



Spending Reviews in the Netherlands

*Workshop Ukraine, 24
September 2025*

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Ministry of Finance



Schakelen naar de toekomst

IBO Bekostiging Elektriciteitsinfrastructuur



Rijksoverheid

Kies voor baten

IBO Bedrijfsfinanciering

13 juni 2024



Outline

- Political context
- Budget and policy analysis – *role of the budget department*
- Spending reviews in the Netherlands – *governance, topic selection, methods, ground rules, impact*
- Success factors and challenges
- Q&A



Ministerie van Financiën



1. The context for spending reviews in the Netherlands

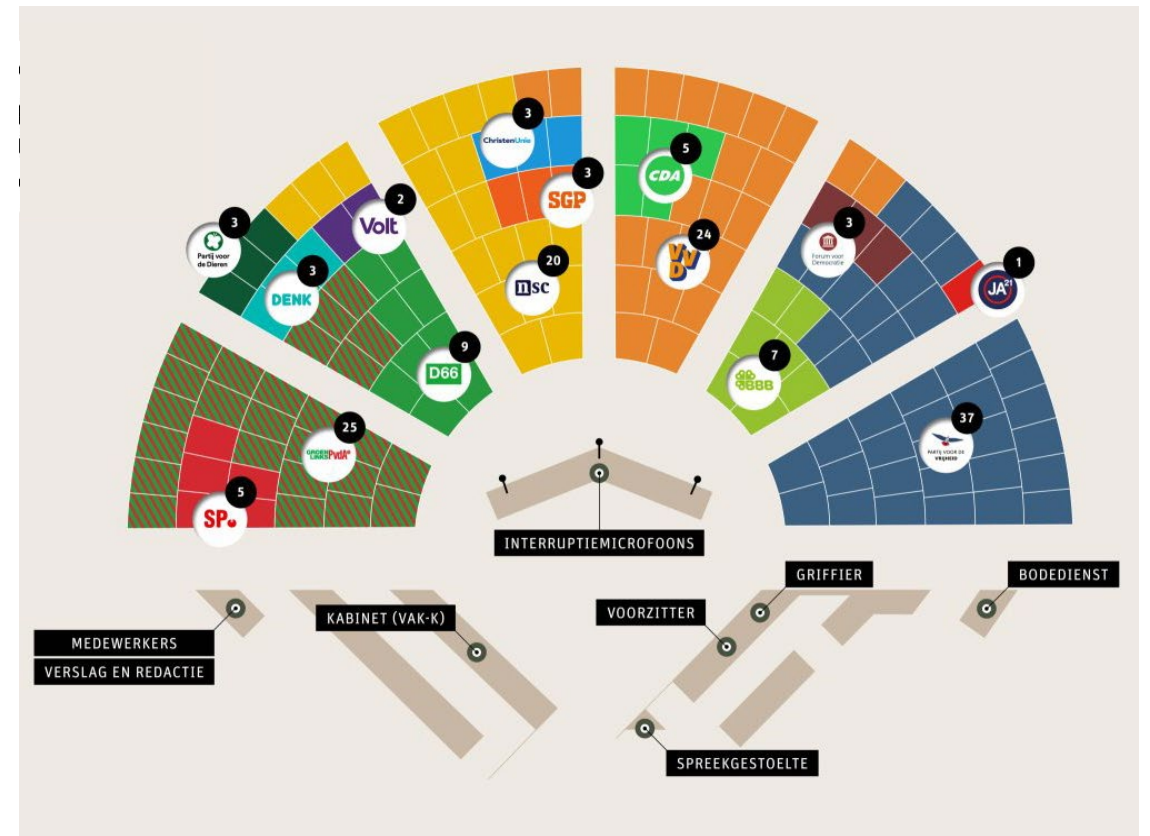


Political context

- Multi-party parliament with 15 parties and 150 seats (elections on 29 October 2025);
- Multi-party coalitions;
- Four-year government term (cabinet period);

Current cabinet:

- 2 parties: Liberals, Farmer–Citizen Movement
- 13 ministers, on equal foot and own budget
- June 2023: coalition collapsed – election in November 2023.





