Proposal for analysis of spending reviews

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## Typology of evaluations by level and primary objective

<table>
<thead>
<tr>
<th>Primary objective</th>
<th>Analysis: analyse management, structures and/or policy to improve efficiency and effectiveness</th>
<th>Reallocation: reallocate and/or reduce government expenditure for programmes or organisations</th>
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| **Performance reviews** (programme, policy or organisational evaluation) | Functional review  
*Primary criteria: efficiency* - Identify how the existing policies can be conducted with less resource  
*Examples:*  
- Finland “Productivity Programme” (2005-15)  
- Greece “Functional review of central ministries” (2010-11) | Strategic review  
*Primary criteria: efficiency & prioritisation* - Identify what the government should or should not do  
*Examples:*  
- Australia “Comprehensive expenditure reviews”; “Strategic review” (2007)  
- Canada “Programme Review” (1994); “Strategic Review” (2009)  
- Denmark “Spending review” (ongoing)  
- Netherlands “Interdepartmental Policy review” (1982; 2009-present)  
- UK “Spending Review” (1998-present) |
General characteristics of spending reviews

- **Scope**: discretionary or mandatory expenditures; sectors reviewed; level of government
- **Level of review**: all of government; sector programmes; organisations; horizontal policies
- **Time frame/Periodicity**: fixed period or rolling basis
- **Resulting savings options**: in terms of staff or funding; in absolute or percentage terms
<table>
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<tr>
<th>Primary responsibility for different stages of the Spending Review process</th>
<th>Prime Minister’s Office/Cabinet</th>
<th>Ministry of Finance</th>
<th>Line Ministries</th>
<th>Commission, Committee</th>
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<tbody>
<tr>
<td>Methodology &amp; steering</td>
<td>Australia; Canada; Denmark; Finland; Netherlands; UK</td>
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<td>Selection of review scope (where all programmes are not reviewed)</td>
<td>Denmark (Economic Committee) (following MoF nomination)</td>
<td>Australia</td>
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<td>Preparing of reports &amp; proposals</td>
<td>Australia (sometimes jointly with line ministry); Denmark (sometimes jointly with line ministry, also including use of consultants); UK (also mixed working groups)</td>
<td>Australia (sometimes); Canada; Finland; Netherlands (working party under independent leadership)</td>
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<td>Supervision &amp; review of reports</td>
<td>Finland; UK</td>
<td>UK</td>
<td>Australia; Canada; Denmark (sometimes); Netherlands</td>
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<td>Final decision-making</td>
<td>Australia; Canada; Denmark (Economic Committee); Netherlands; UK</td>
<td>Finland</td>
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<td>Monitoring follow-up</td>
<td>Australia; Canada; Finland; Netherlands; UK</td>
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Expanding the analysis

• 2011 OECD Performance Budgeting Survey
  – Descriptive information
  – Approaches taken
  – Results

• Additional case studies

• Report before next P&R meeting
  – Comparison of country experiences
  – Recommendations?
Additional questions

- Are reviews primarily used for fiscal consolidation? Have they also been used to make room for new spending priorities?

- What have been the outcomes of spending reviews (in terms of fiscal consolidation, but also equity and acceptability) compared to other budget reduction approaches such as haircuts or efficiency dividends?

- Under what circumstances have spending reviews encountered more or less resistance from the general public? From ministries and agencies?

- In what way is the effect of spending reviews linked to the perceived need for spending cuts by society and by politicians?

- Have some spending reviews included significant consultation and, if so, who was involved?

- What are the capacity, capability and data needs of spending reviews for ministries of finance? For line ministries and agencies?

- Have spending reviews identified structural and policy reform proposals as well as savings proposals?