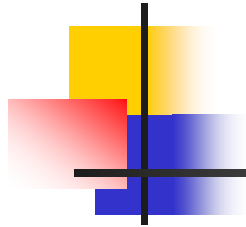# Policy evaluation

Lecture 9 in the course on
"Public Policy"

Martin Potůček

What the lecture is about

- General framework of policy evaluation
- The basis of evaluation: criteria, indicators
- What we evaluate
- When we evaluate
- Evaluation methods
- Rational Choice Theory
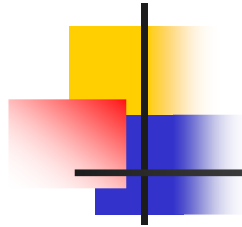- Difficulties of policy evaluation

Policy evaluation

"**Evaluation** in the ultimate stage of the policy process plays a role as fundamental as problem structuring in the beginning of that process. (...) every public policy should be monitored and evaluated in the course of its implementation so that decisions can be taken to continue, adjust or discontinue the policy."
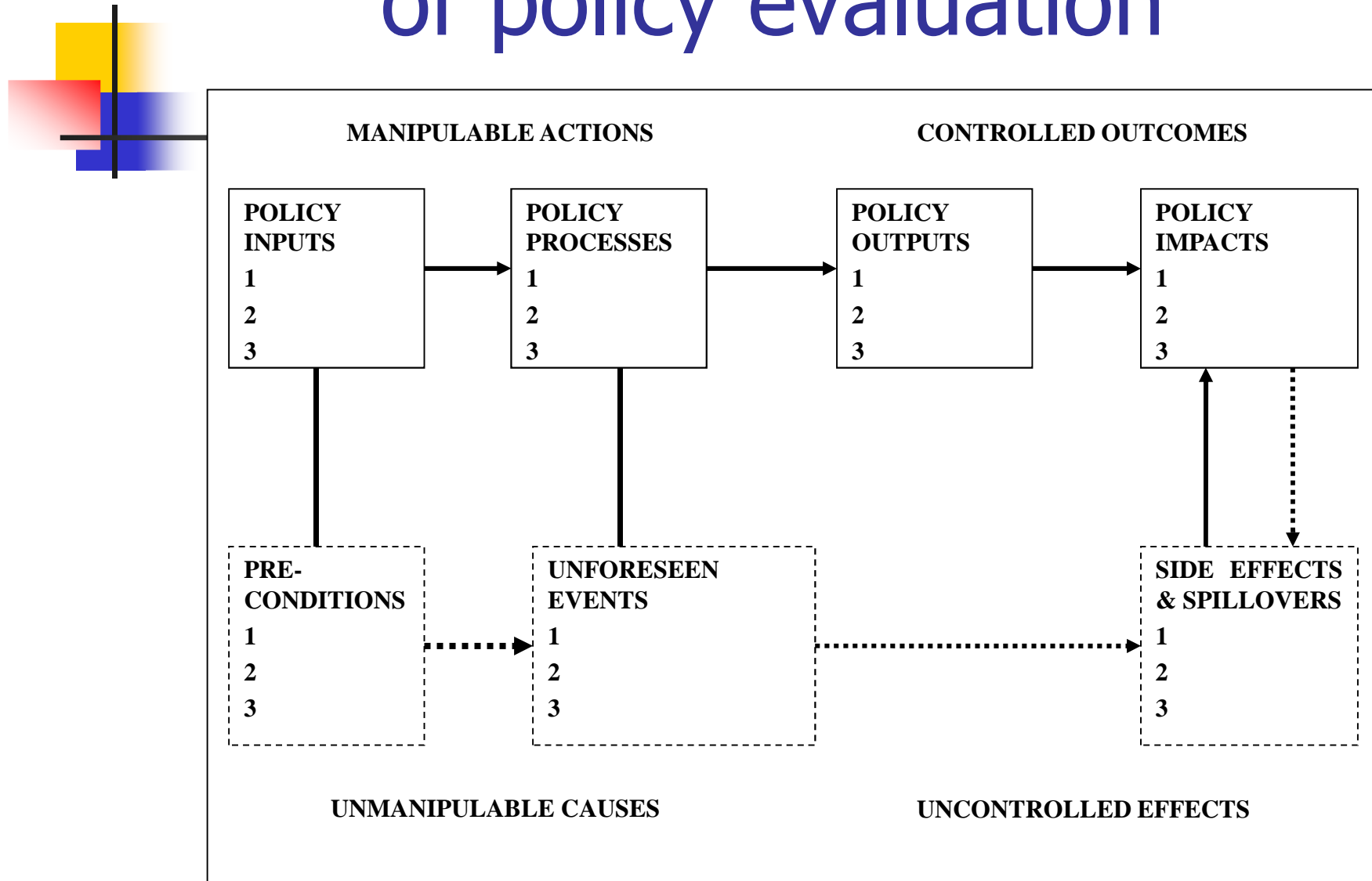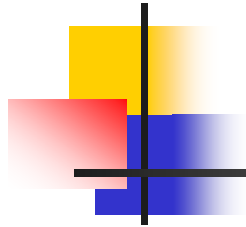
(Nekola 2007a, p. 338)

Monitoring and evaluation

Assessment of public policies involves monitoring a evaluation.

