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The choice of tools for enhancing policy impact: Evaluation and review

Note by the Secretariat

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This note provides a basis for discussion and outlines member countries' efforts to evaluate and review three policy areas covered in the 2003-2004 Programme of Work of the Public Governance Committee: Regulatory policies, measures for promoting integrity and preventing corruption, and e-government.

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THE CHOICE OF TOOLS FOR ENHANCING POLICY IMPACT: EVALUATION AND REVIEW

Note by the Secretariat

0.1 Delegates may wish to address some of the following issues:

- 1) What are the factors which encourage evaluation in today's political environment? And how do governments respond?
 - 2) How can evaluation contribute to better public understanding of policy choices and the role of the state?
 - 3) Participatory aspects of evaluations are often important to the results' legitimacy and validity. However, in some evaluation programmes participative aspects went from being a means to an end in themselves. How can a balance be found between internal, independent and participatory aspects of evaluation?
 - 4) In terms of improving accountability through evaluations, should sanction mechanisms be attached to evaluation processes?
 - 5) What are in your view the most important cross-cutting observations and lessons to be learned from evaluation efforts in your country? Are there lessons and approaches for conducting an evaluation applied in one policy area that seem equally relevant in other policy areas?
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I - WHY EVALUATE ?

1. Governments adopt a range of approaches to emphasising performance. As a built-in process, this is achieved through strategic management, result oriented budgeting and management, and performance reporting and auditing. The formalisation of goals and measures in the governmental process assists policy alignment, performance management and accountability. Evaluating the impact of policies on society aims primarily at improving policy formulation and implementation. This approach is different in terms of its methodology, how it is executed, and the type of information provided. Both approaches can be complementary.
2. Evaluation differs also from research, audit and control in its purpose. While evaluation is intended to generate information on impact performance and of specific policies, research lays stress on the production of knowledge, control puts the emphasis on compliance with standards and audit judges how employees and managers complete their mission. Evaluation aims at helping the political decision-maker to judge the effectiveness of the policy and contributing to improve the policy by suggesting specific changes. It can also promote accountability for policies and programmes at the political level.
3. Evaluation mechanisms are selectively used, in meeting demands for efficiency, accountability, legitimacy and transparency. They are typically resource intensive raising questions about the cost-benefits of the mechanisms themselves. They can be disruptive for the implementation of the policies and/or agencies under scrutiny. And they may lead to the issue of sanction of those responsible for policies and programmes.
4. The focus of evaluation is shifting towards a more comprehensive approach to assess efficiency as well as the quality of governance. Current evaluation and performance efforts carried out under the auspices of the Public Governance Committee reflect this. The development of policy indicators is one dimension of this work. Policy evaluation is increasingly becoming an integral part of most OECD Governments' public sector reforms, although with important differences in emphasis, approach and focus.

Box 1. What is evaluation?

Evaluation covers a very broad notion of review. The concept is defined in multiple ways.¹ This vagueness is reflected in the variety of disciplines (economics, policy and administration studies, statistics, sociology, psychology, etc.), institutions and practitioners active in the field and the wide range of issues, needs and clients that evaluation serves.

Evaluation can be defined as a systematic, analytical assessment addressing important aspects of an object (be it policies, regulations, organisations, functions, programmes, laws, projects, etc.) and its value, with the purpose of seeking reliability and usability of its findings. An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into future decision-making.

II -- WHAT DO WE EVALUATE?

5. Evaluations are undertaken to improve the quality of public policy and improve management. They may focus on three key elements:

- **Outputs:** this entails asking whether the policy delivered what it promised.
- **Impacts:** this requires asking whether the overall context has changed as intended as a result of the policy.
- **Process:** this entails asking whether operations were carried out as planned.

III -- WHEN TO EVALUATE ?

6. Evaluations can be classified into various categories, depending on their purposes and approaches. In practice, these types of evaluations are often combined. An important distinction can be made between ex-post (or summative) and ex-ante (or formative) evaluations. Most evaluation efforts are reviewing what has been done (ex post), not pre-viewing (ex ante).