Policy and budget decision-making, phase 1

- **Coalition agreement at the start of a new Cabinet**
 - At the beginning of each parliamentary term
 - Cutbacks and new policy proposals (detailed)
 - Medium term budgetary framework is derived from an agreed budgetary target
- **Need of information about effectiveness and cost of future policies**





Policy and budget decision-making, phase 2

- **Annually update of plans and budget**
 - New priorities
 - Update financial situation
 - Over- and underspending
 - Decisions about multi-annual expenditure in spring budget
 - Presentation on Budget day (September)





The trend-based budgetary framework

- › Real expenditures ceilings, set for entire government period
- › Automatic stabilizers on revenue side:
 - Income windfalls are credited to EMU-balance
 - Income setbacks are debited to EMU-balance
- › Budget is based on forecasts made by the Central Planning Bureau
- › One principal decision-making moment on the new budget
- › European limit for deficit is crash barrier: additional measures have to be taken



Rijksoverheid

Scherpe doelen, scherpe keuzes

IBO aanvullend normerend en beprijzend
nationaal klimaatbeleid voor 2030 en 2050



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2. Budget and policy analysis – *role of the budget department*

Spending reviews

List of potential saving options



Budget and policy analysis – *role of budget department*

Cost-effectiveness of policy proposals

Improving the quality of substantiation of cost-effectiveness in policy proposals

- Criteria for policy proposals (analysis of expected cost-effectiveness)
- Social cost-benefit studies

Policy evaluations

Working towards an effective evaluation system which provides systematic and timely information to improve policies

- Policy reviews
- Quality criteria for effect evaluations
- Strategic evaluation agenda.

Policy options for savings and reforms

Developing savings options and reform options

- Spending reviews and comprehensive spending reviews
- Publication of annual list with savings options
- Internal research and analysis



Budget and policy analysis – *role of budget department*

Cost-effectiveness of
policy proposals

Policy evaluations

Policy options for
savings and reforms

- Many studies as inputs into policy and budget decision-making process.
- **spending reviews are most important for the Ministry of Finance**

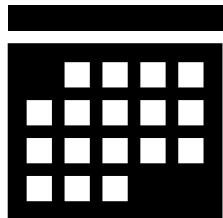


Policy evaluations: Strategic evaluation agenda and policy reviews



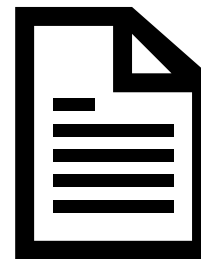
Identifying knowledge gaps

- For each policy theme
- What is needed to get insight into effectiveness and efficiency for each policy theme?



Evaluation planning

- Planning evaluations for each SEA theme 4 – 7 years ahead
- The right information at the right time.



Periodic policy review

- Systematically synthesize evaluations in a methodologically sound manner.
- Identify potential saving.
- Conclusions on effectiveness and efficiency.
- Every 4 – 7 years



Annual publication of list with saving options

- › Budget department prepares a list with potential saving options.
- › Used by policy makers.
 - For instance during budget negotiations, coalition negotiations, drafting of political programmes.
- › Contains savings across the political spectrum
- › Costing done by ministry of finance, often together with financial directorates of line ministries
- › Over 400 potential saving options
- › Covering about 40% of the budget.



Rijksoverheid



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Pensioenopbouw in balans

IBO pensioenopbouw



3. Spending reviews in the Netherlands

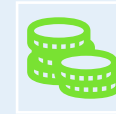


Spending review

A Spending review is an independent and non-political report aimed at developing policy options for savings and reforms for more cost-effective spending on urgent issues.



