Spending Reviews

Experiences of OECD countries

23 September 2025 – Warsaw, Ukraine

Spending reviews defined

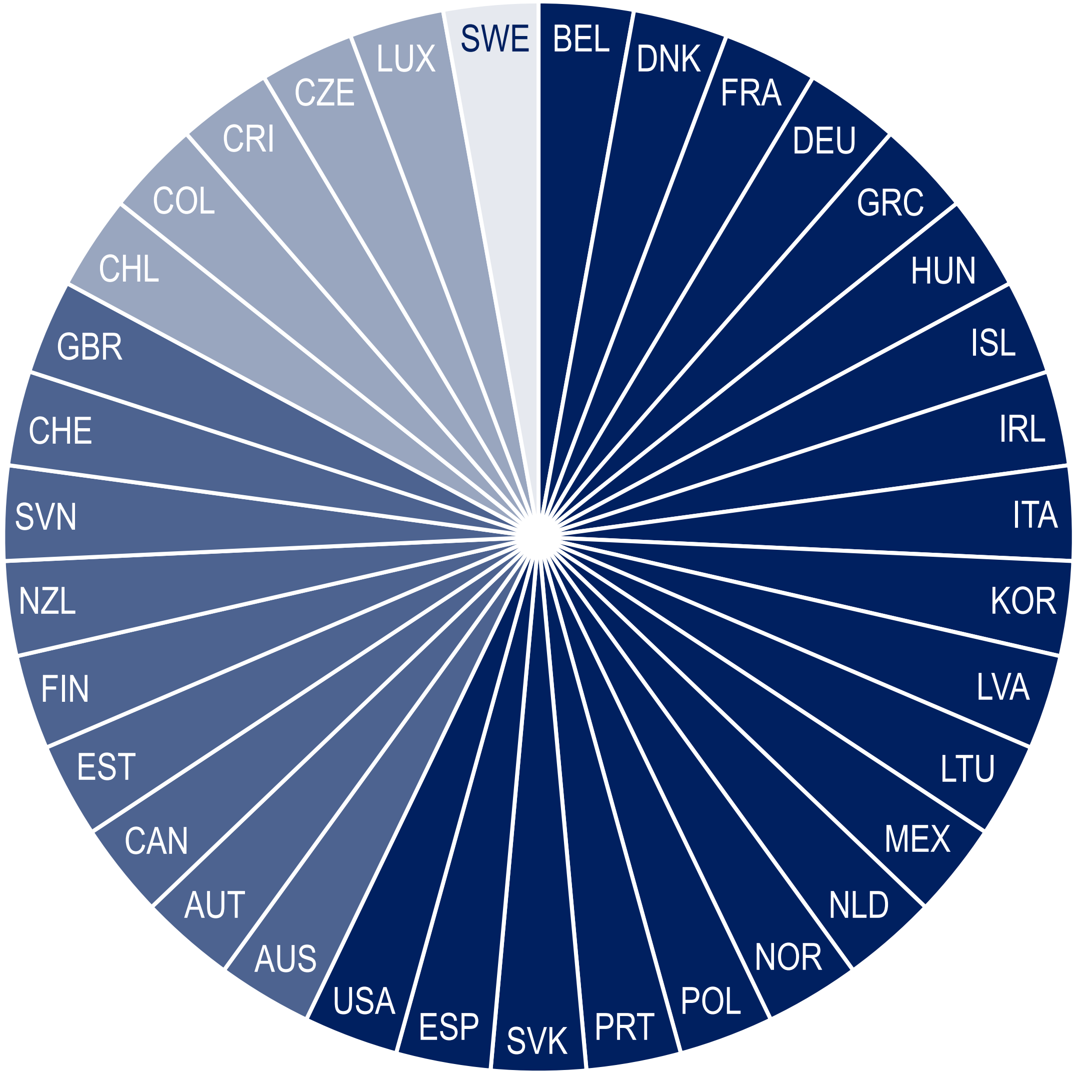
What are spending reviews?

- Spending reviews are tools for systematically analysing the government's ***existing expenditure***.
- They provide governments with means to support the ***sustainability of public finances***.
- Formal procedure where the Ministry of Finance and line ministries work together.

Purposes of spending reviews

- Enabling the government to manage the ***aggregate*** level of expenditure
- Identifying ***savings*** or ***reallocation*** measures
- Improving ***effectiveness*** within programmes and policies

Nearly all OECD countries conduct or have conducted spending reviews



Annual spending reviews
20 countries

Periodic spending reviews
9 countries

Only pilot spending reviews have been carried out for now
5 countries

Spending reviews are under consideration
1 country

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OECD Best Practices for Spending Reviews

1. Formulate clear objectives and specify the scope of reviews
2. Identify distinct political and civil service roles in the process
3. Set up clear governance arrangements throughout the review
4. Ensure integration with the budget process
5. Implement recommendations in an accountable and transparent manner
6. Ensure full transparency of spending review reports and the review framework
7. Update the spending review periodically

1. Clear objectives and scope

I. The objectives of a spending review must be clear

- The objectives of a spending review should be communicated from the outset as different objectives have implications for the structure and roles of participants.
- *Setting an indicative savings target for each spending review is beneficial as it **maintains focus** on identifying savings during the review process.*

II. Clearly specify the scope of a spending review

- ***All expenditures*** should be suitable for review as all programmes can run their course and change (current expenditures, capital expenditures).
- *Important to **regularly** do spending reviews and **cover different areas over time***
- *Analyse a **substantial part of the budget***

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Terms of Reference – Objectives

I.	Objective
II.	Scope
III.	Tasks
IV.	Organisation
V.	Timeline

It is important to include a **clear savings target** to help focus the spending review process into actionable budgetary outcomes

This spending review will analyse expenditures within the area of [insert area] to:

- Identify potential savings measures of at least [X]% in the 20[XX] budget (and onwards) to assist the government in meeting its medium-term fiscal targets.
- Analyse how well expenditure is aligned with the government's policy objectives.
- If programmes are delivered effectively and efficiently managed.

Different objectives of spending reviews - Examples

- ***"Offensive"*** reviews to create fiscal space
  - Proactive and address potential or upcoming budget issues
- ***"Defensive"*** to accommodate budget pressures
  - "Quick" spending reviews to address sudden spending pressures
- Ensuring more ***value for money***
  - Based on budgetary problems, need for adjustments in light of recent reforms or potential efficiency gains
- ***Strategic spending reviews (horizontal reviews)***
  - Senior management identifies strategic areas for spending reviews (e.g. procurement, shared service centres, IT, etc).

