



Ministry of Finance

Spending Reviews in the Netherlands

Best practices and lessons learned

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Ministry of Finance

IBO

Geschied voor de arbeidsmarkt

Mogelijkheden om de arbeidsparticipatie in de WIA te bevorderen

April 2017



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Onderwijsachterstandenbeleid, een duwtje in de rug?

April 2017



Zicht op gereedheid

Interdepartementaal beleidsconferentie over de voorbereiding van de gemeentelijke en provinciale bestuursorganisatie op de toekomst



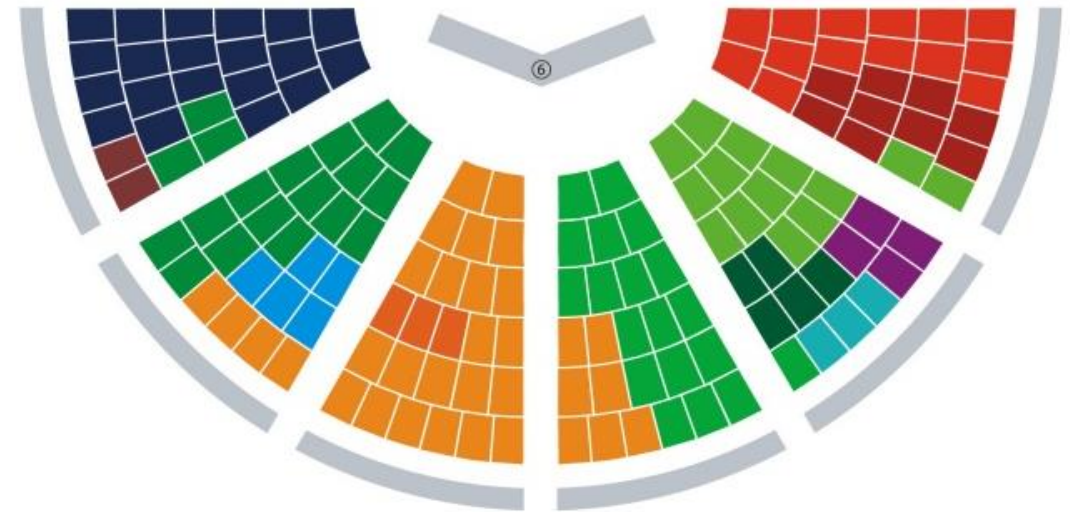
Outline

- Introduction
- Context: Dutch political system and Dutch evaluation system
- Spending Reviews
- Q&A
- Comprehensive Spending Reviews
- Spending Review 'More Vang for the Buck'
- Q&A