Generating fully
costed policy
options for
savings and
reforms



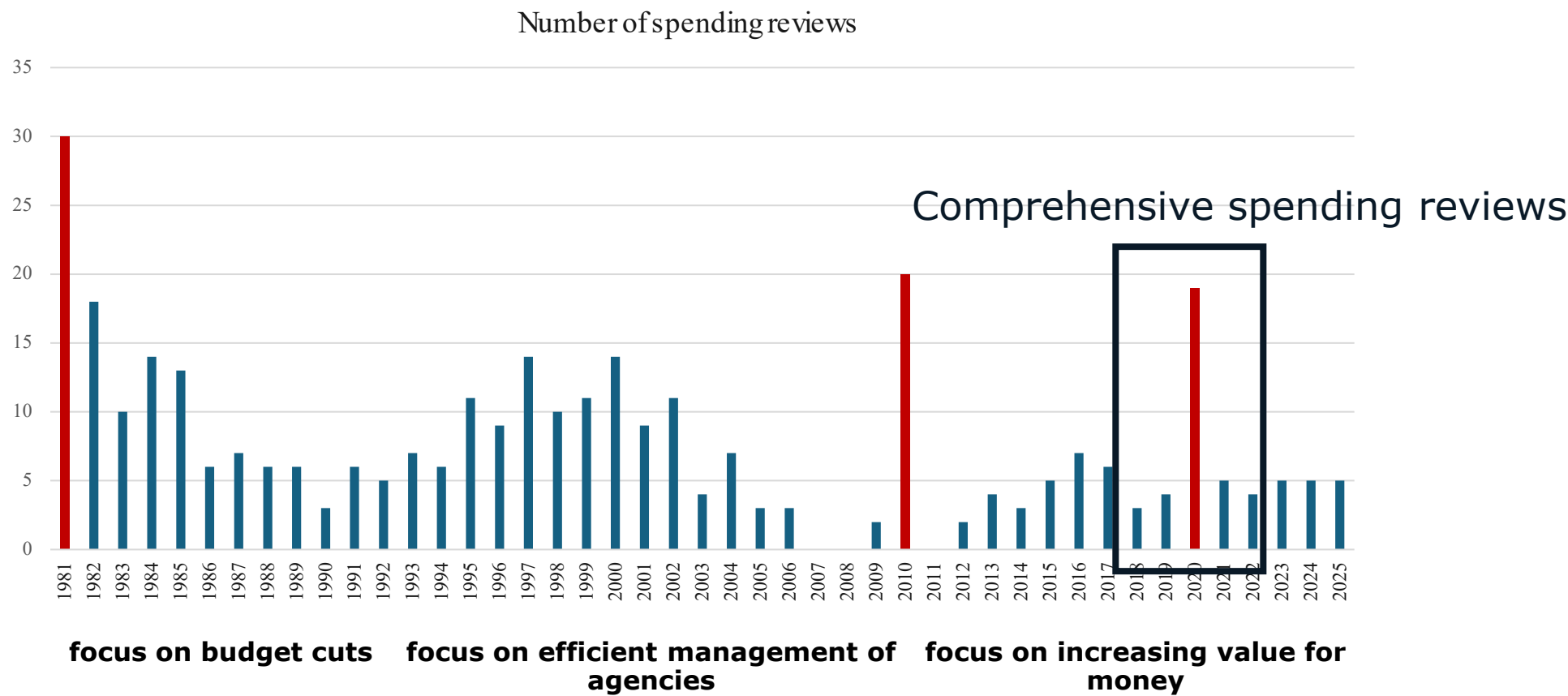
Solving
budgetary/
policy
challenges



Providing
politicians with
concrete policy
options



Long history of conducting spending reviews





What are key elements of spending reviews?



Policy analysis: role of the government, theory of change, Objective assessment of strengths and weaknesses current policies (non-political)



Policy options for effective policies, savings and/or for more value for money



Impact of options on society & budget (implementation costs)



Topic selection process

- Topic identification is an ongoing part of the work of the budget department
 - Topics are selected on an ad hoc basis, based on relevance, there is no systematic planning
- Topics and Terms of Reference (ToR) are prepared by civil servants together with line ministries
- Cabinet formally approves ToR
- ToR are published in the annual budget
 - Background and rationale
 - Scope
 - Description of what policy options must entail (- 20%)
 - Composition of the working group, including external experts
 - Completion deadline

Type of topics

- **There is a financial problem:** for instance - unsustainable spending, expected spending increases, increasing spending, tight budgetary conditions
- **Relevance for line ministry/society:** need for policy options to solve issues
- **No consensus:** non-political, independent review of policy area
- **Political taboo:** Policy options for politically 'difficult' subjects



Governance of spending reviews

Budget department

- Coordination of topic selection and of ToR
- Support for spending reviews (budget, logistics, handbooks)
- Responsible for further development of spending reviews

Cabinet (council of ministers)

- formally commissions the spending review, by establishing the terms of reference.