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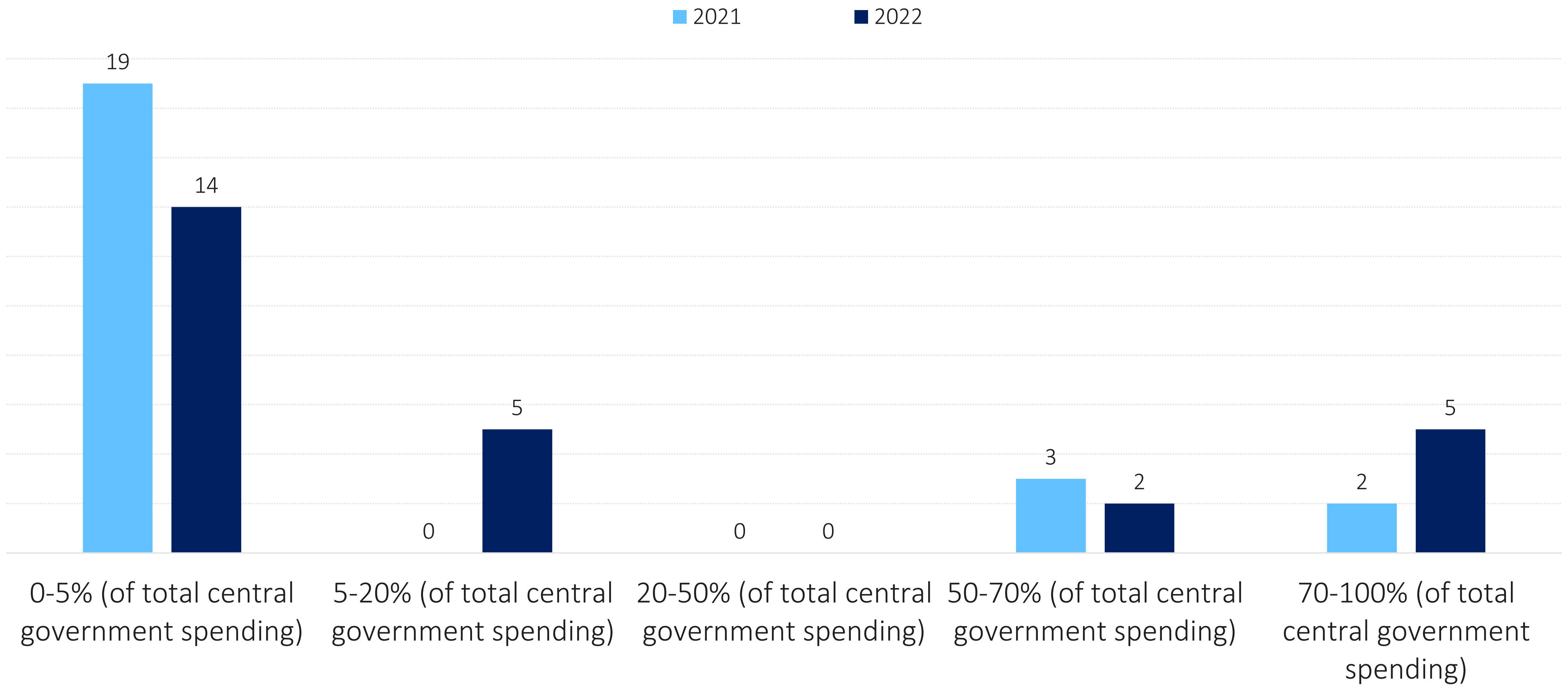
The scope of spending reviews



2. Identify distinct political and public service roles

I. Political leadership

- Political leadership is particularly important at the **beginning** where the objectives and scope of reviews are set, and at the **conclusion** where final decisions on adopting recommendations are made.
- *Ensure spending reviews cover a **significant share** of the budget and address topics that are **key priority areas** of the government.*

II. Public servants carry out spending reviews

- Public servants prepare the analyses and scenarios for a spending review and implement the recommendations adopted from spending reviews.
- *Important to build up expertise to carry out spending reviews both in line ministries and at the ministry of finance*

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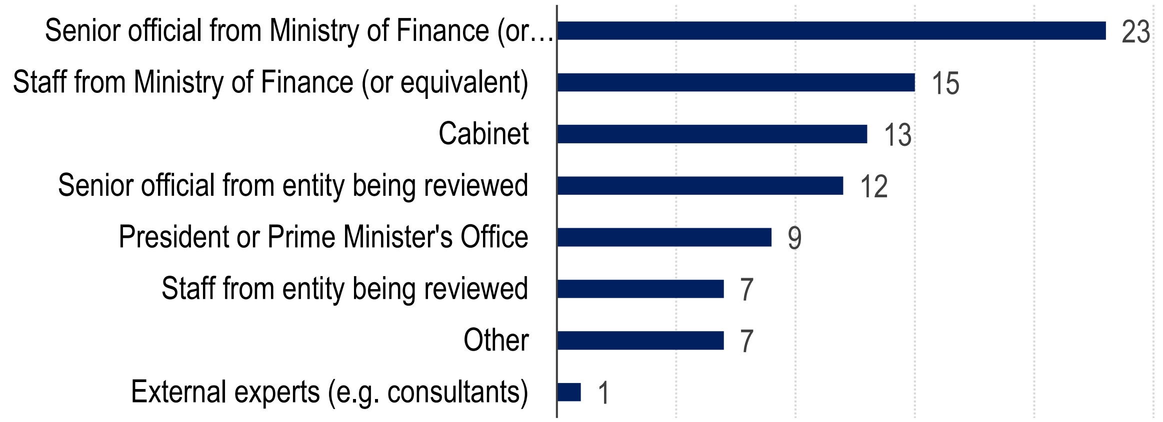
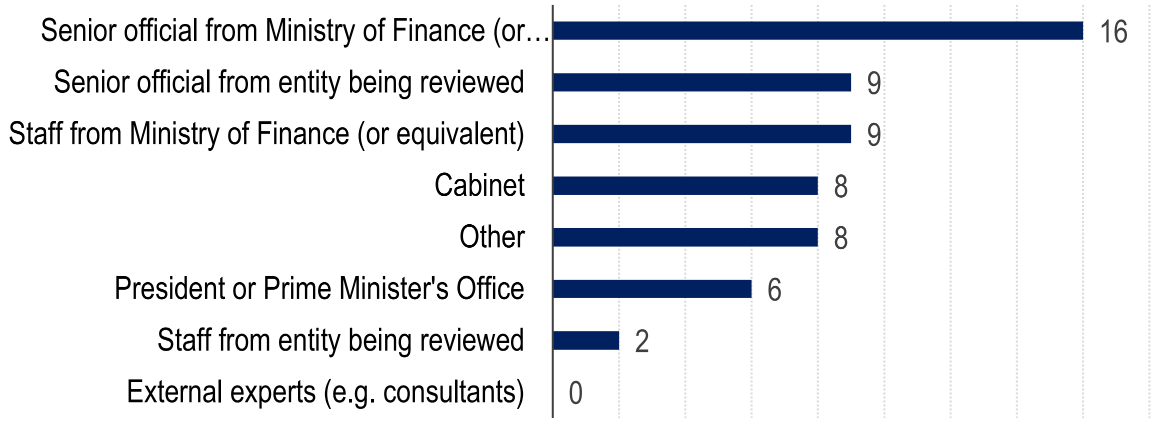
Which entities are involved in the following spending review stage?

