



CPB Netherlands Bureau for Economic
Policy Analysis

Public policy evaluation: the Dutch experience

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One page introduction into the CPB

- Founded in 1945 (with vivid memories of war and Great Depression)
- It aims to be “... a widely **trusted** source of independent economic analysis”
- CPB’s strong position is not due to its strong legal position but due to trust and reputation
- Small compared to ministries: 120 fte (and shrinking).
- Task:
 - Responsible official economic forecast
 - Fiscal watchdog
 - Assessment impact policy measures
 - Think tank (providing strategic foresight)





CPB's core business: assessments prior reform

- Examples:
 - Election platforms
 - Assessment specific reform measures (pension reform, tax reform, housing market reform, education finance reform, etc.)
 - Cost benefit analyses of major infrastructural projects
 - EU Services Directive
- Methods/model applied:
 - Macro-economic model (Saffier)
 - Micro simulation system on purchasing power, labour costs, social security and income tax (Mimosi)
 - Applied general equilibrium model labour market (Mimic)
 - Specific econometric models (housing market, education, worldscan)
 - Cost-benefit methodology (OEI)



Elections platforms





Cost benefit analysis: rewarding

- A team from Deltares, CPB, Tilburg University and TU Delft was awarded the Franz Edelman Award for best achievement in operations research for their rational approach to flood protection in the Netherlands.
- Model to determine optimal dike-ring strength (in view of costs for increasing dike strength and its benefits = expected savings on damage and victims).
- Requires cooperation of economists and engineers





CPB also does assessments after reform

- Same method / model
- No use of outcomes after event.
- Only difference with prior event assessments: input for model may be better (realisation in stead of expectation)
- Examples:
 - Stimulus package 2009-2010
 - Tax reforms (eg. WUL, law on uniform tax bases)



CPB starts to do more policy evaluations

- **Examples:**

- Child care reform, social assistance reform
- Participation effects of earned income tax credit for single mothers
- Education (school dropout programs, teacher evaluation pilot, school inspections, accountability schools)

- **Methods applied:**

- Difference-in-difference (DD)
- Regression discontinuity (RD)
- Intermunicipality/interstate variation analysis
- Field experiments



Our experience with assessments & evaluations

- Proper policy evaluations are highly time consuming.
- Patience required (you may have to wait 2 or 3 years after implementation reform).
- Policy evaluations are rewarding for our core business (assessments of policy measures prior reform). It provides valuable insights.
- Preparation of proper policy evaluations should start before reform (data!).
- Field experiments: good intentions of persons involved can kill the experiment (strong belief measure works, etc.)
- Ministries have more interest for evaluations nowadays (attention paid to evaluations in draft law on the reform).
- Do not underestimate the value for policy makers of the side catch of policy assessments & evaluations: descriptive statistics.
- Assessments (especially cost benefit analysis) can lead to proposal of an alternative.



Institutional requirements to do this

- Independence.
- Lump sum financing has advantages but is no strict requirement.
- Right to refuse to do assessment / evaluation (due to lack of data, deadline too sharp deadline, lack of specific knowledge, net impact too small compared to costs of assessment/evaluation)
- Skills, experience, right models/methods, good contacts with academic experts (stimulating broad consensus) and proper culture (only applying up to date scientific methods, without fear or favour).
- Permission to be the tough economist (and putting non-economic issues PM)
- Strong reputation (lobby groups will attack, policy makers may be uncertain and hate disputes between researchers on evaluation)



Merci