Independent working group

- Composed of high-level civil servants of the Ministry of Finance and line ministries. Discusses drafts, policy options.

Independent chairperson

- An independent chairperson chairs the working group, usually a senior civil servant (director general)

Secretariat

- Consists of four civil servants: two from the Ministry of Finance and two from the most relevant line ministry. Supports the chairperson in researching and drafting report.

Steering committee

- Assesses whether the final report conforms to the assignment set out in the terms of reference.



Some important ground rules

- › **Non veto-principle in working group**
 - Policy options brought in by working group members have to be developed in the report
- › **Clear cut between report and political response**
 - Minister of finance asks the line minister to draft a cabinet response.
- › **Independence**
 - Working group, chairperson and secretariat are independent. This means they operate without having to consult with or report to their line ministry.
- › **Saving options**
 - In principle, the policy options in an IBO are budget-neutral, but there is at least one savings option of 10 to 20 percent. Unless specified otherwise in the ToR.



Timeline from start of writing to publication

- Start of working group usually in September (t)
- ToR contains delivery deadline for the report, usually before summer (t+1)
- Sometimes with an earlier deadline in March before start of budgetary negotiations in spring
- After finishing the report, line ministry is invited to write cabinet response within 2 months





From report to impact

- **Report contains roughly three types of recommendations:** technical, smaller political options and larger political options.
- **Cabinet response written by line ministry**
 - Contains the commitment and intentions (what will be implemented and what not).
 - Usually on the technical recommendations and the smaller political options: what can be implemented/ started during the current cabinet period
- **Many recommendations aimed at next elections:** election programmes of parties and coalition agreement
 - Can also linger and become part of public discourse



Political impact

- **Climate policy (2023):** agenda setting of need for rules & regulation besides voluntary measures and government spending
- **Wealth distribution (2022):** agenda setting on discrepancy of income from work vs income from wealth. Reduction goal adopted on creative fiscal bookkeeping
- **Part-time work (2020):** several measures in coalition agreement, increasing paid parental leave, revision of child care compensation and fiscal rules
- **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
- **Wealth and subsidies of 65+ (2012):** Subsidies are no longer necessary





Impact on public discussion

Spending reviews are often picked up in the media.

Jetten presenteert klimaatpakket ter waarde van 28 miljard euro, dit zijn de belangrijkste maatregelen