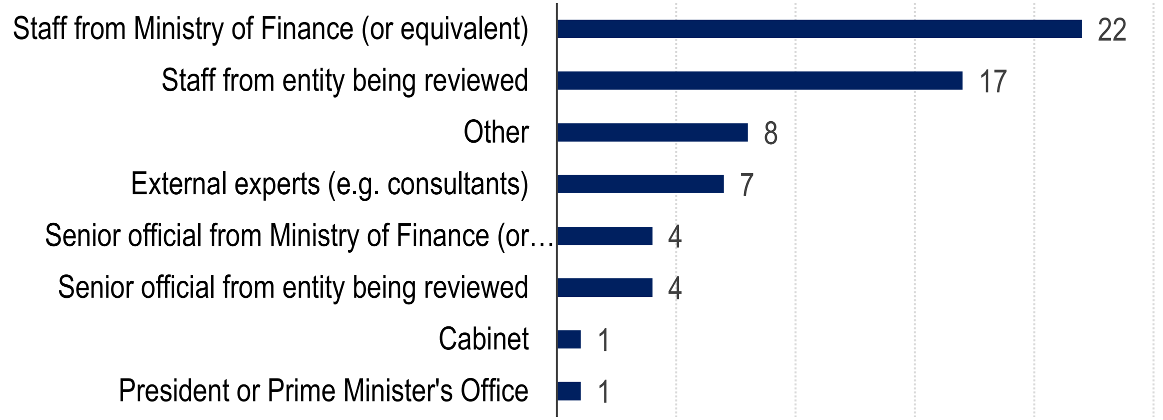
Determining objective and scope of each spending review



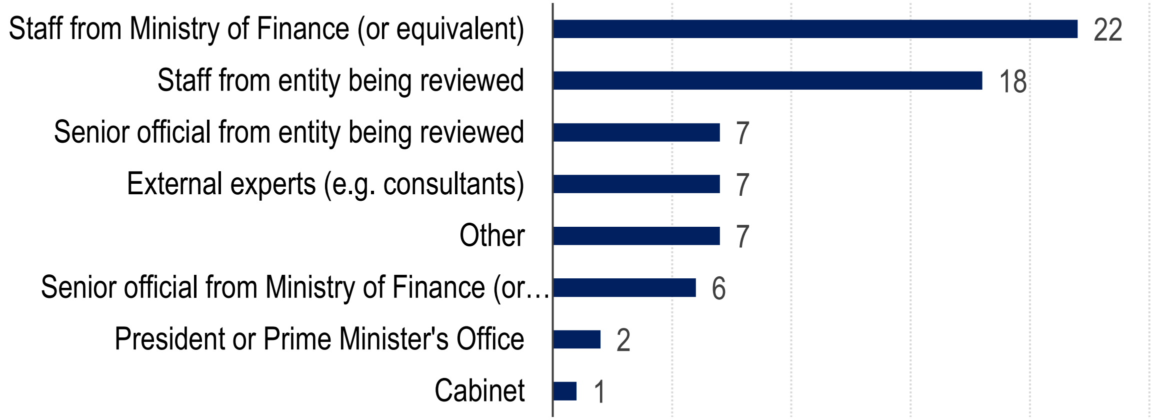
Approval of Terms of Reference



Prepares analysis



Prepares recommendations



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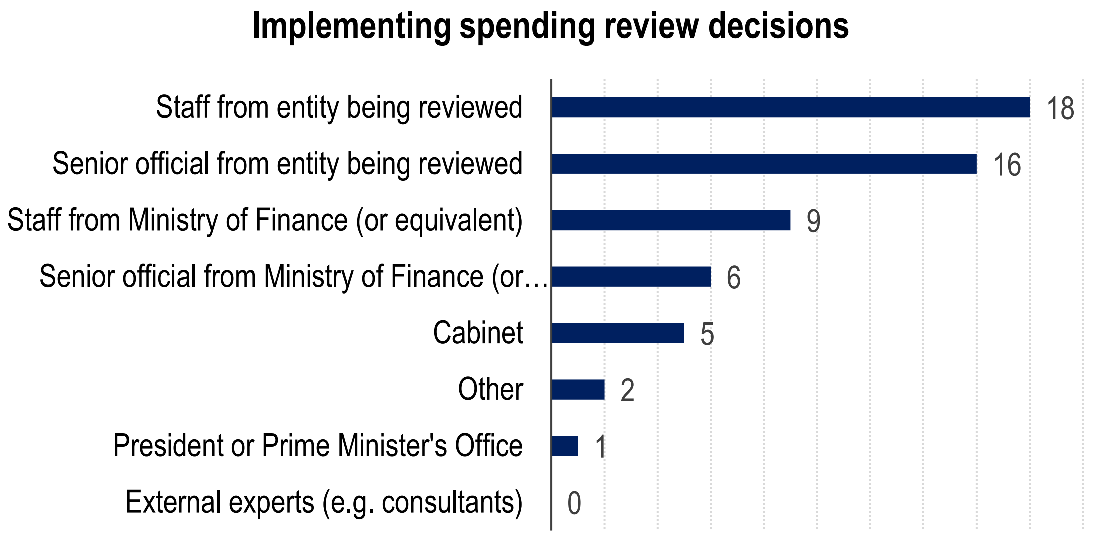