7. *Ex post evaluations* are often carried out when the programme has been in place for some time to study its effectiveness and judge its overall value. These evaluations are typically used to support decision-making – policy, managerial – or enhancing public accountability. The objectivity and overall reliability of findings is considered important, and external evaluators are therefore often commissioned to conduct the evaluation. Questions of outcome and overall relevance of the programme are expected to be addressed.

8. *Ex-ante evaluations* are usually undertaken at a planning stage to define the project scope and identify appropriate goals or during the implementation of the programme (intermediate evaluation) to gain further insight and contribute to a learning process. The objectivity of findings is often not the main concern: more emphasis is put on the direct applicability of results. Operational questions, monitoring of events and to some extent impacts are expected to be addressed before the implementation of the object of evaluation, whereas ex-post evaluations take place after completion.

¹. In the English speaking world “evaluation” tends to be interpreted rather narrowly as a specific discipline, primarily focusing on the impact of outputs on outcomes. Other forms of reviews - programme review, performance auditing, fundamental expenditure reviews, etc. tend not to be labelled evaluation in the strict sense. Outside the English speaking world evaluation is used more as a generic term to cover a broader range of review activities. This note uses the term evaluation in its wider sense.

IV -- WHO EVALUATES?

- An evaluation is qualified as **internal** when it is undertaken from within the government body, namely by a member of the staff. Such evaluations are essentially self-evaluations. When decision-makers, producers and users are all in a single body, the evaluation is strongly internal.
- An evaluation is considered **external** when it is carried out (design, data collection and analysis) by a body external to the government unit being evaluated. External evaluation can be carried out by:
 - *Independent state bodies*: a substantial role in evaluating performance may be played by such bodies as: parliamentary committees, specific independent bodies like “Ombudsman Institutions”, Supreme Audit Institutions.
 - *Citizens, businesses and civil society*: the appreciation of government policy ultimately rests with the public at large. As beneficiaries and stakeholders of certain public policies, the government should engage citizens, businesses and user associations not only in policy-making but also in their evaluation. Stakeholders’ concerns differ from those of policy or programme personnel. Whether they should be included in the evaluation process depends on what is being evaluated.

Table 1. Advantages and disadvantages of evaluations

	Advantages	Disadvantages
Self-evaluation	<ul style="list-style-type: none"> • Maximises learning 	<ul style="list-style-type: none"> • Can avoid difficult issues
Independent evaluation	<ul style="list-style-type: none"> • Competence • Legitimacy • Speed 	<ul style="list-style-type: none"> • Limited impact • Low dissemination
Participatory evaluation	<ul style="list-style-type: none"> • Lessons applied 	<ul style="list-style-type: none"> • Low competence • Requires commitment • Slow

9. **Both external and internal evaluation** can be undertaken. If internal evaluators might suffer from a lack of objectivity and consequently of credibility, they are supposed to understand the policy and its inner workings better than an external body, and hence to avoid mistakes due to incomplete information. On the other hand, external evaluators benefit from an autonomy, which is supposed to guarantee impartiality (except when for-profit evaluation bodies are guided by market concerns), and have good expertise in evaluation as a guarantee for high quality evaluation.

Box 2. Participatory evaluation

Public demands for greater transparency and accountability extend to all fields of government actions including the evaluation of its policies and decisions. Most evaluations involve some form of target group participation. If nothing else, some of their representatives would at least be asked about the value of the policy or project under examination. Participatory evaluation goes one step further and requires that all major stakeholders of a policy be actively involved in its evaluation.

Some OECD countries have begun to develop tools and acquire experience in this new area, in particular in certain policy sectors such as development assistance. Applying this approach invites us to consider a new role for evaluation; not as an exercise where external evaluators question target groups and discover the truth, but as a process of mutual learning. Participatory evaluation suggests that evaluation should be a process of self-strengthening and consensus building and thus be a way to build sustainable activities where key actors have a stake in seeing the findings applied.

