

MUTUAL LEARNING PROGRAMME:

PEER COUNTRY COMMENTS PAPER - NETHERLANDS

BASELINE KNOWLEDGE FOR EVIDENCE BASED POLICY

Peer Review on “Supporting Evidence Based Policy – The role of evaluation in the
Department for Work and Pensions”

United Kingdom 29 – 30 September 2011

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Date: 14/09/2011



This publication is supported for under the European Community Programme for Employment and Social Solidarity (2007-2013). This programme is managed by the Directorate-General for Employment, Social Affairs and Equal Opportunities of the European Commission. It was established to financially support the implementation of the objectives of the European Union in the employment and social affairs area, as set out in the Social Agenda, and thereby contribute to the achievement of the Lisbon Strategy goals in these fields.

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1 IMPORTANCE OF EVALUATION AND GOVERNANCE STRUCTURES

This paper has been prepared for a Peer Review within the framework of the Mutual Learning Programme. It provides information on The Netherlands's comments on the policy example of the Host Country for the Peer Review.¹ For information on the policy example, please refer to the Host Country Discussion Paper.

1.1. Preliminary remarks

The two main policy areas of the Department of Work and Pensions (henceforth DWP) in the United Kingdom are labour market policies (including public employment services) and social security (including the payment of benefits). The Dutch Social Affairs and Employment Department (Ministerie van SZW; henceforth: SZW) does not have direct responsibility for the executive agencies. In general SZW is not involved in policy implementation and policy administration which is decentralised to municipalities and the Social Insurance Body, called UWV (in 2009 merged with the Centre for Work and Income). UWV is an autonomous administrative authority and is commissioned by SZW to implement employee insurances and provide labour market and data services.

As a consequence of this bipartite institutional structure labour market research is not only the domain of SZW but also one of the responsibilities of the UWV. Municipalities too conduct labour market research, not only the largest of them. Besides this SZW maintains a programme of funding or other contractor relationship with the Council for Work and Income (RWI) and TNO, an independent research organization, and the Dutch Statistical Office (CBS).

A third reason why it is difficult to draw an exact parallel between DWP and SZW is the fact that four other departments are – to a certain extent – involved in labour market research: the ministries of Home Affairs (BZK), Education, Culture and Science (OCW), Health Care Welfare and Sports (VWS) and Finance.

In this peer review we will focus on the role of evaluation in the SZW organisation.

1.2. Allocation of resources and organisation

The budget spent on research and policy information over the last years amounted to:

(x € 1.000,-)	2006	2007	2008	2009	2010
Annual expenditures	7961	6765	4795	4463	5442

Source: Annual Report SZW, Parliament, 2010-2011, 32710 XV, nr.1, table 98.1, page 121. (not included are the annual expenditures on TNO and the RWI and small budgets for specific research projects e.g. on help with debt problems).

The allocation of resources for research and evaluation seems quite similar to that of DWP. The budget is distributed over the main policy subjects.² The administration that deals with a specific policy subject is in charge of the budget assigned to the subject and is coordinating the research projects. On every policy subject there is one research manager who assists policy teams in the planning and selection of contractors and project

¹ In preparing this contribution useful information is kindly put forward by Mr. W. Roorda of SZW. This paper does not necessarily reflect the opinion of his department.

² For instance: Income policy, workforce participation, labour relations, job placement and re-integration and labour conditions.

management.³ Proposals for extensive research projects are submitted to the Management team of the department or the Minister.

In order to achieve a better coordination between and organisation of research and evaluation commissioned by SZW a Chief Scientific Officer has been appointed recently.

In earlier times a separate division of analysts and researchers existed, but it has been abolished because its position was too isolated, too far from the needs of the policy makers.

1.3. Role and importance of policy evaluation

The Dutch Court of Audit (the National Audit Office) concluded in 2009 that there is more policy information available than in the past but it is not always usable and used. Available information is not sufficient to judge the policy outcomes and is not incorporated in policy planning completely and in time. Of course one of the reasons for this is the fact that the policy process is changing faster than in former times. Similar to the situation in the UK the employment and labour market policy area is particularly dynamic and fast moving. Another reason for the rather insufficient information on policy impact is found in the decentralisation of the policy implementation. Because of this decentralisation Ministers and Parliament have insufficient information about policy implementation.⁴ So it seems that there is not always a perfect match between policy information from research and evaluation and the policy cycle.⁵

Despite this observation, just as with DWP there is a commitment to carry out policy evaluation and acknowledgement of its role in the policy cycle⁶ inside SZW. Probably in response to the perceived lack of information there has been a shift from ex ante and – to a lesser degree - ex durante evaluation towards ex post evaluations. In recent years the focus moved towards cost – benefit analysis and accountability/auditing. The impression is that the role of problem exploring and phenomenon describing research is decreasing. Monitoring is increasingly organised by linking databases of different authorities and organisations (like UWV, the Internal Revenue Service, the National Statistical Office (CBS), municipalities and so on).