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

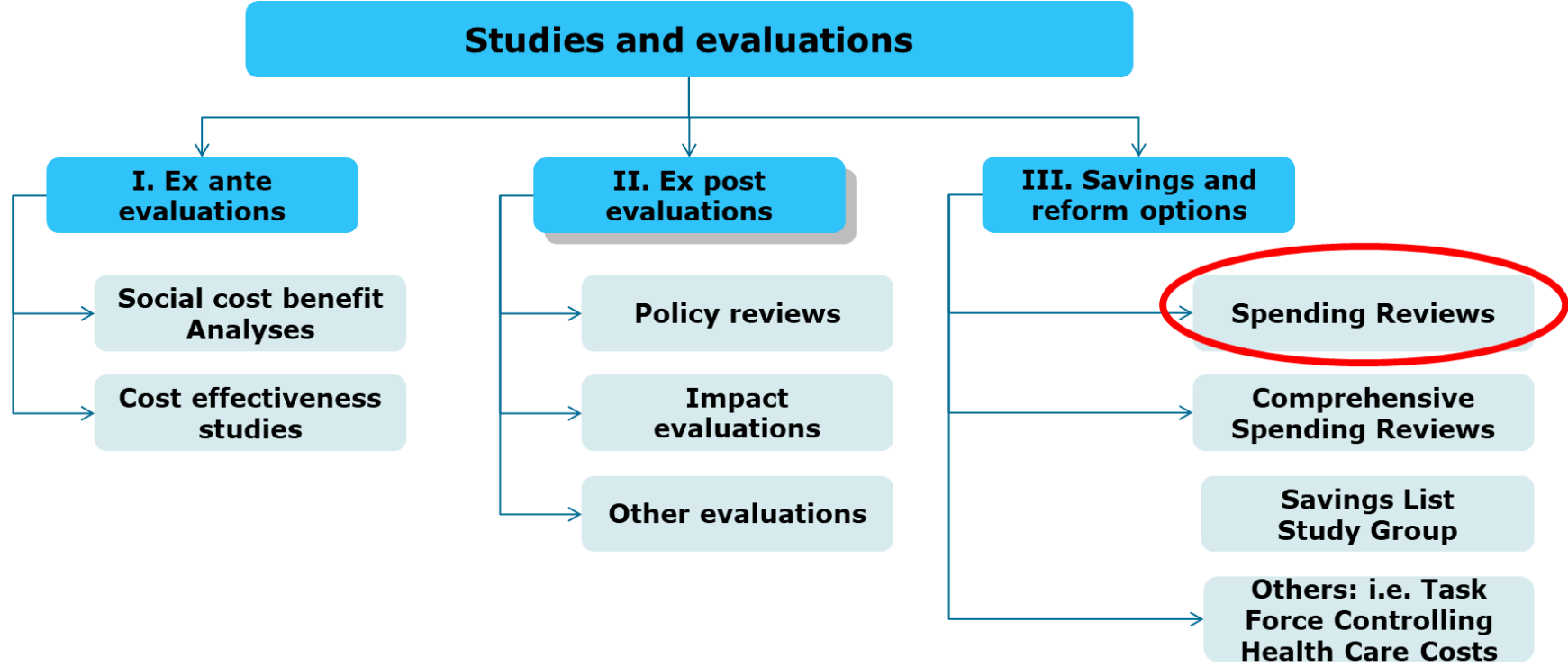


ZETELS

VVD	33	SP	14	SGP	3
PVV	20	PvdA	9	DENK	3
CDA	19	ChristenUnie	5	Forum voor Democratie	2
D66	19	PvdD	5		
GroenLinks	14	50PLUS	4		



Dutch evaluation system





Spending reviews

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)

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 proces

- 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





Governance arrangements

- Coordination by MoF
- Independent chairman
- Independent non-political working groups
- non-veto principle
- Report written by (independent) secretariat
 - (MoF and line ministry)
- Quality control by interdepartemental commission
- Clear cut between report and cabinet response, both are made public





Types of topics

Selection of topics can be based on:

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

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)



Topics of the last 10 years

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

2015/ 2016	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



Key succes elements 1

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



Key succes elements 2

5. SR evaluate urgent issues/ questions **independent of 'the politics of the day'**
6. SR are based on a **set of rules**, but there is **also room for customization**
7. **'Joint fact finding'** in interdepartmental working groups (high level civil servants and external experts) headed by independent chair.
8. Analysis includes **different viewpoints**, multiple knowledge sources and experiences from policy practice
9. 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)



Adoption in policy

- 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)



