

Spending Reviews: Permanent, periodic or *ad hoc*?

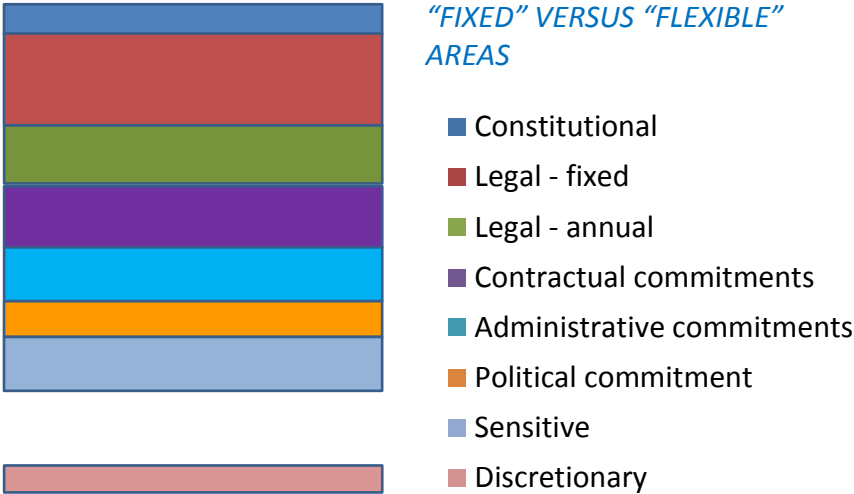
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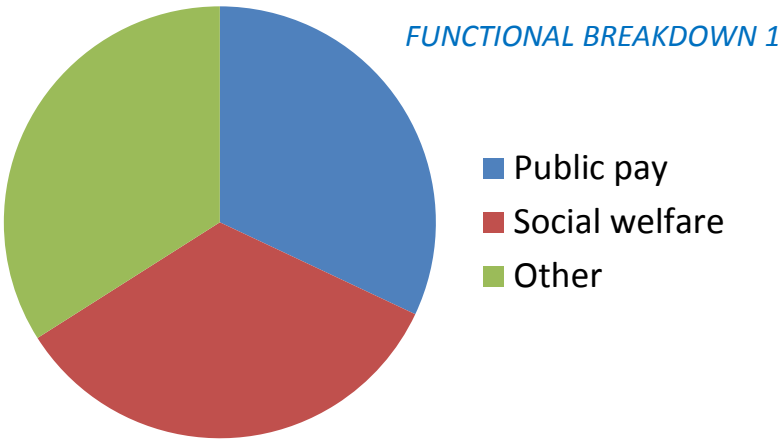
Spending Review – What? and Why?

- *A critical re-assessment of existing expenditures, and of the policies they are based upon, in light of the principles of efficiency, effectiveness, economy and/or affordability*
- Baseline expenditure is usually largely fixed: 80-90%
- Harder for governments to identify “fiscal space”
- **Requirement to live within fiscal limits**
- Are those old decisions still the best decisions? new priorities
- Scope for efficiency, modernisation, reform and innovation
- Move from “incremental” to a more “zero-based” approach

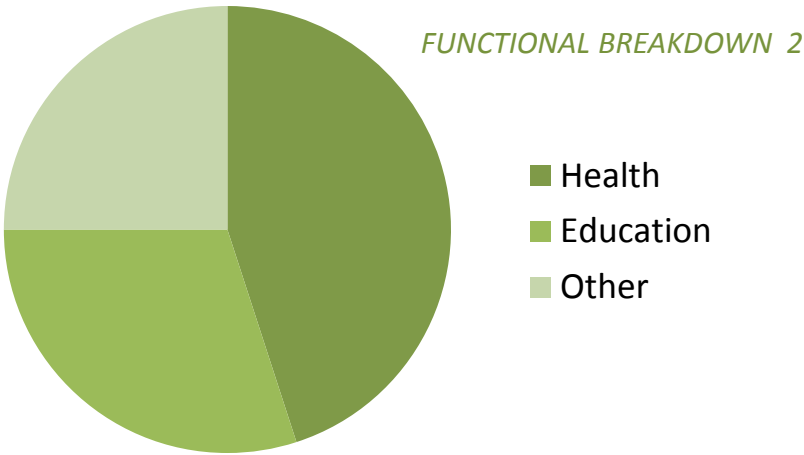
Expenditure baseline analysis –
focusing the mind of policy-makers



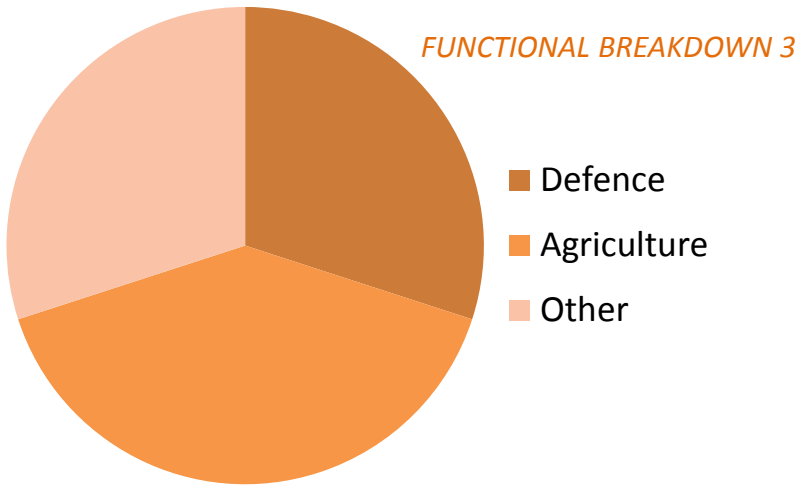
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Designing a Spending Review - Choices

Who?	What?	How?
<ul style="list-style-type: none"> • Independent experts OR In-house experts • Central AND/OR line ministry • Steering committee • Balance between political and administrative viewpoints 	<ul style="list-style-type: none"> • All spending OR Sector focus OR Specific, targeted areas • Efficiency, staff numbers, red tape AND/OR strategic priorities • Programmes OR Ministries • Streamlining of agencies 	<ul style="list-style-type: none"> • Expenditure baseline analysis • Savings targets AND/OR fixed ceiling • Public / civic engagement • Performance-focused analysis • Policy options, trade-offs OR policy prescriptions

OECD country example: IRELAND

- Major fiscal shock from 2008 – huge consolidation requirements
- 2008: Expert-led exercise
 - Comprehensive: programmes, staff numbers, reform agenda
 - Not binding on government
 - Very useful in stimulating public debate and attitudes
- 2011: Civil service-led exercise
 - New priorities for a new government
 - Built on institutional learning from previous exercise
 - Designed into overall review / evaluation architecture
- 2014: Civil service exercise – “low key”
 - generating policy options for ministers
 - linked with multi-year spending ceilings