The key issues to consider are when, why and how different stakeholders enter the evaluation process. Their involvement may range from simply answering evaluation questions to actually defining questions, answering them, and using the results. Participatory evaluation requires a substantial investment in building capacity amongst participants and providing methodological support.

The great advantage of participatory evaluation is that it raises the likelihood that the outcome of the evaluation will be accepted as relevant and will actually be used as a basis for future actions -- one of the most common shortcomings of independent or external evaluation.

V. COMMUNICATING AND USING THE RESULTS OF EVALUATION

10. To make sure that an evaluation will be useful, its results have to be communicated properly.
- The acceptance or rejection of evaluation results often rests on how the evaluation is justified, and on how the justification is represented. For that reason, communication has to be considered an important aspect of the process.
 - It is therefore necessary to design a communication strategy and identify communication instruments (such as web sites, newsletters, interviews in media, reports, books, etc.), and to write a readable report (which remains the most common way to disseminate evaluation findings). The interest of legislators, judges and academics as well as of policymakers in the results of evaluation need to be recognized.
 - After having communicated the results of evaluation back to participants, it should be placed in the public domain and open to public scrutiny.
11. In the final analysis, the test is to see whether the evaluation has an impact on the development of policy in the future. There has been little study of this connection, but scattered evidence suggests that policy shifts are more likely to reflect changes in government based on ideological or value-based positions, or in response to immediate or overwhelming events such as a crisis or disaster. This suggests that the potential of evaluation to influence decision-making does not depend so much on how much progress is made to improve the process or methodology of evaluation, as it does on the institutional and political framework of policy making. Thus, evaluation may be an intermediary step in the policy planning process at the centre of government, in associated agencies or think-tanks, and in legislatures.
12. The annex to this note summarises Member countries' evaluation efforts in policy areas addressed in the current work programme of the Public Governance Committee: regulatory policies, e-government, and measures for promoting integrity and preventing corruption. The three examples indicate ample scope for the further development of evaluations methodologies, providing Member countries with easy access to an inventory of tools and practices and experience from each other.

ANNEX

I. Evaluating regulatory policies

13. As countries progress in the development and employment of regulatory policies, growing attention is paid to the evaluation of these policies and to the basic question: Do regulatory policies deliver high quality regulation and better regulatory results? The interest is a response to an increase in the scope and complexity of regulatory policies, the resources devoted to it, and to the growing concern of how regulatory policies can be more evidence-based and supported by empirical findings.

14. Recognising the importance of these developments, the PGC Committee and its Working Party on Regulatory Management and Reform in 2003 initiated work on ex-post evaluation of regulatory policies. Realising the complexity of the subject, the PGC decided to take a gradual and pragmatic approach, initially focussing only on the evaluation of regulatory tools and institutions.² The Secretariat carried out a survey of Member country practices over the summer of 2003. Preliminary results as well as other expert contributions were discussed at an Expert meeting in September 2003.³ A final report is expected to be finalised late 2004. It will include a consolidated inventory of member countries' practices, a classification of different approaches to evaluate regulatory tools and institutions and, based on this, a toolbox with operation guidance, methodologies and examples on evaluation exercises. The text below summarises some of findings of the 2003 survey. For further details, see [GOV/PGC(2004)5].

15. The survey showed that the majority of the 22 surveyed countries have guidance and practices in place for evaluating regulatory tools and institutions. Nine countries have explicit strategies or policies to evaluate regulatory tools and institutions, with an additional three countries considering planning or establishing one. Rather than being stand-alone policy-documents, governments' strategies or policies are often part of a broader regulatory or evaluation policies. Answers indicate that the evaluation efforts are generated by and imbedded in a broader concern with regulatory performance.