Because of the importance of adequate information on the spending of public means and on the outcome and impact of legislation and implementation of policy instruments the expenditures on research and analyses are slightly increasing despite the current huge cuts in public spending.

³ Which means that there are about 10 research managers. The amount of analysts working within SZW is unknown at the moment. The average total workforce of SZW included about 2.434 fte in 2010 but is diminishing: in 2006 the workforce included about 2955 fte.

⁴ Rijk verantwoord 2008. Algemene Rekenkamer 2009: Tweede Kamer, 2008-2009, 31924, nr.2.
And: http://www.rekenkamer.nl/Actueel/Dossiers/I/Informatiepositie_Tweede_Kamer/Hoe_staat_het_ervoor

⁵ In a situation of policy decentralisation the desire or need of improving the fit between research and policy planning soon meet with political limits. After all policy decentralisation means the transfer of responsibilities to lower administrative levels/bodies. Gathering information on the implementation of policy measures will be easily understood as supervision or control. Solutions for this problem are 'made-to-measure' because they depend on the context of the decentralisation process and the actors involved. Some more attention to the value *for all parties concerned* of information on decentralised policy processes in an earlier phase of decision making could be helpfull.

⁶ We will adapt the concept of the policy cycle for this peer review. However using the concept of incremental development of policies may result in different opinions about the role of policy evaluation and the methodologies that should be used.

2 ASSESSMENT OF APPROACH OF LABOUR MARKET POLICY EVALUATION AND IMPACT ON POLICY MAKING

2.1. Planning and programming of labour market evaluation

The importance attached to policy knowledge is best illustrated by the so called 'Kennisagenda'.⁷ In this annual document the main strategic knowledge questions in the field of social affairs and employment are described. As such it is a benchmark and starting point for the planning of research. The emphasis is on knowledge questions that will provide the baseline for the development of *new* policies with a time horizon of a decade. In this way it is a contribution to the phase of problem definition and agenda setting.

The planning process of policy evaluations that will be used for the next phases of the policy cycle starts about six months before the new one year period. Needs and ideas are gathered and discussed within teams, divisions and directorates. Besides the available budget, internal manpower and 'sensitivity' of a subject and the value added of external contracting is an additional criterion in the decision making process. The Dutch association of independent policy evaluation organizations (VBO) asked policymakers which criteria they apply in choosing the way a research project is conducted: using external contractors or by internal research and analysis (see table below).

Most important criteria for decision	Judgement: internal or external project
Usefulness	Slight preference for internal
Scientific level	Strong preference for external
Quality of the report	No difference between internal and external
Knowledge of the policy area	Slight preference for internal
Originality	Strong preference for external
Balance between price and sum of the criteria above	Slight preference for internal

Source: Brancheverkenning Beleidsonderzoek. VBO, Nijmegen 2007, p. 13.

Until the late nineties SZW published its research programme annually. Also there has been a period of time during which programmes for research were discussed with scientists and senior researchers 'in the field'. These practises have probably been terminated to respond to requirements for being more flexible in changing research plans according to new insights and needs during a year.

2.2. The art of commissioning

The market place

The Dutch market for research is a complex one, featuring very different providers:

Universities and semi independent academic institutions, non-departmental knowledge centres, private sector consultant firms, private sector policy research organisations, market research organisations, self employed contractors, etc. Since the economic crisis resulted in significant job losses within the government and at all types of research organisations many former civil servants have set themselves up as self employed consultants.

The number of contractors that is used by SZW is not known. We estimate the number to be about forty.

