



Ministry of Finance

Evaluating in the Netherlands

Best practices and lessons learned

Meeke van den Heuvel – de Grooth
Strategic Analysis Unit
Ministry of Finance



IBO

Geschied voor de arbeidsmarkt

Mogelijkheden om de arbeidsparticipatie in de WIA te bevorderen

April 2017



IBO

Onderwijsachterstandenbeleid, een duwtje in de rug?

April 2017



Zicht op gereedheid

Ministerie van Financiën



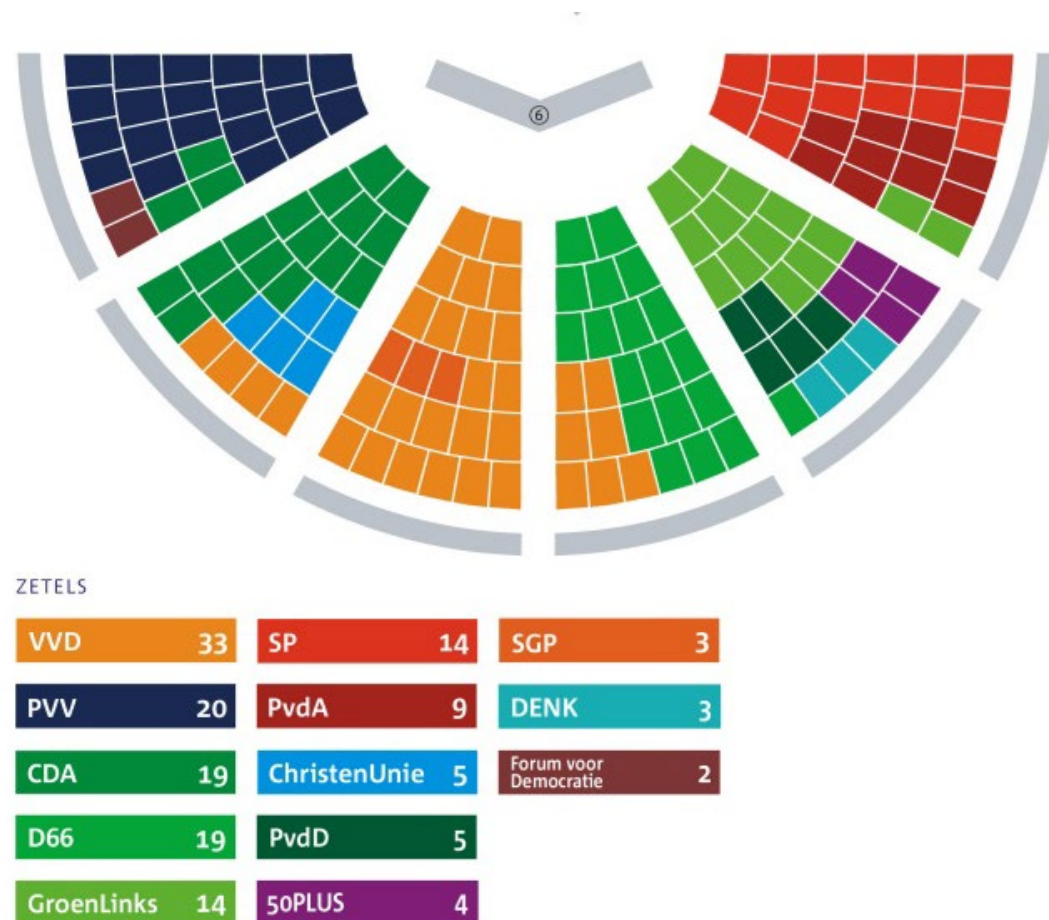
Outline

- Context: Dutch political system and Dutch evaluation system
- Policy reviews
- Spending Reviews
- Challenges