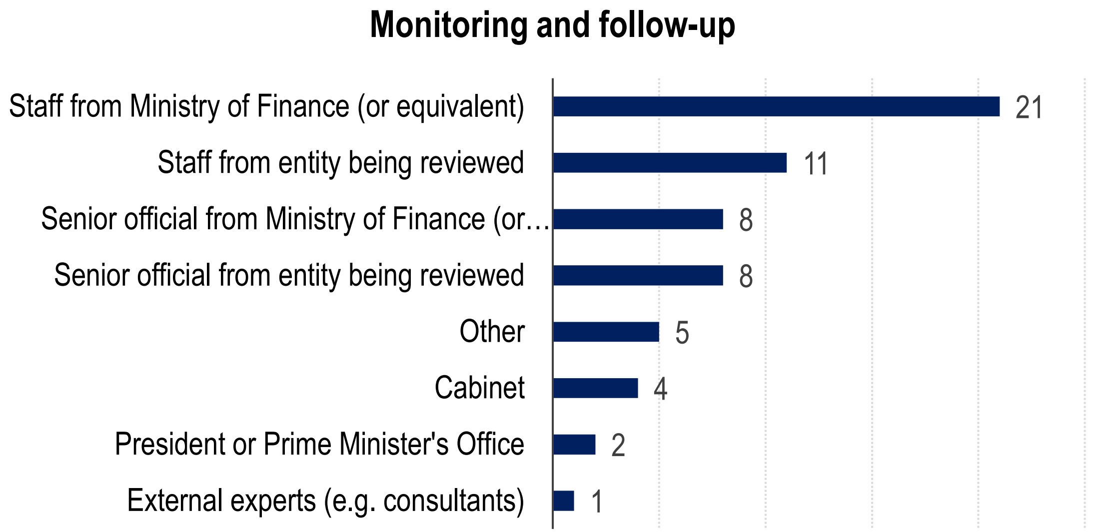

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3. Set clear governance arrangements

I. Clear roles and responsibilities

- A clear governance structure at all stages of the spending review process is essential for the success of a review
- The Ministry of Finance and line ministries have specific roles in the review process
- **Steering groups** provide oversight
- **Working groups** analyse spending review topics and develop policy/savings options
- *Incentives can affect the level of commitment for a spending review*
  - What to do with the savings?

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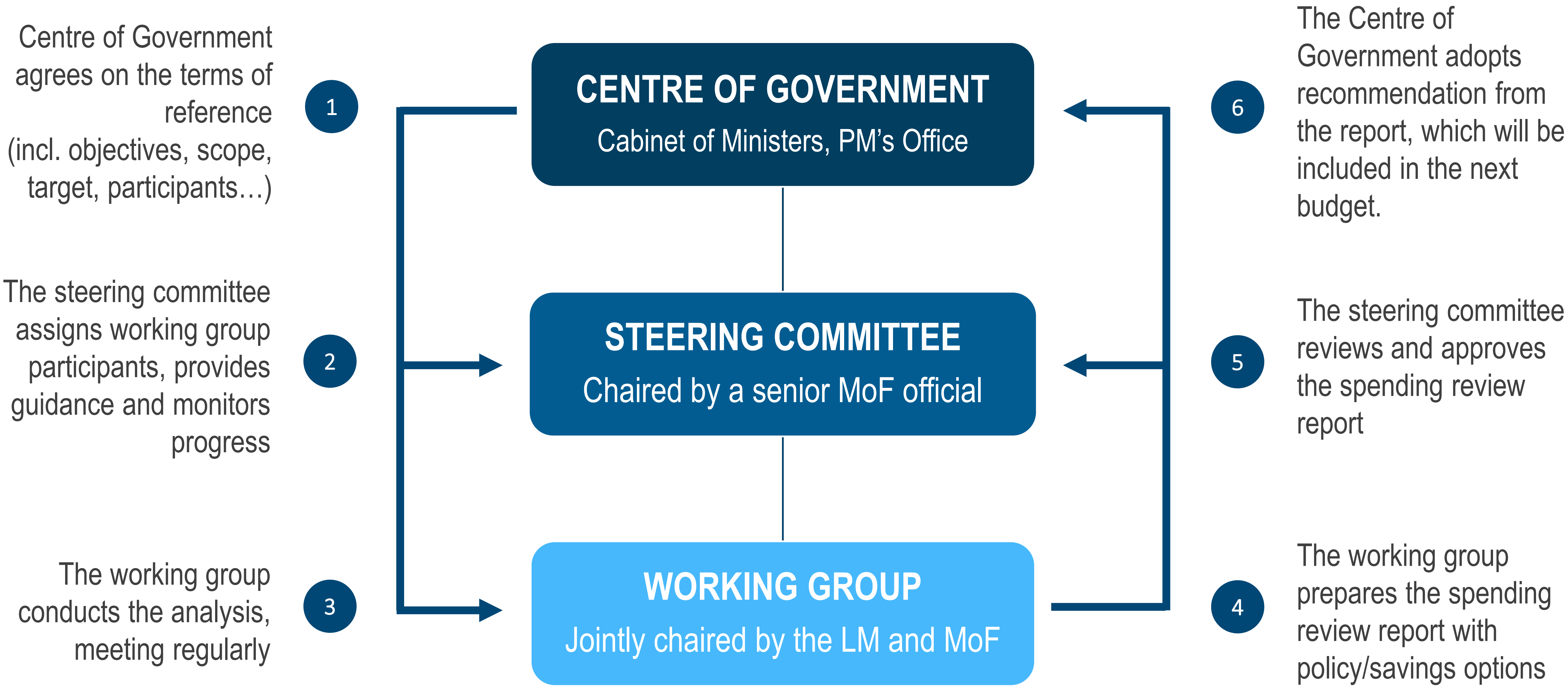
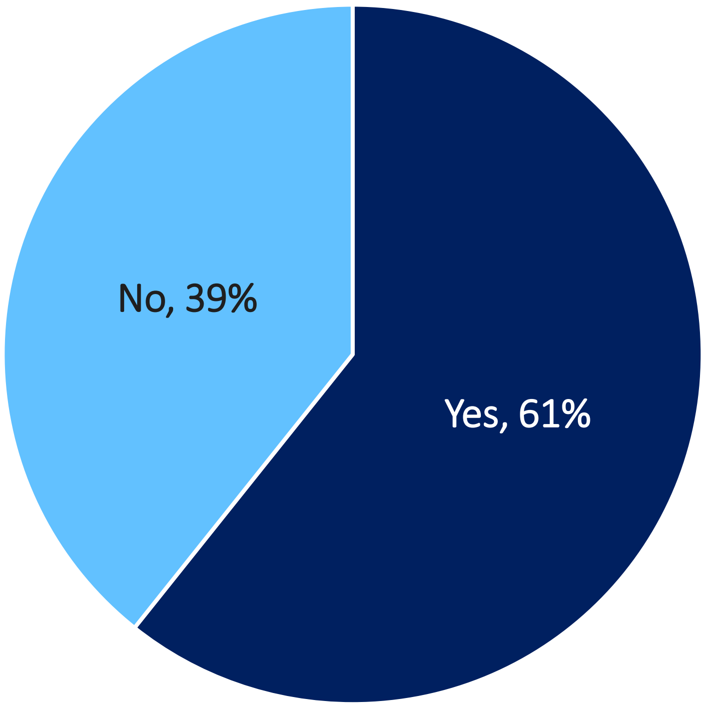
Common governance structure of a spending review