The process

SZW uses three types of tendering:

⁷ Available at: <http://www.rijksoverheid.nl/ministeries/szw/documenten-en-publicaties/brochures/2011/07/05/kennisagenda-2011.html>

- Closed/without competition for very small assignments (< € 25.000,-- including VAT)
- Competition between three to six organisations for larger projects (up to about € 125.000,-- ex VAT)
- Open tendering for larger and large projects.

Very occasionally SZW uses closed shortlists for a longer period of time (framework contracts) for the evaluation of specific themes like the legislation on occupational safety and health. They are comparable with the DWP Research Framework. This kind of planning should not be confused with long term programming of research because only the subject of the tender is determined. A quite new phenomenon is the use of closed shortlists for posting of analysts and research professionals.

In case of an open tender and for part of the tendering in closed competition a central purchasing organisation handles the procurement. In these situations direct contact between tendering organisations and policymakers is not allowed. Although there has not been an evaluation of the functioning of these central buying organisations many contractors are dissatisfied with the role of these actors. Nevertheless this kind of tendering widened the market for research.

Approaches and methodologies

In comparison with many other commissioners of contract research the SZW request documents based on which a proposal has to be written are generally speaking exhaustive and clarifying. It makes clear to the applicants what kind of evaluation is expected: e.g. a monitor or an evaluation on outcomes, a descriptive explorative study or an accurate measurement. Usually between these boundaries the applicant is free to make choices like gathering quantitative or qualitative data, using existing data or investing in new, doing desk research, etc. Because the budget constraints are not clear to the applicants the range of possible choices is often large. Moreover, experienced researchers are quite familiar with the preferences and general budget limits inside SZW. Consequently sophisticated methods like meta analyses, experimental designs and control group surveys are rarely proposed.

2.3. Impacts of research and evaluation on policy making and policy implementation

As quoted earlier in this document the Dutch Court of Audit made critical remarks on the availability and quality of policy information. To be able to speak about any impact of evaluation we first need to examine if there has been any application of the insights from evaluations. Just writing a report is not sufficient to ensure the use of it or any impact.⁸

A comprehensive answer to this topic is not easy because:

- Few evaluations on impact and on meta analyses are available;
- On the one hand there are examples that show no impact (because of time lags, rapidly changing policies or evaluation needs, political unwillingness to change anything, too much emphasis on output instead of usefulness or impact, etc.)
- The existence of good practices on the other hand. One good example in labour market research is the extended audit (the 'Beleidsdoorlichting re-integratie'; which consisted of a number of evaluations, a meta-evaluation and peer reviews) on the reintegration policy that has been conducted and published in 2008. Some insights from this audit: the cost-benefit relation of reintegration efforts is relatively small and their positive effect on the chance of finding a job is also small. One conclusion was that research into the effectiveness of reintegration measures is difficult and findings are too weak to draw conclusions. The output of this audit has been used for a policy change about only half a year later, of which the main characteristics are: 1) greater selectivity in target groups and the use of methods/ tools and 2) a change of focus from the supply side (the unemployed) towards the demand side (the needs of employers).

⁸ J. Mevissen, Y. Prince: Wat is het rendement van beleidsonderzoek (What is the return on policy research?) In: P.H.M. van Hoesel e.a.: Beleidsonderzoek in Nederland. (Policy Research in the Netherlands) Assen, 2005.

3 ASSESSMENT OF THE SUCCESS FACTORS AND TRANSFERABILITY

3.1. Assessment of the success factors

Commitment to evaluation and evidence based policy development and an evaluation oriented culture are good starting points. Even more important for the success of policy evaluation is knowledge management to guarantee an effective and efficient use of the gains of evaluations.

For the case of the SZW organisation we have assessed that generally speaking members of the policy staff have little knowledge about past research projects and the results of evaluations. Reason for this are the fact that this kind of information is tied to individuals but staff mobility inside the department and the government as a whole is quite high, the time a civil servant is running a particular file is fairly short and the transfer of files is not always accompanied by sufficient transfer of knowledge about the files. These are disadvantageous circumstances for organisational learning.

Is the expectation that all programme activity will be evaluated necessary to create an evidence rich environment? In times of budget cuts it is better to make smart choices on which policies should be evaluated in a serious and in-depth way and which not, instead of evaluating everything on a very basic level because of limited resources. An evidence rich policy environment can also be 'created' by formulating policies in a S.M.A.R.T.⁹ way and organise data gathering from the beginning instead of from the moment of the true evaluation.