Challenges

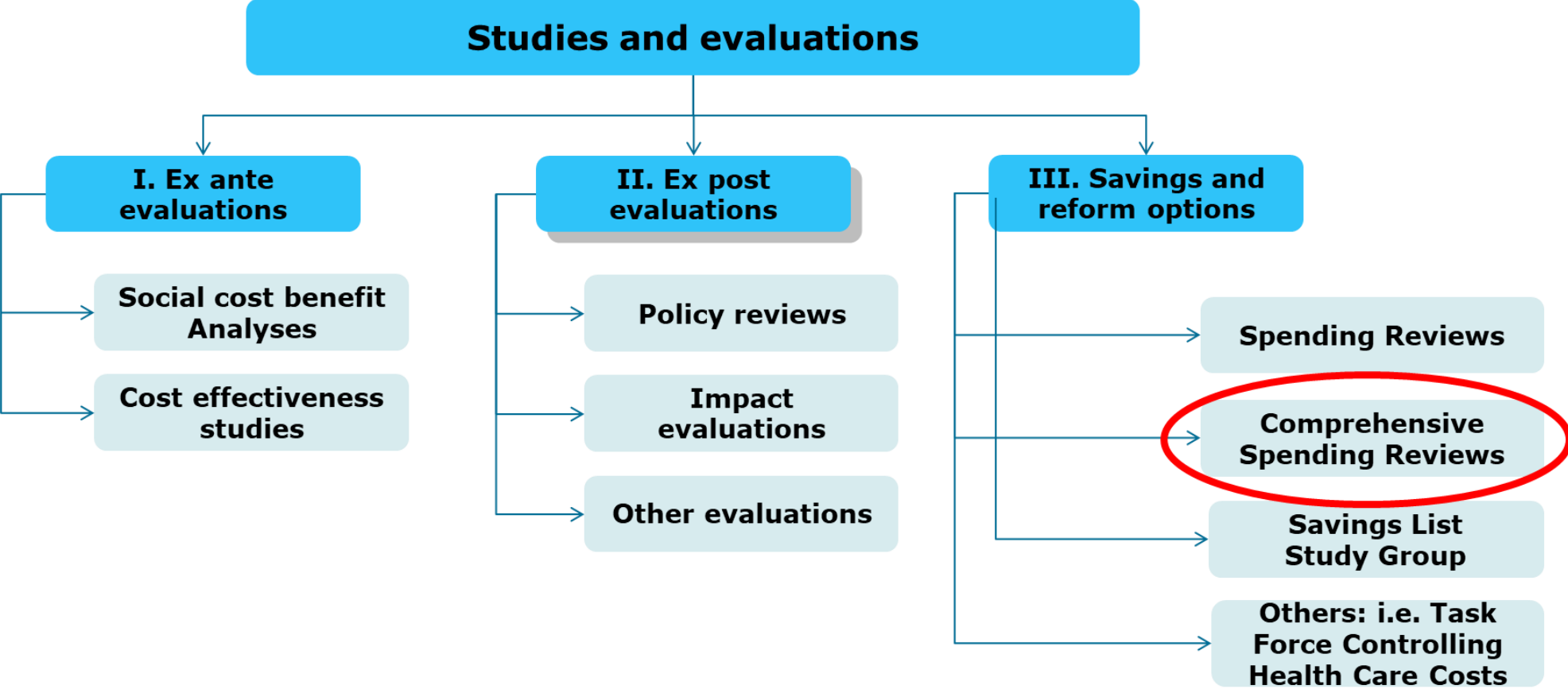
- Selection of topics (negotiation);
- Cooperation of departments;
- Creating sense of urgency with politicians;