Allerrijksten betalen minste belasting: kabinet gaat vermogens meer belasten



Door RTL Z

8 juli 2022 17:54 • Aangepast 8 juli 2022 20:24

NOS Nieuws • Woensdag 19 april, 14:00

'Scholen te vrij in besteding overheidsgeld', minister wil controle terug

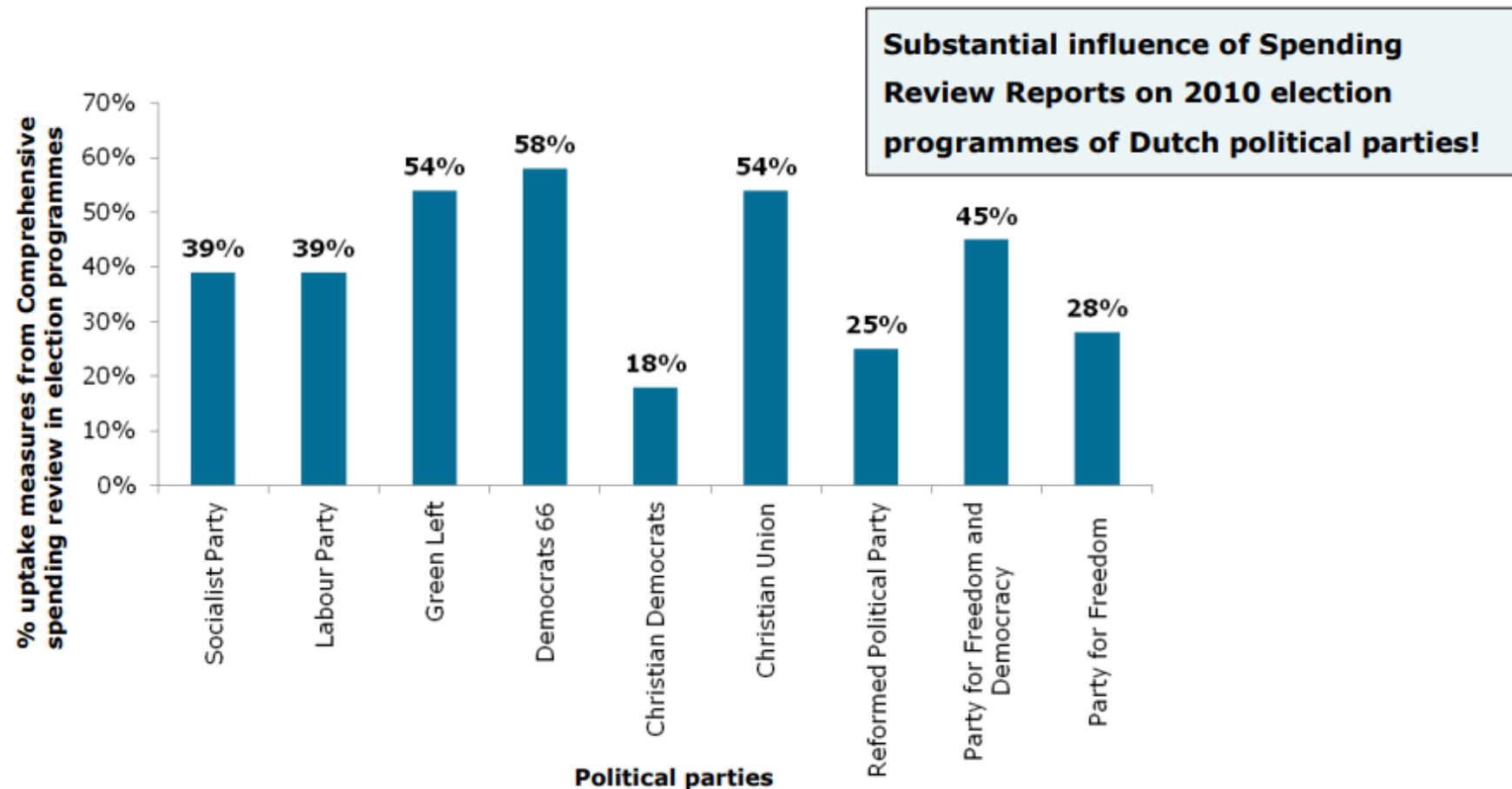
Om de klimaatdoelen te halen, zijn strengere regels en meer heffingen nodig

Ambtenaren: Nederland moet van laagbetaald werk af om grip te krijgen op arbeidsmigratie

Goede ouderenzorg wordt duurder en schaarser: bereid je daarop voor, zegt minister Helder



Policy options get included in party political programmes





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4. When do spending reviews work?





Key success elements (1/2)

1. **Include concrete policy options!**
2. **Ongoing part of budget preparation process:** For topic selection, as well as implementing policy options.
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
 - Use perspective of different political parties



Key success elements (2/2)

1. Flexibility

- SR are based on a set of rules, but there is also room for **customization** and there is no fixed methodology

2. Joint fact finding

- Using an interdepartmental working groups headed by independent chair.

3. Capacity of secretariat

- Secretariat with skills in the area of research and policy formulation

4. Some idea at the outset about policy options to be explored and availability of evaluations, research, data etc.

- Studies can be carried out in preparation of a spending review





Challenges

- Selection of topics (negotiation with line ministries)
- Finding common ground with line ministries for ToRs
- Getting fully costed policy options





Discussion and Q&A