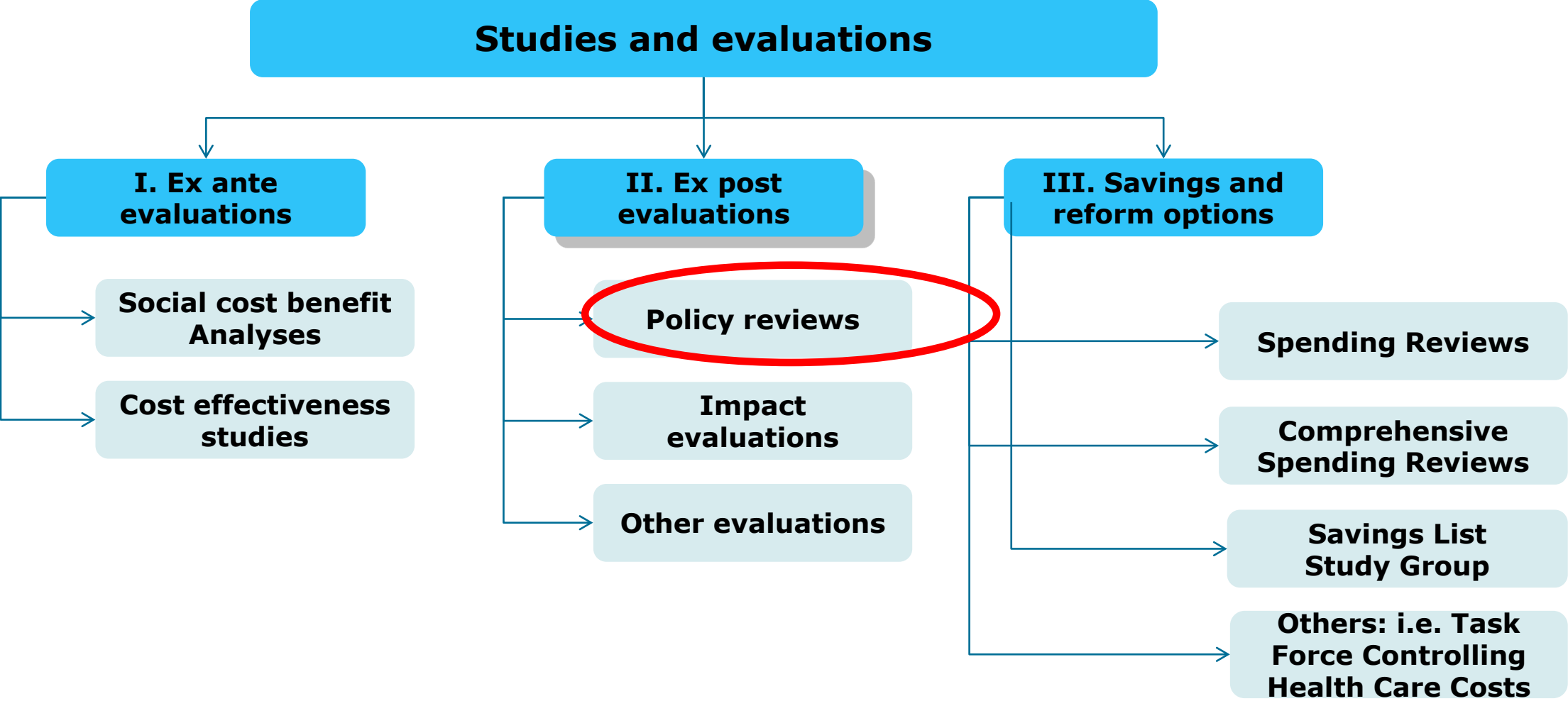
Political context

- Parliament with multi parties;
- Multi party coalitions;
- Four year government term (cabinet period);
- Coalition agreement contains detailed plans on expenditures and includes an agreed deficit target;
- Annually update of plans and budget
- Current cabinet:
 - 4 parties: Liberals, Liberal Democrats, Christian Democrats, Christian Union
 - 13 ministers, on equal foot and own budget





Dutch evaluation system





Policy Reviews

Aimed at improvements of instruments, to be more effective and efficient.

- Wide and systematic coverage of policy instruments
 - Evaluations & planning are part of budget reports (=law)
 - Obligation to assess every budget item every 5-7 years
 - Obligation to sent lay-out with research questions to Parliament
 - Obligation to include opinion of independent expert
- Quality Framework (15 questions) based on law, supervised by MoF
 - Syntheses study
 - Describing policy theory, cohesion of instruments and conclusions on effectiveness and efficiency
 - Obligation to present savings and efficiency measures for budget cut of -20%.
 - Mentioning lack of information / incomplete information and how to get it next time