- **Monitoring** – systematic collection of primary data about the subject of evaluation

- **Evaluation** – *creates and interprets indicators and reflects them in the assessment*

General framework of policy evaluation

Source: Nekola (2007a), adapted from Dunn (2004, p. 286).

Exercise

- **What are the _differences_ between policy _outputs_, _impacts_ and _outcomes_?**
- **Give examples.**

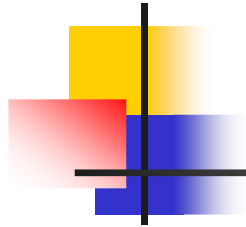# The basis of evaluation: criteria, indicators

- **Criteria serve as measures of evaluation** (Ochrana 2007, p. 292).
  - Qualitative vs. quantitative.
  - They help us monitor and evaluate the development of a policy in a given time frame.

> "…the strength of qualitative methods lies in their complementarity to quantitative studies." Their weakness lies in difficult generalization. (Sirovátka et al. 2006, p. 32).

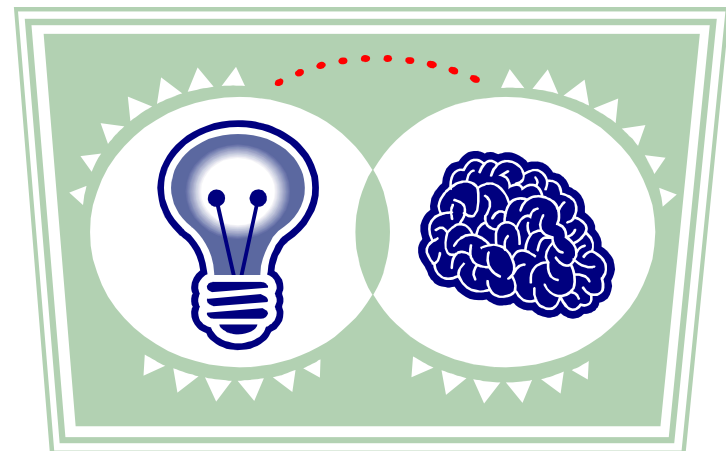 - Examples: GDP, Human Development Index, Gross National Happiness, unemployment rate, public debt to GDP ratio, …

Critical thinking question

- **Is *Gross Domestic Product* a *criterion* of *internal effectiveness* of government policies?**

- **Justify your answer.**

The basis of evaluation: criteria, indicators

- **Criteria are operationalized into indicators using available data.**

  - **Data** are obtained from statistics, other publicly available sources, or original research. The following qualities of data should be respected:

    - **validity**, i.e. how accurately the indicator measures the criterion;
    - **reliability**, i.e. how consistently the criterion is measured;
    - **sensitivity**, i.e. ability to capture even the least deviations from the original state that are relevant to the criterion of choice.
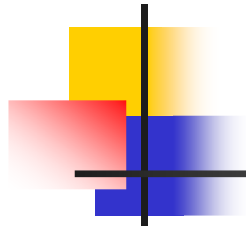
    (Nekola 2007a, p. 350)

What we evaluate

- **Specific policy areas** (government's family policy)
- **Specific policy programs** (government's policy statement)
- **Application of specific instruments** (new tax)
- **Policy measures** (gambling ban)
- A specific quality of the **policy process** (quality of governance, anti-corruption effectiveness)
- **Performance of administrative units** (state, region, municipality, central government, ministry) in fulfilling a defined goal (quality of education, environmental protection)
- **Quality of service provision** (by organizations in health care, education, social services)

When we evaluate

- Evaluation can be performed at different stages of the policy process.

POLICY PROCESS STAGE	Type of evaluation	Evaluation methods
Policy formulation, decision making	Ex-ante evaluation	Ex-ante methods
Policy implementation	Interim/midterm evaluation	Interim methods
Policy evaluation	Ex-post evaluation	Ex-post methods

Source: Drhová, Ochrana 2011. Adapted.

Evaluation methods

- **Cost-output methods** (often collectively mistitled as cost-benefit analysis):
  - 1) **one-criterion analysis**

Method (in Czech)	Method (in English)	Applications
Analýza minimalizace nákladů	**Cost-minimization analysis – CMA**	Cost measurement (e.g., total price of a project)
Analýza nákladů a přínosů	**Cost-benefit analysis – CBA**	Ratio between expenditure and output in monetary units
Analýza efektivnosti nákladů	**Cost-effectiveness analysis – CEA**	Ratio between expenditure and output in kind
Analýza užitečnosti nákladů	**Cost-utility analysis – CUA**	Ratio between expenditure and degree of goal fulfilment/satisfaction

Source: Ochrana 2007, adapted.
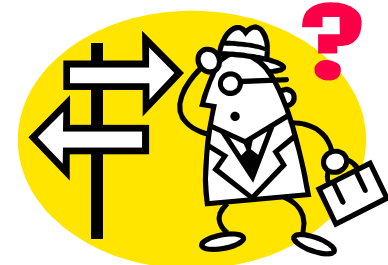
Evaluation methods

- 2) **multi-criteria analysis**

  - **Multiple-criteria decision analysis**
    (Černý, Glückaufová 1987)

    - In line with their relative importance for defined goals, the individual considered criteria are assigned different weights. The criteria are defined and weighted by experts.