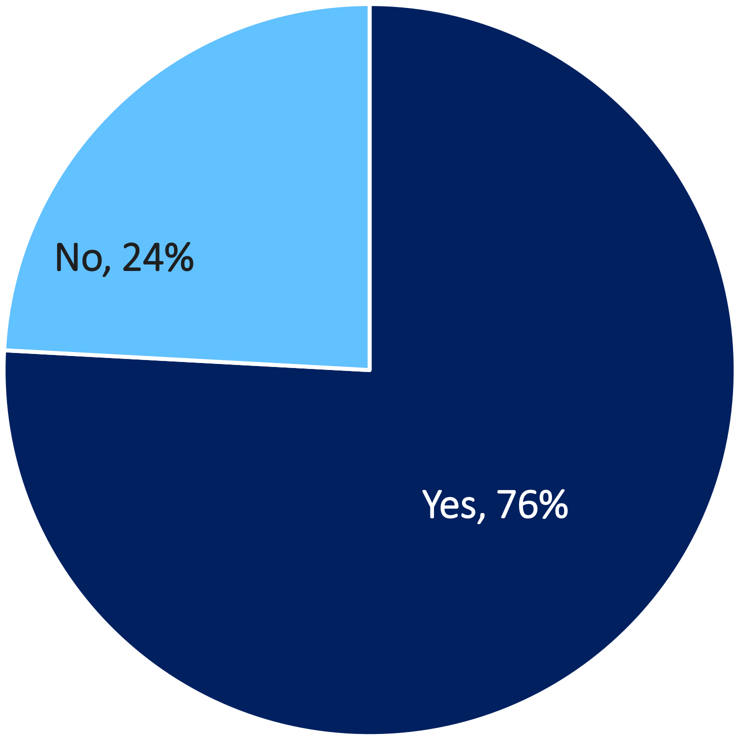


The use of steering groups and working groups

Steering group for all spending reviews

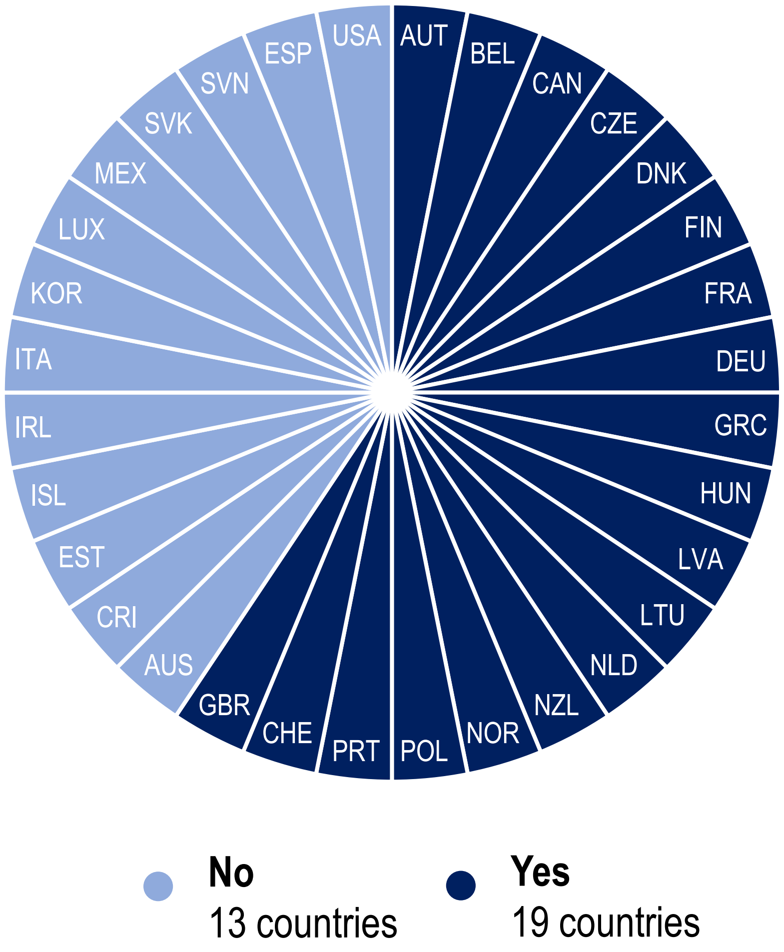


Working group for all spending reviews

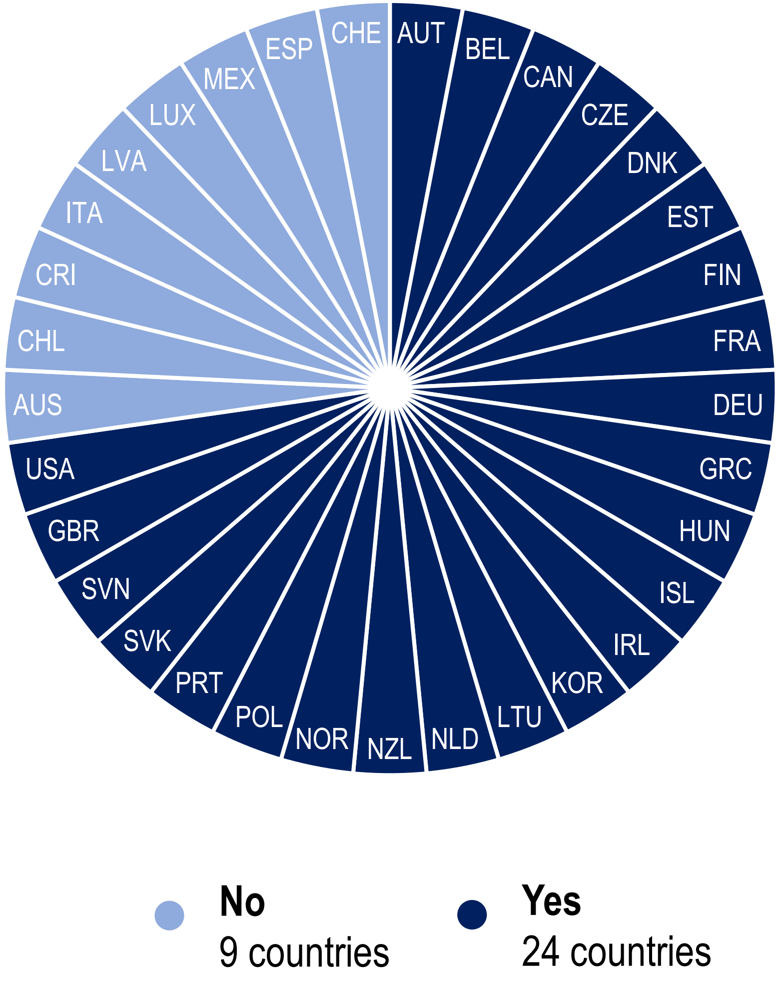


The use of steering groups and working groups

Steering committee for every spending review



Working Group for every spending review



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4. Ensure integration with the budget process