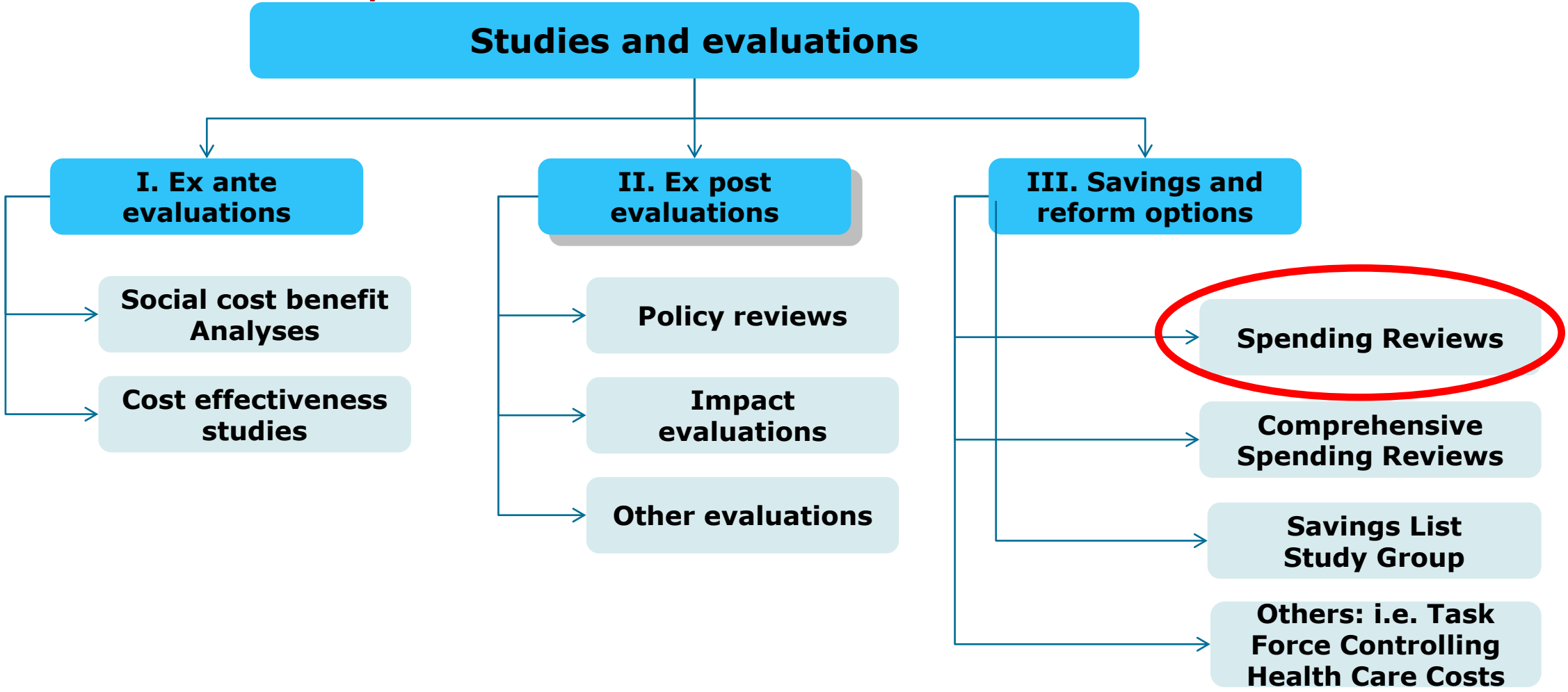


Value added – policy reviews

- Policy reviews are used particularly for accountability purposes, but not visibly for policy adjustment
 - 61 per cent contain information on effectiveness; 34 per cent on efficiency (SEO, 2018)
 - In only 2 per cent, a causal relation between input and outcome could be made plausible.
Elsewhere, this turned out to be hard; only 40 per cent (of total) was qualified as 'reasonably well' accounted for.
- Likely causes:
 - lack of effectiveness evaluation in individual studies underlying policy reviews
 - difficulty to 'isolate' policy effects from external influences on goal indicators (effectiveness),
 - lack of information on alternative policy options (efficiency) and
 - limited evaluation knowledge and capacity among commissioners.
 - cultural: disincentive for line ministries to share information on ineffectiveness