Q&A



Dutch evaluation system





Influence of 2010 Round on elections

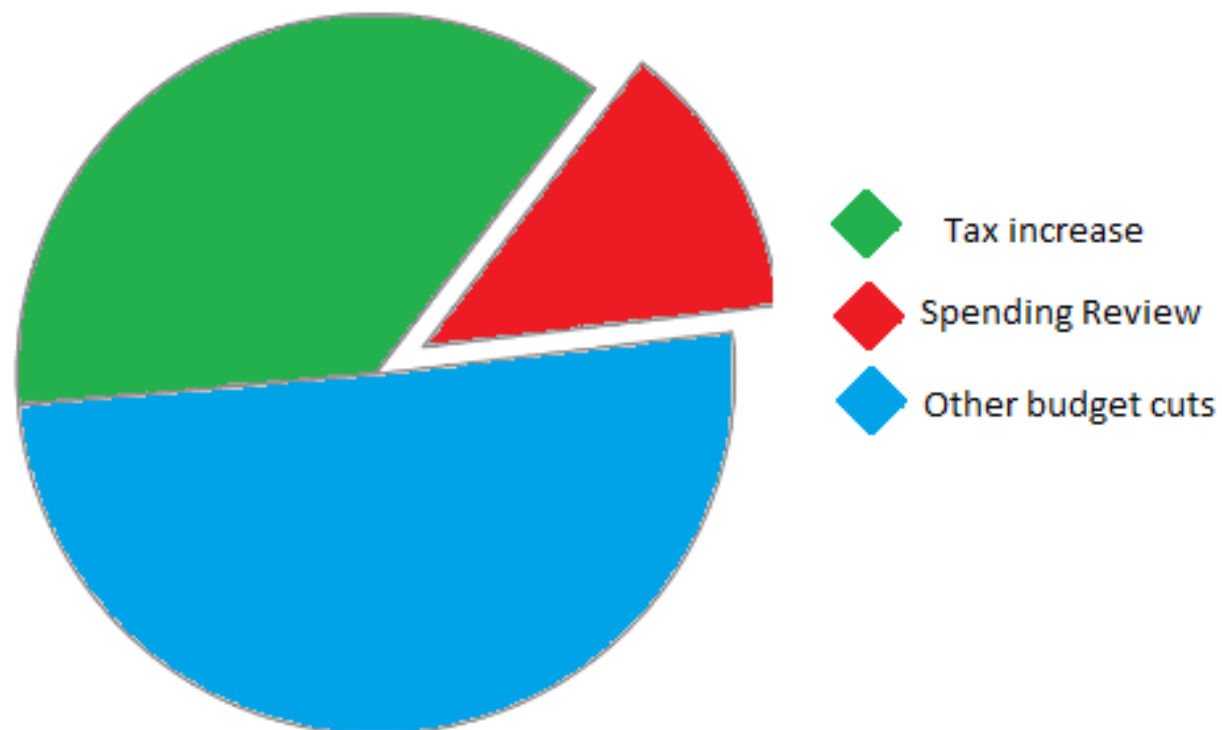
Coalition agreement

€ 18 billion of savings

+/- € 12 billion
budget cuts

€ 2.4 billion
Spending Reviews

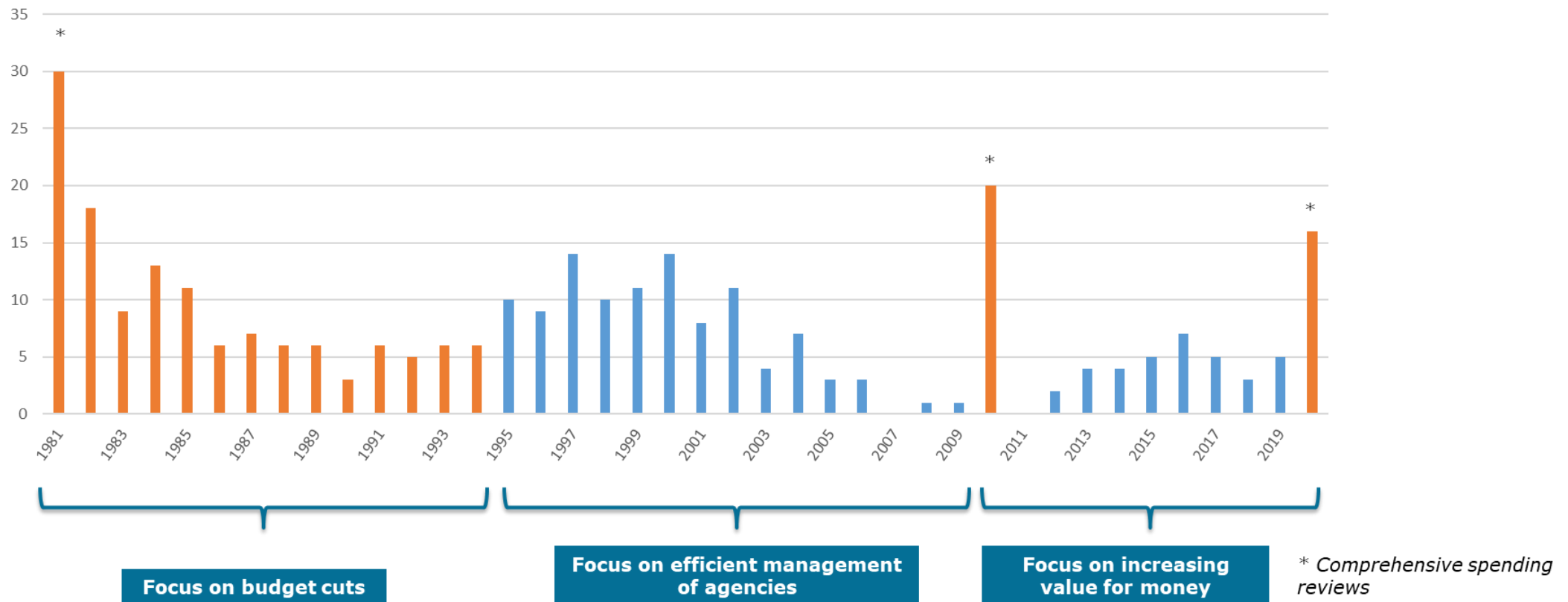
(Van Nispen 2015)