Resource commitment to evaluation indeed is a success factor. Whoever pays attention to the effectiveness of policy measures should also take into account the effectiveness of each pound or euro that is invested in research into policy effectiveness. At least two problems should be solved in this context:

- More haste less speed: ill-prepared and fast research often does not deliver the answers that were needed.
- Look before you leap: some desk research into older studies can help in constructing leaner and better research projects.

A formative approach and independence: the key factors of policy research. Independence is often confused with doing research in complete isolation from the sponsor. This idea originates from scientific research with its rigid methodological framework. Policy research however is research that should contribute to the policy process regardless of the phase of the policy cycle. This needs interaction/communication with the sponsor and some flexibility in research design so new needs can be met. Independence 'only' means that results will not be manipulated in favour of one party or the other.

Strong commitment to dissemination is important but too often there is a lack of skills for effective communication about an evaluation with the intended users.

3.2. Transferability

Transferability refers to the use of good practices, methods, knowledge etc. at different places, contexts and times. In my opinion transferability should be considered as valuable but limited. For instance evidence is something that has to be explained and explanations can be contradictory to one another. But one contextual factor is undisputed: the quality of policy evaluation is best served by sufficient knowledge of research, policy contents and

⁹ S.M.A.R.T. stands for: specific, measurable, attainable, realistic and timely.

policy processes in the research team as well in the team that commissions a research project.

4 QUESTIONS

1. The host country discussion paper presents a picture of an almost perfect match between policy evaluation and policy cycle. There seems to be sufficient information and this information is actually used in the policy process. Besides the presented good practices, are there no interesting examples of lack of information, insufficient information or misuse of information? More can and should be learned from the background of failures.
2. The host country discussion paper describes the internal and external process of tendering of contract research. The use of the outcomes of evaluation studies is described as the 'action planning' process. Evaluation 'is expected to play a central role in policy development' and policy makers have an apparent appetite for evidence. There seems to be no evidence for failures in the process of policy action planning on evidence from evaluation studies or even space for doubt on the quality of the separate chains of this process. Some questions: is the quality of an evaluation always sufficient, are the outcomes of evaluation always accepted by all policy makers? What is the influence of third (interested) parties on the action planning process or on the evaluations? Does dissemination of the outcome of research automatically mean the use of it?
3. There seems to be an emphasis on evidence based policy evaluation. In general this kind of evaluation is comprehensive and expensive. At the same time there is a tendency towards smaller evaluations. How is DWP managing this?
4. Evidence based policy evaluation means special attention to (indicators for) output. Does this mean that DWP is spending less attention to the *process* of policy implementation because process evaluation requires other methodologies than evidence oriented evaluation?

ANNEX 1: SUMMARY TABLE

Importance of evaluation and governance structures
<ul style="list-style-type: none"> The DWP and the SZW organisation are not comparable because the executive part of the labour market and social security policy is externalised in the Netherlands, therefore a part of the policy evaluation is also externalised. The allocation of resources and the organisational embedding of research and evaluation seem quite similar to the situation in the UK. There is commitment for policy evaluation and for its role in the policy cycle. The availability of policy information has been improved but it is not always usable and used in the policy process.
Assessment of approach of labour market policy evaluation and impact on policy making
<ul style="list-style-type: none"> The annual 'Kennisagenda' supports the agenda setting process for new policy development. The more specific planning of research and evaluation for ongoing policy is an annual process that starts six months in advance. The market for research and evaluation as well as the process of tendering are similar to the situation in the UK. There are few evaluations on the impact of research and evaluation and one can find good examples as well as failures.
Assessment of success factors and transferability
<ul style="list-style-type: none"> Generally the success factors from the UK case can be admitted as relevant, but a relevant condition for the optimisation of the impact of evaluation (whether evidence based or not) is knowledge management: there should be more emphasis on organisational learning from performed evaluations. Evidence based evaluation is not applicable or appropriate for every kind of policy question. It will be rewarding for the commitment for evaluation when the need for speed is less and preparation is better before we start. Dissemination is no guarantee for use of the disseminated. We need more emphasis on the requirements for good communication.
Questions
<ul style="list-style-type: none"> Can we also learn from the backgrounds of failures in the planning, tendering and conducting of evaluations? How is DWP managing the need for comprehensive evidence based policy research with budget cuts? Is attention for evidence based evaluations less attention for other types of evaluation?