I. Alignment with the budget process

- Spending reviews should be systematically integrated into the preparation of the government's budget.
- *Spending reviews should be carried out on a regular basis so that they are seen as a regular part of the budget process*

II. Alignment with medium-term frameworks

- A medium-term horizon can improve the effectiveness of spending reviews.
- *Strong and reliable multi-annual budget baselines are important*

III. Alignment with evaluations and performance budgeting

- Performance information can have valuable input and should be available and used in the spending review process.
- *Important to have good-quality performance information in place.*

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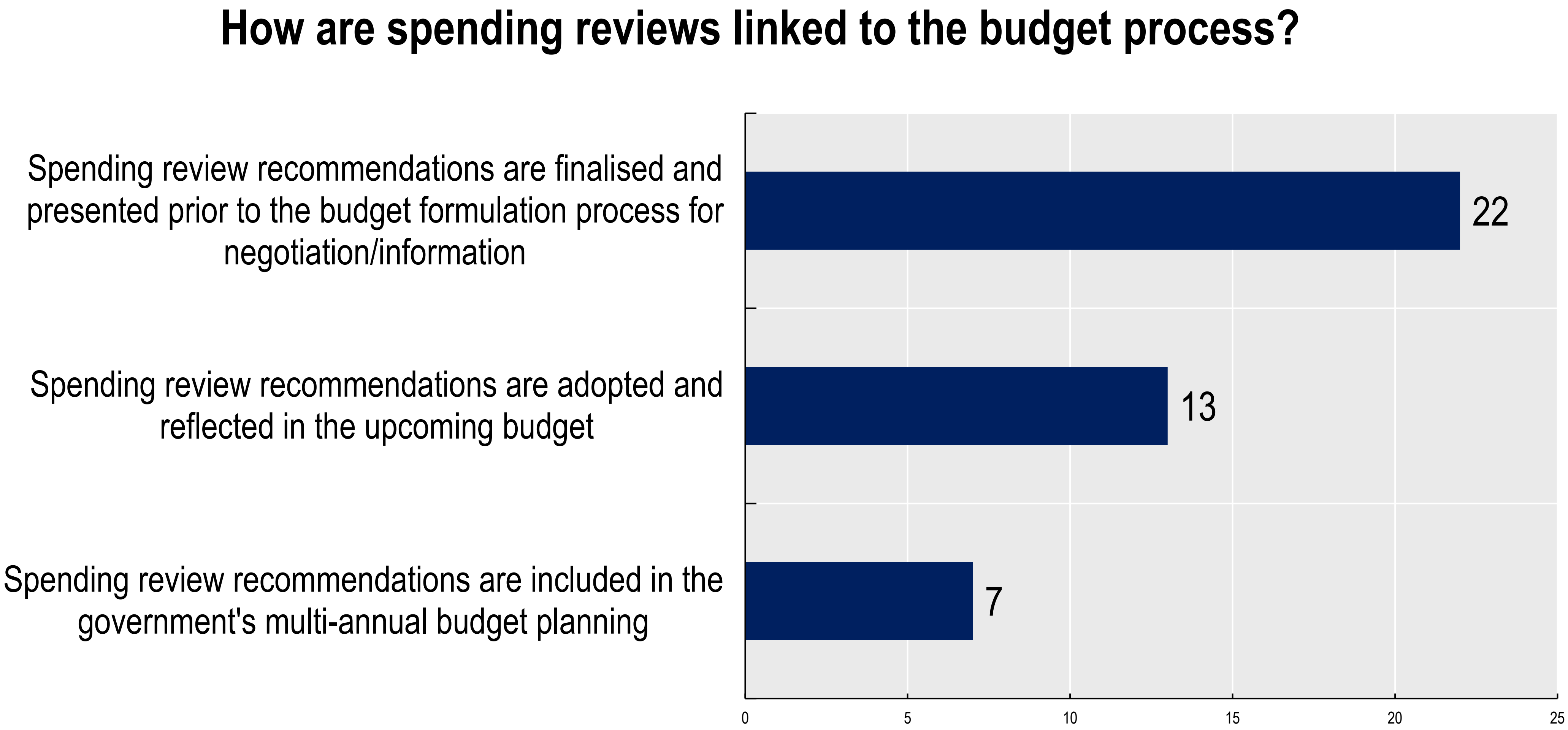
Link to the budget process



5. Implement recommendations transparently

I. Spending reviews conclude with clear recommendations

- The recommendations are an essential element of a spending review and bring the review to a conclusion.
- *Important to conclude with recommendations that can be implemented in the budget*

II. Monitor implementation of spending review decisions

- The relevant ministry (or ministries) is accountable for implementing the conclusions of spending reviews in co-ordination with the Ministry of Finance.
- *Monitor the results of spending reviews to identify its impact*