16. Evaluations of regulatory tools and institutions are carried out in countries with elaborate and well established regulatory management and reform systems, as well as in countries where regulatory quality tools have just recently been introduced and developed. The specific design and purpose of the evaluations vary accordingly.

17. Strategies and approaches to the evaluation of regulatory tools and institutions also mirror countries' overall approach to regulatory management. Member countries with strong traditions for elaborate, centrally-defined guidance and requirements seem to take a similar approach on evaluation of regulatory tools and institutions. Similarly, countries where the regulatory framework is developed ad hoc and pragmatically, and with an emphasis on decentralised responsibilities and self-assessment seem to have a less formalised approach. Survey results indicate that successful and advanced practices need not be supported by strongly institutionalised procedures and institutions. A strong culture or "ethos" of regulatory improvement and review is probably the most critical success factor.

18. The most commonly evaluated tools are Regulatory Impact Assessments (RIA), consultations procedures and simplification mechanisms. The most frequently evaluated institutions are independent regulators and enforcement agencies. Some evaluations are broad based, embracing different sectors and

² The focus of the project at this stage, thus, is not on assessing regulations themselves, nor on how particular regulatory tools and institutions are used or designed. The focus is solely on the policies, strategies and concrete experiences relating to the *assessment of regulatory tools and institutions*.

³ The expert meeting was attended by 72 delegates representing 32 delegations. Proceedings, papers and presentations from the expert meeting are available from www.oecd.org/gov

regulatory areas, while other evaluations are focussing on the application of regulatory tools or institution in one specific area. This variety also indicates there is scope for learning between countries as well as between sectors within countries.

19. The benchmarks used by countries in their evaluation strategies illustrate the impact and importance of OECD work on Regulatory Reform. The benchmarks are often identical to or slightly adapted versions OECD's 1995 recommendations for regulatory quality, or they relate to recommendations of the 20 individual regulatory reform country reviews. However the approaches selected in the individual evaluation projects are mostly developed ad hoc, with no or little inspiration from similar practices in other countries.

20. Countries seem to face similar challenges in their pursuit of evaluating regulatory tools and institutions. Most notably, countries point to methodological difficulties as some of the most significant and unforeseen problems they have encountered. At the same time, as mentioned above, the approaches taken in many evaluation projects are developed ad hoc, often with the generation of no or very little quantitative or comparable data. Thus, there seems to be significant scope for the dissemination and further development of evaluation methodologies. With easy access to an inventory of existing tools and practices, countries would save time by not having to develop new methodologies themselves, while at the same time benefiting from the lessons learned in the application of these methodologies. Further development of methodologies would also facilitate more quantitative assessments, which could be subject to comparisons over time and between different sectors, types of regulations and countries.

21. The Secretariat's work on evidence-based, ex-post evaluation of regulatory policies is still in an early phase, focussing primarily at the evaluation of regulatory tools and institutions. Needless to say, regulatory performance goes beyond assessing the applied tools and institutions. A comprehensive approach to regulatory performance requires an integrated view on the applied administrative systems (tools, institutions), regulatory outputs (i.e. laws and regulations) and regulatory outcomes (i.e. changes in regulatory burdens). The Secretariat expects to extend current work in this direction, among others, as indicated in the Programme of Work for 2005-2006 by continuing its work on regulatory quality indicators, and by focussing particularly on measuring and comparing administrative burdens as part of the "OECD Red Tape Scoreboard", cf. [GOV/PGC(2004)2].

II. Assessing measures for promoting integrity and preventing corruption

22. Good governance requires proper assessment, and policies promoting integrity and preventing corruption are no exception. Defining approaches and developing appropriate frameworks for assessing the impacts of measures promoting integrity and preventing corruption are an emerging priority in OECD countries in order to verify policy effectiveness in this critical area.

23. While countries have put growing emphasis on creating and adjusting measures for promoting integrity and preventing corruption in the public sector, only very few OECD countries have actually assessed the implementation of the measures already in place and their impact.