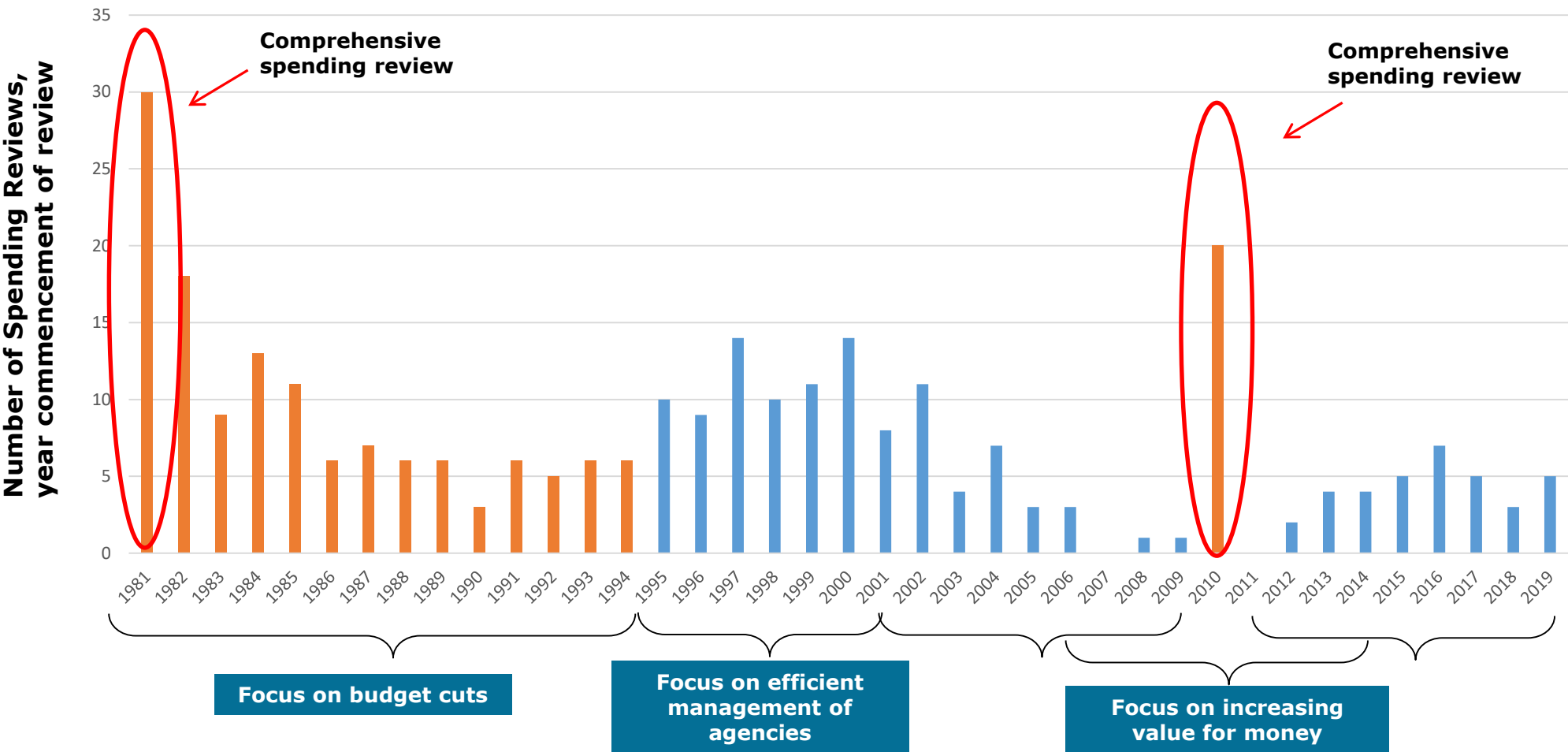


Dutch evaluation system





Spending Reviews since 1981, nearly 300 completed





Spending reviews in the Netherlands

1. Report with options for savings or better spending (urgent issues)
 - Savings (Comprehensive spending reviews)
 - Fixing existing policy problems (traffic violations)
 - Increasing effectiveness and efficiency (Police and Defence forces)
 - Exploring new options for the policy of the future (pensions)
2. Key elements:
 - Theoretical analysis: role of the government
 - Objective assessment of strengths and weaknesses current policies (non political)
 - Options for savings and/or for more value for money
 - Impact of options on society & budget (implementation costs)



Selection process

- Ministry of Finance coordinates the instrument
- Topics (5-7 per year) are prepared by civil servants of MoF with other ministries
- Negotiations are part of the budget negotiations
- Cabinet formally decides on terms of reference
- Terms of reference are published in budget memorandum
 - Background and rationale
 - Scope
 - Description of what at least one policy option must entail (-20%)
 - Composition of the working group, including external experts
 - Completion deadline





Types of topics

Selection of topics can be based on:

- There is a financial problem
- Relevance for line ministry/society
- No consensus
- Political taboo

This leads to a broad range of topics:

Type of topic	examples
A broad policy area	Agricultural policy (2014), Part time work (2019)
Specific topic of one ministry	Governmental loans for educational institutions (2016), Weapon systems (2015), Innovation in health care (2016)
Interdepartmental topic	Social housing market (2016), Pensions (2015), Allowances (2019) Incapacity for work (2017)
Horizontal topic	Subsidies (2017)