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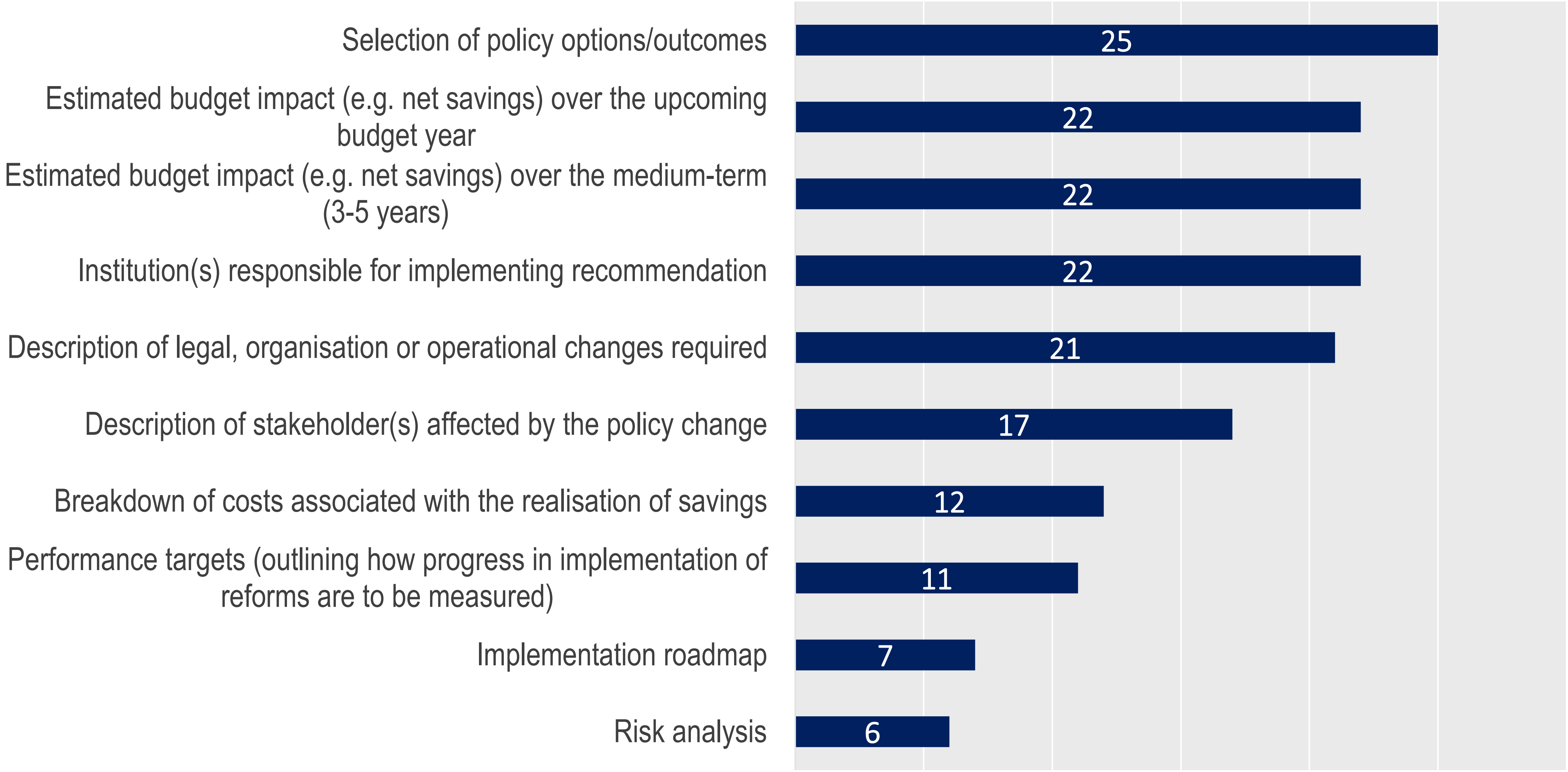
<table>
<tr><th colspan="4">Recommendation card</th></tr>
<tr><td rowspan="7">RECOMMENDATION</td><td colspan="2">Type of recommendation</td><td>Savings/efficiency/effectiveness</td></tr>
<tr><td colspan="2">Method of implementation</td><td></td></tr>
<tr><td rowspan="3">Indicator</td><td>Measure</td><td>Share of XX</td></tr>
<tr><td>Current status</td><td>XX %</td></tr>
<tr><td>Target</td><td>100%</td></tr>
<tr><td colspan="2">Responsibility</td><td>Ministry of XX</td></tr>
<tr><td colspan="2">Deadline for implementation</td><td></td></tr>
<tr><td rowspan="2">FEASIBILITY ASSESSMENT</td><td colspan="2">Partners required for implementation</td><td>Ministry of Finance</td></tr>
<tr><td colspan="2">Requires legislative change</td><td>Yes/No</td></tr>
<tr><td rowspan="2">IMPACT ASSESSMENT</td><td colspan="2">Implementation costs</td><td></td></tr>
<tr><td colspan="2">Benefits of implementation</td><td></td></tr>
</table>

SMART recommendations: ensure recommendations are specific, measurable, achievable, relevant and time-bound.

Use budgetary process as much as you can (spending limits, measures, performance goals, annex the spending review reports

What is included in spending review recommendations?



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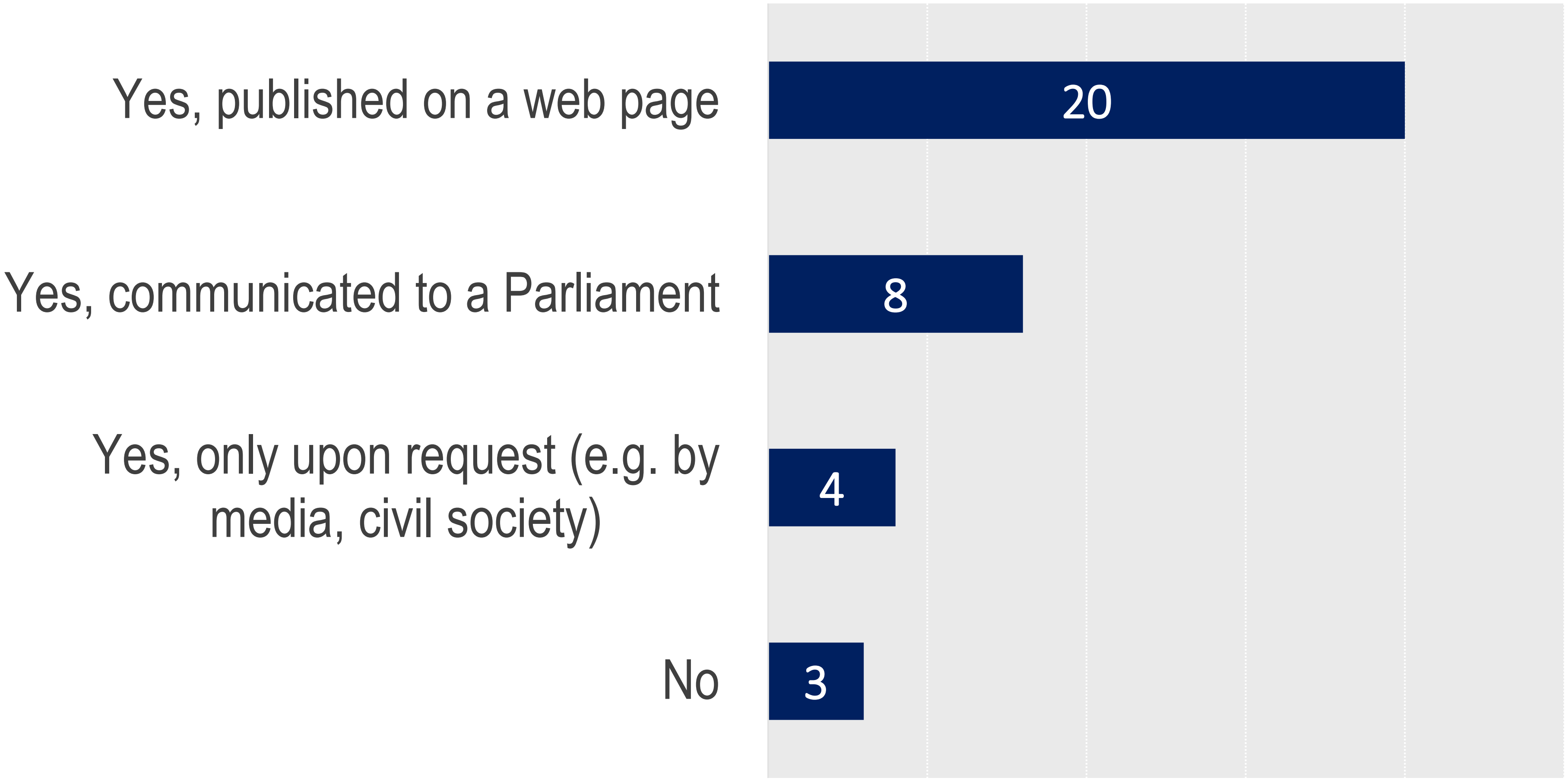
6. Ensure the transparency of spending review reports