    - The alternatives are ranked by summing up the weighted criteria.

Rational Choice Theory

- Dates back to the Chicago school of economics (Buchanan & Tullock 1962).

- Postulates that the decisions of all (individual or aggregate) actors and institutions are, subject to a given institutional framework, a function of self-interest, utility maximization.
  - People make decisions by comparing costs & benefits.
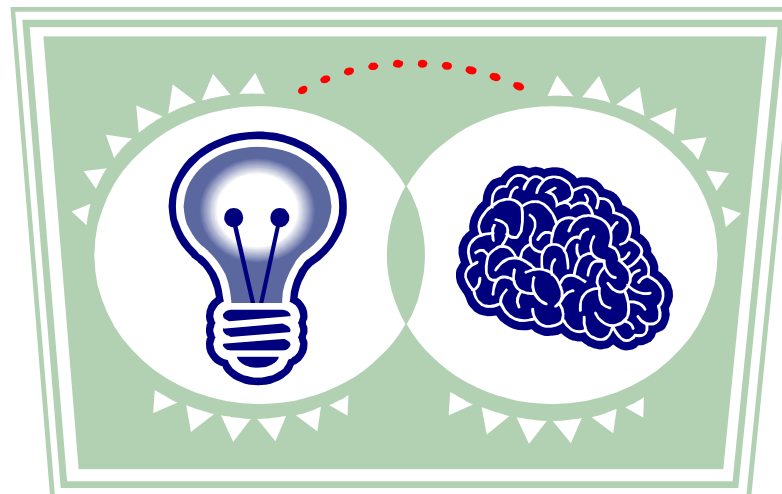 - Ergo, **market** is the most effective regulator (subject to conditions).

Critical thinking question

- **What does *Rational Choice Theory* have in common with *cost-output methods*?**

Evaluation methods

- **Weaknesses of economic evaluation methods** in public policy:
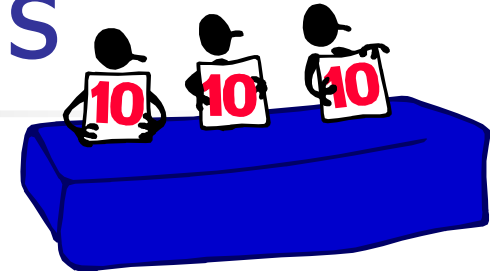   - ambiguous or non-legitimized policy goals,
    - high volatility of public policies,
    - limited evidence of policy outputs and impacts,
    - limited usefulness of results (Nekola 2007b).

Evaluation methods

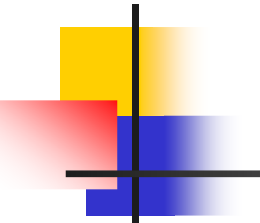- Additional methods:

    - **Comparative analysis** (e.g., comparison of a policy with the best example – *benchmarking*);

    - Process analysis;

    - Frame reflection as a complement to positivist methods;

    - **Impact assessment** – applied mostly (not exclusively) in the process of drafting or amending laws or policies as ex-ante evaluation of their effectiveness (EIA, SEA, RIA etc.)

Difficulties of policy evaluation

- Stages of the policy process, actors' intentions or policy domains may overlap, feed back into or interfere with one another. They are **susceptible to changing** social/economic/political **context**.

Example of complications in program evaluation where implementation was affected by external factors:

After 1989, the highly enriched supply of food on the market and the liberalization of food prices changed the Czech population's eating habits: the consumption of unhealthy food decreased and the consumption of healthy food grew. This also applied to the selected districts in which a WHO study of cardiovascular diseases, "CINDI", had been realized since the mid-1980s. One of the program's goals was to reduce the blood cholesterol levels in men at the age of economic activity. The reduction eventually occurred. However, the program's implementers did not attribute the positive result to the program's effects, but rather to general social changes, and especially significant changes in people's food consumption behaviour.
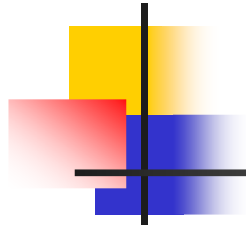
Difficulties of policy evaluation

- New, unexpected events and actors may enter the process of policy implementation.
- The typically **long-term outcomes** of public policies are difficult to predict, while most policies are evaluated immediately after finalization, or at least in significantly shorter time frames.
    - E.g., education policy outcomes are reflected in individuals' competences. Former students utilize these competences throughout their working lives.
- **Evaluation requires time and resources.** Decision-makers can rarely afford it, and even when they can, the exercise tends to be insufficiently rigorous in its coverage and methods.

Lecture 9 question

What difficulties or barriers might a policy analyst face in the process of evaluation – and how to overcome them?

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