24. The OECD project "Developing Policy Assessment Measures for Integrity and Corruption Prevention Activities in the Public Service" was launched last year to bring together champion organisations, share their experiences and develop a unique international benchmark in this field. The main objectives of the project are to:

- Map out good practices for assessing integrity and corruption-prevention through concrete case studies.
- Develop an assessment framework; taking into consideration leading examples and emerging lessons, it will identify approaches, conditions, institutional and procedural arrangements for effectively assessing integrity and corruption prevention programmes.

25. Findings and conclusions of the project will be published in a comprehensive report, scheduled for late 2004. The report will include:

- A genuine inventory of methods and solutions used by public organisations for assessing the impact of integrity and corruption prevention measures.
- The assessment framework resulted in the comparative analyses of experiences in Member countries.
- Set of country case studies to illustrate how public institutions have used multiple approaches and methods for assessing measures promoting integrity and preventing corruption in different country contexts.

26. Difficulties inherent to comparative data collection are magnified in the field of integrity and corruption prevention by the fragmentation of assessment efforts and the lack of comparable indicators. For this reason, the project started with country studies to collect information on the empirical findings of specific assessment practices in member countries providing decision-makers with good practices. Two case studies have been completed which provide an initial insight into the experience of public organisations in Korea and France in assessing integrity and corruption prevention measures.

27. The pilot case study in Korea identifies emerging practices and puts the Korean experience in a comparative perspective with Japan, USA, Australia and Finland. Countries with an administrative law tradition such as Korea, Japan, and continental Europe have developed an ex-post evaluation approach that is often linked to control, which favours discipline and the potential of prosecution in the most serious cases. On the other hand, Scandinavian countries and Australia put more emphasis on identifying risks in order to develop preventive strategies addressing fundamental causes of corruption (ex-ante evaluation).

28. The experience of public organisations assessing integrity and corruption prevention measures highlight an emerging need for an assessment function in the policy cycle and for clarifying how the actual assessment activities are organised and co-ordinated. Although there is an emerging interest in having one central agency to undertake the assessment of integrity and corruption prevention measures, the vast majority of OECD countries have distributed this assessment function across various institutions and agencies which complement each other. In the latter case special emphasis should be put on clarifying the roles and responsibilities of different institutions in order to achieve a well-balanced national framework of co-ordination of diverse assessment efforts. For example, the agency “Service Central de la Prévention de la Corruption” in France illustrates how an inter-ministerial institution can bring together different administrative services and centralise all the information related to corruption prevention. Moreover, the way the assessing institution relates to evaluated organisations as well as to its supervisory authority seems to largely determine the credibility of the findings and their impact on decision-making.

29. In an increasingly result-oriented environment, public organisations in most OECD countries are developing a more complex approach to assessment combining the traditional administrative assessment processes with external feedback mechanisms involving stakeholders and citizens at large. Complementing and enriching the perspective of traditional control institutions, a comprehensive process for assessing integrity and corruption prevention measures integrates auditing methods and direct feedback from service users. For example the Open Government initiative in Korea demonstrated that citizens’ input in the assessment process can substantially support government organisations in identifying “high-risk” areas. In addition, opinion surveys have also provided feedback on the perceived impact of corruption prevention measures. This experience is in line with governments’ wide-ranging efforts in the last decade that take into account the perception of stakeholders -- citizens as public service users or community members, companies etc. -- in the assessment process. Altogether this more complex approach including participatory evaluation provides more credible information on the impact of integrity and corruption

prevention measures and on the efforts to increase transparency of public decision-making. For further details about the case studies, please see [OECD/PGC(2004)6].

III. Evaluating e-government policies

30. As with industry at the start of the dot.com boom, much of this investment has been justified by the benefits that information and communications technologies (ICT) intuitively deliver – in particular the huge potential for making efficiency savings. In many respects, this investment has been a leap-of-faith, with few financial benefits being identified, quantified and tracked through to realisation at an individual project level or at aggregate level.

