature of taxes collected (including social contributions); macroeconomic conditions affecting tax receipts; and differences in the underlying cost structures resulting from institutional arrangements and/or the conduct of non-tax functions.

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