16 Comprehensive Spending Reviews in 2019/ 2020

Number of Spending Reviews per year (year of commencement on x-axis)





Topics comprehensive spending review 2019/2020

1. Qualitatively good education with opportunities for anyone
2. A futureproof healthcare system
3. Care for a safe environment
4. Decent work
5. Employ talents on the job market
6. Towards an inclusive society
7. Good housing/ living as part of integrated area development.
8. Ready for climate change
9. Innovative society
10. Towards a more sustainable food system
11. Towards an economy without waste
12. Futureproof mobility
13. A better government for civilians and businesses
14. Towards agile migration
15. Security and changing international power relations
16. Public interests and competitiveness in an open economy



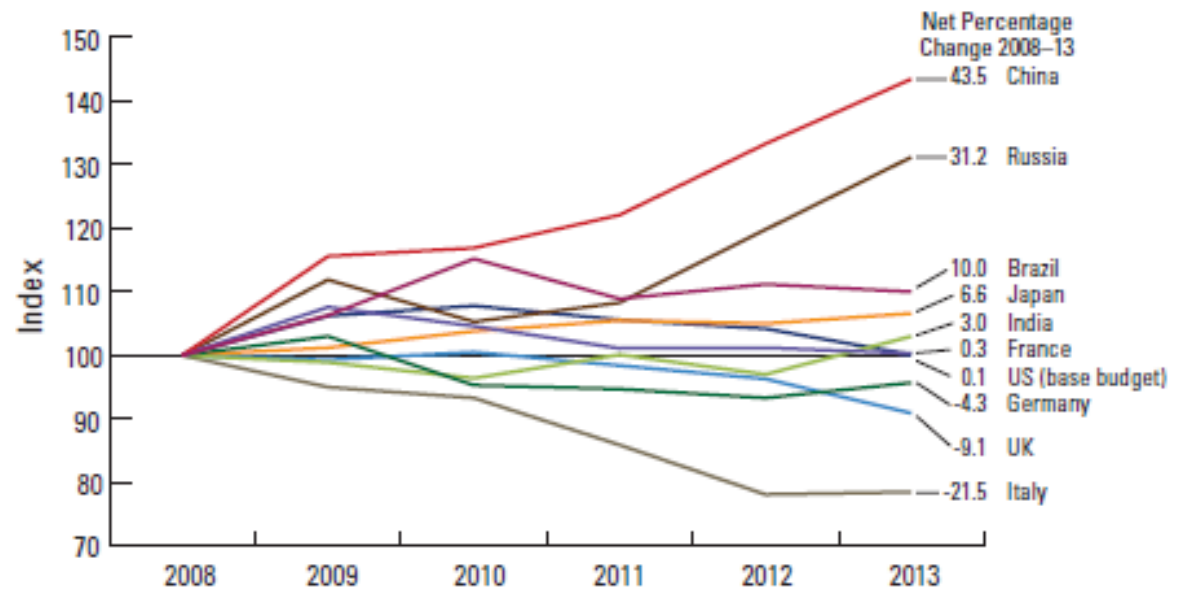
Spending Review 'More bang for the buck'

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Meer 'Bang for the Buck'

Interdepartementaal beleidsonderzoek naar meer doelmatigheid door internationale samenwerking en geïntegreerde contracten bij wapensystemen van Defensie

April 2015



*For each country, defence spending levels (in local currency) were first adjusted for inflation before being rebased to a 100 index, with 2008 defence spending levels set at 100.



Q&A