I. Conclusions of spending reviews and other relevant material are available publicly

- The final reports from a spending review should be available publicly along with the final decisions adopted from the reviews
- This facilitates effective implementation and increases transparency around budget decisions.
- *Spending reviews that cover a substantial percentage of the budget and cover major policy areas are likely to generate interest*
- *Such attention helps to ensure political engagement in the SR process.*

Most OECD countries make spending reviews public

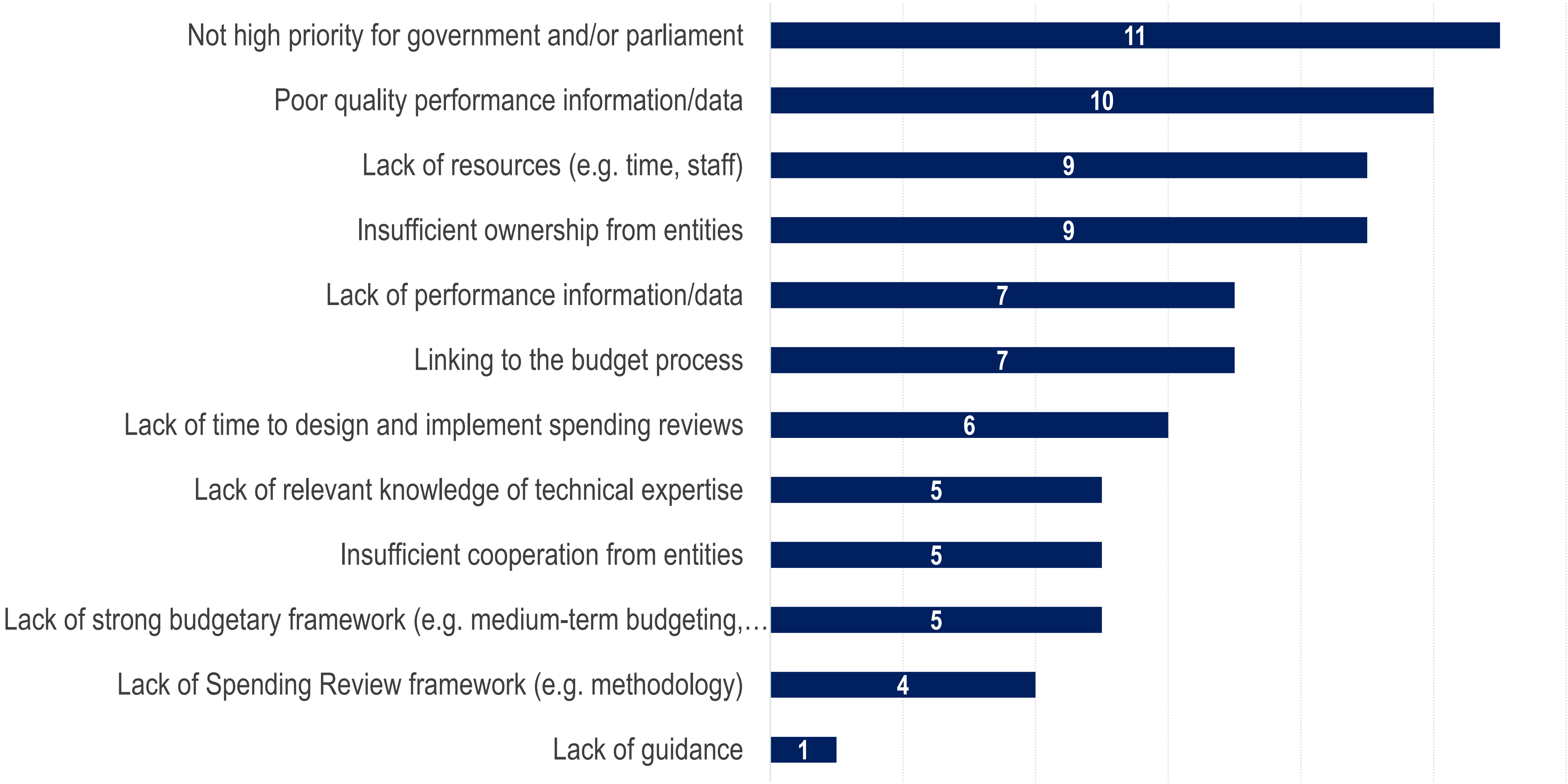


7. Update the spending review framework periodically

I. The framework should be updated according to ever-changing challenges

- The increased use and broader application of spending reviews illustrate how spending reviews have evolved to suit the circumstances of a country.
- The framework should take stock of changes to the environment in which it operates, as well as reflect on strengths and potential weaknesses observed within the current spending review framework.
- *Have **dedicated staff that can help co-ordinate and monitor reviews** over subsequent years to allow for adjustments to ensure reviews remain effective in budgeting and policy decisions.*

Main challenges for spending reviews



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Any Questions?

Learn more:
oe.cd/spending-reviews

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