31. Three to four years into programmes, governments are now coming under increasing pressure to demonstrate the benefits and the return on the significant investments in e-government. The pressure is compounded by the fact that many benefits of e-government are non-financial, for example equality and fairness -- it is difficult to balance these against financial measures and communicate them in a cohesive way to all project stakeholders.

32. The UK's benchmarking report⁴ last year highlighted how little work has been undertaken on forecasting the benefits of e-government and measuring the impact across the G7. And this isn't a unique problem to the public sector -- only 40% of UK businesses attempt to measure the benefits of IT investment -- and out of the G7, Italian businesses lead with only about half of businesses measuring the benefits. This demonstrates that businesses find measuring the benefits just as difficult. However, member countries are now beginning to turn their attention to this area, with a number of studies this year into the typical return on investment to be expected from different categories of e-government project, the characteristics of higher payback projects and business-case frameworks for assessing financial and non-financial benefits.

33. This good progress, combined with clear evidence of the productivity benefits to industry emerging from firm-level studies⁵, indicates that it is time to turn attention to a co-operative project in this area. This is clearly a good area for co-operation with all member countries facing the same need to understand and communicate the returns that they have received on past investment in order to underpin and steer future investment.

34. In 2003, the OECD E-Government developed a framework for the analysis of e-government programmes and initiatives (see "The E-Government Imperative"), and in 2004 proposes to conduct future work on the business case for e-government in collaboration with the Working Party on the Information Economy (WPIE) and the government of the UK.

35. The following table summarises some of the barriers to e-government evaluation and also gives various examples for illustration.

4. *The World's most Effective Policies for the E-economy*, Booz Allen Hamilton, 19th Nov 2002

5. "Seizing the Benefits of ICT in the Digital Economy", Meeting of the OECD Council and Ministerial Level 2003. (DSTI/ICCP(2003)5)

Table 2. Obstacles to evaluating e-government

Obstacle	Example
Lack of clarity of objectives -- stated goals may not have associated measures of progress; there may be multiple objectives	Hard to measure "quality of life"
Hard to define success	If people are spending more time online, is that good or bad?
Easy to be too ambitious	Several countries have set targets of "all services online" by specific dates. But not all services are appropriate to put online.
Information paradox	The benefits of ICT investment may not be visible for some time (see OECD Growth Study)
Question of who are the clients; multiple clients	Should one evaluate benefits for the users, the employees, the government at large, partners, etc .?
Hard to measure shared benefits	Shared infrastructure, multiple projects benefiting from shared portal, etc.
Private sector tools may not work for governments	Governments place importance on social values that are not incorporated into private s ector tools and objectives
Available indicators may not be the good ones	Current indicators (such as number of employees with Internet connections) are helpful, but have limits
Government definitions and methodologies vary from one country to the next	Collecting data is easier at the local level, but at that level administrations are highly decentralised
Incentives to misstate evaluation results	If an organisation succeeds in saving money, telling others may result in their losing that money
Challenge of sharing results	Hard to get organisations to report unsatisfactory results
What you measure may become focus of organisation	If you measure number of services online, but not service quality, priority will be on putting services online but not on service quality

Source: OECD.

36. Improving monitoring and evaluation is a growing task for e-government co-ordinators. Improvements in this area require a balance between the practical needs of agencies -- producing information that will actually be used -- and the difficulty of maintaining a quality evaluation and analysis process. While countries' priorities differ, the need to better articulate the benefits of e-government activity means that the focus should be on the benefits of initiatives. Without clearly stated benefits, e-government implementers cannot expect political and public support. The following actions can be considered to achieve a national framework for evaluating E-government policies:

- Establishing a network of practice across key agencies, focused on e-government evaluation issues.
- With the use of this network, developing a framework for assessment of demand, benefits and user satisfaction for use by agencies to assess individual agency projects.
- Gaining agreement of central budget authorities to use this framework as a standard, acceptable method for assessing these impacts for the purpose of budget decision making.