Key succes elements of spending reviews

1. **Aim of SR's:** improving policies with options for savings or better spending
2. **Ongoing part of budget preparation process**
3. **Reports have an objective, analytical, non-political status**
 - Independent chair and non-political working groups;
 - Irrespective of current policies and views of policy makers;
 - Several policy options and non veto principle;
 - Cabinet response on report.
4. **Creative**
 - Thinking out of the box
 - Using different sources and perspectives





Spending reviews have significant impact

- The analysis chapter tends to result in significant public discussion;
- Substantial influence on election programmes of Dutch political parties;
- Many proposals of spending reviews have been adopted;



Spending reviews: Adoptions in the decision making process

- Inability to work (2017): adoption of 8 out of 15 measures in coalition agreement
- Infrastructure Planning (2015): new funding systematics
- Cost effective CO2 measures (2015): debate about closing new coal-fired power stations
- Freelance/Self employment (2015): no level playing field, over subsidization
- Pension fund government (2014): inquiry into the split up of the 5th largest pension fund of the world (ABP, +/- €400 billion)
- Research policy (2014): Cut the PhD Bonus
- Weapon systems (2014): Cost analysis of main weapon systems (27)
- Wealth and subsidies of 65+ (2012): Subsidies are no longer necessary
- Inability to Work Law (1984)

Spending Reviews in The Netherlands



Value added – spending reviews

1. SR evaluate urgent issues/ questions independent of 'the politics of the day'
2. 'Joint fact finding' in interdepartmental working groups (high level civil servants and external experts) headed by independent chair. This leads to mutual understanding.
3. Analysis includes different viewpoints, multiple knowledge sources and experiences from policy practice.
4. Policy options make a difference between no-regret and strategic choices; and can be carried out in practice (the impact on the budget and actors involved is made explicit).



Challenges

Policy reviews:

- Obtaining more information on effectiveness of individual policy instruments
- Trigger line ministries to gather & share factual information on effectiveness and efficiency

Spending reviews:

- Selection of topics (negotiation);
- Cooperation of departments;
- Creating sense of urgency with politicians;

Meeke van den Heuvel

m.m.heuvel@minfin.nl

Questions?



15 research questions policy reviews

1. Description of scope of the review (what parts of the budget item)
2. When will the other parts been reviewed?
3. What was the reason for the policy and is this still accurate?
4. What is the responsibility of the government for this subject?
5. What kind of instruments are used? And what is the cohesion?
6. What is the budget, including that of other cohesive policies or other parties?
7. What is the basis for the expenditure? And how are they related tot the components volume and prices?
8. Which evaluations are available, on which way is the policy evaluated and why?
9. Which parts of the policy are not evaluated? And what possibilities are available to evaluate effectiveness and efficiency?
10. Based on the available evaluations: is it possible to draw conclusions on effectiveness and efficiency of the policy?
11. Are the goals of the policy realised?
12. How effective was the policy? Are there side effects (positive or negative)?
13. How efficient was the policy?
14. Which measures can be taken to improve effectiveness and efficiency?
15. What options are available in case of a budget cut of 20%.

Subjects spending reviews



2018/ 2019	Allowances
	Part time work
	International students in the Netherlands
	Air quality
	Caribbean relations
2017/ 2018	(mildly) mentally handicapped
	Youngsters with a distance to work
	Land pricing for renewable energy projects
2016/ 2017	Innovation in health care
	Subsidies
	Educational disadvantages
	Incapacity to work
	Military readiness
2015/ 2016	Infrastructure planning
	Social housing market
	Cost effective measures CO2-reduction
	Traffic enforcement
	Healthy lifestyle
	Tax authorities
	Governmental loans for educational institutions

2014/ 2015	Police
	Pensions
	Student routes in basic education
	Self employees
	Weapon systems
2013/ 2014	Agriculture
	Development Assistance
	Scientific research
	Cross border health care
2012/ 2013	Wealth and subsidies of 65+
	Prisons
	Financing basic education
	State participation (companies)
2011/ 2012	Academic Medical Healthcare centres
	Main waterway network



Topics comprehensive spending review 2009/2010

1. Energy and Climate Change
2. Environment
3. Transport and Water Management
4. Housing
5. Productivity in Education
6. Higher Education
7. Child benefits
8. Innovation and Applied Research
9. Income support & Employment Programmes for People with Few Skills
10. Unemployment benefits
11. Curative Healthcare
12. Long Term Healthcare
13. Official Development Aid
14. Immigration, Integration and Asylum
15. Public Safety and Terrorism
16. Tax Administration
17. Administration of Income Support
18. Public Administration
19. Operational Management in the Public Sector Institutions
20. International Security