
Key points

- Evidence-based policy in essence refers to a process that, to the fullest extent possible, transparently uses rigorous and tested evidence in the design, implementation and refinement of policy to meet designated policy objectives.
- This background paper explores how policy could be strengthened in practice, by collecting and using better evidence, and seeks to identify some general principles that would help.
- Good policy formulation methodologies have a number of features in common. They
 - carefully define the policy problem and establish clear objectives
 - develop a range of policy options drawing on a coherent framework of theory
 - use evidence to test those options, in a cost-benefit framework where possible
 - explicitly address what would have happened in the absence of the policy, and consider attribution issues and possible biases
 - examine direct and indirect effects on the economy and the community.
- The choice of evaluation methodology depends on the task at hand and the type of evidence available. Hierarchies of evidence can be a useful mechanism for sifting large volumes of evidence and focussing on the most robust. But governments face a wide range of policy problems, and there is no single ‘gold standard’ approach to evaluation that would work best in all circumstances.
- Evidence-based policy requires more than good policy formulation methodologies and data. It requires institutional frameworks that encourage, disseminate and defend good evaluation, and that make the most of opportunities to learn. Where evidence is incomplete or weak, good processes for learning, and for progressively improving policies, become even more important. Some of the institutional features that can assist include:
 - Improving transparency
 - Building in and financing evaluation from policy commencement
 - Using sequential roll-out, pilots and randomised trials where appropriate
 - Establishing channels to disseminate evaluations and share results across jurisdictions
 - Strengthening links between evidence and the decision making process.