

Strengthening performance monitoring of national priorities

Ministry of Strategy and Finance, Korea
May 2018



MINISTRY OF STRATEGY
AND FINANCE

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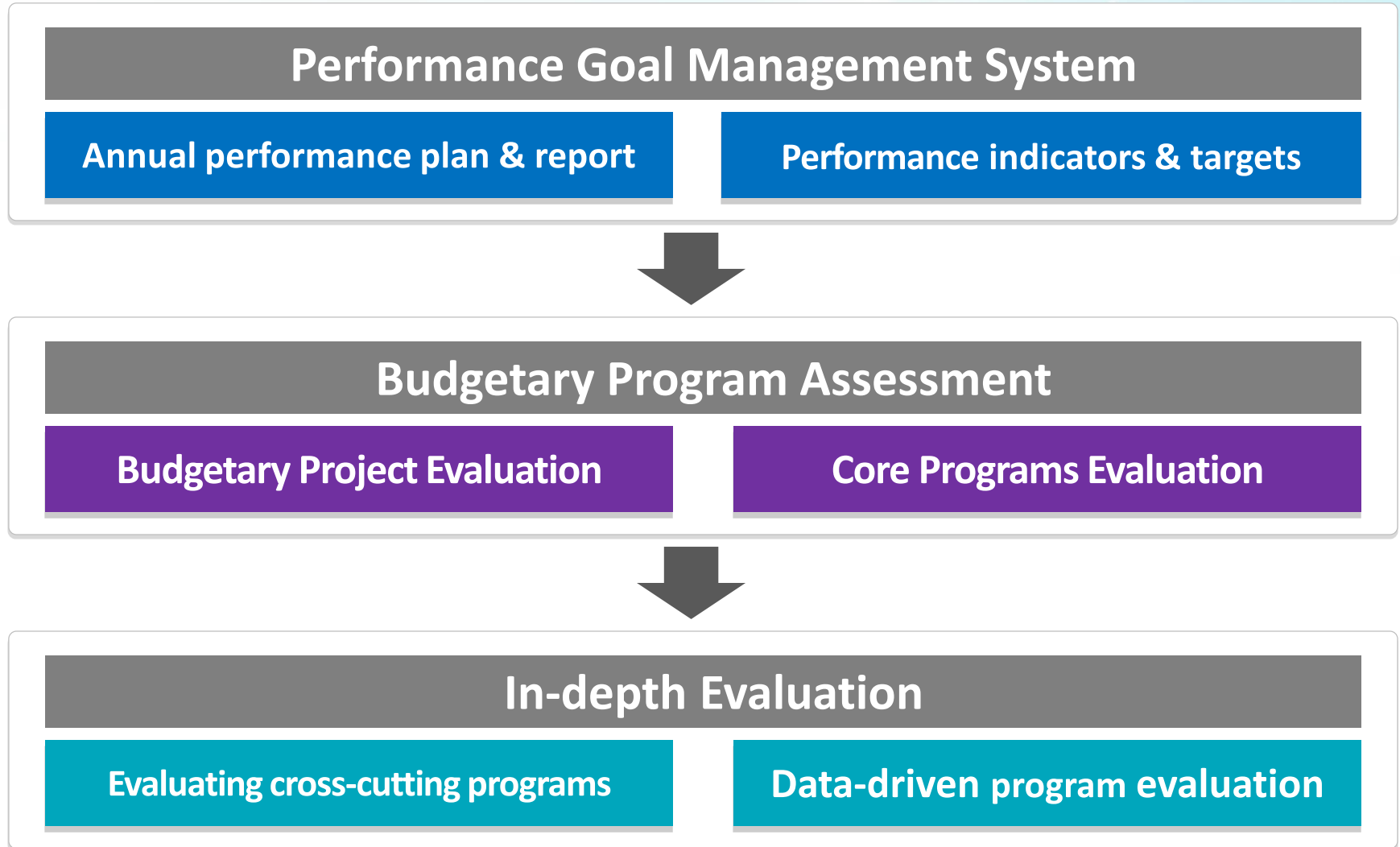
Overview of PB in Korea



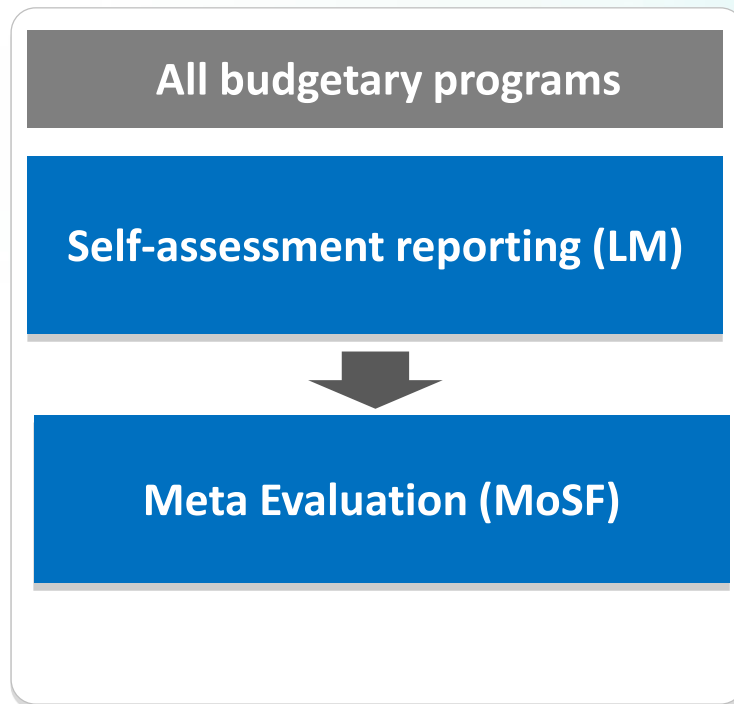
History of Korean PB



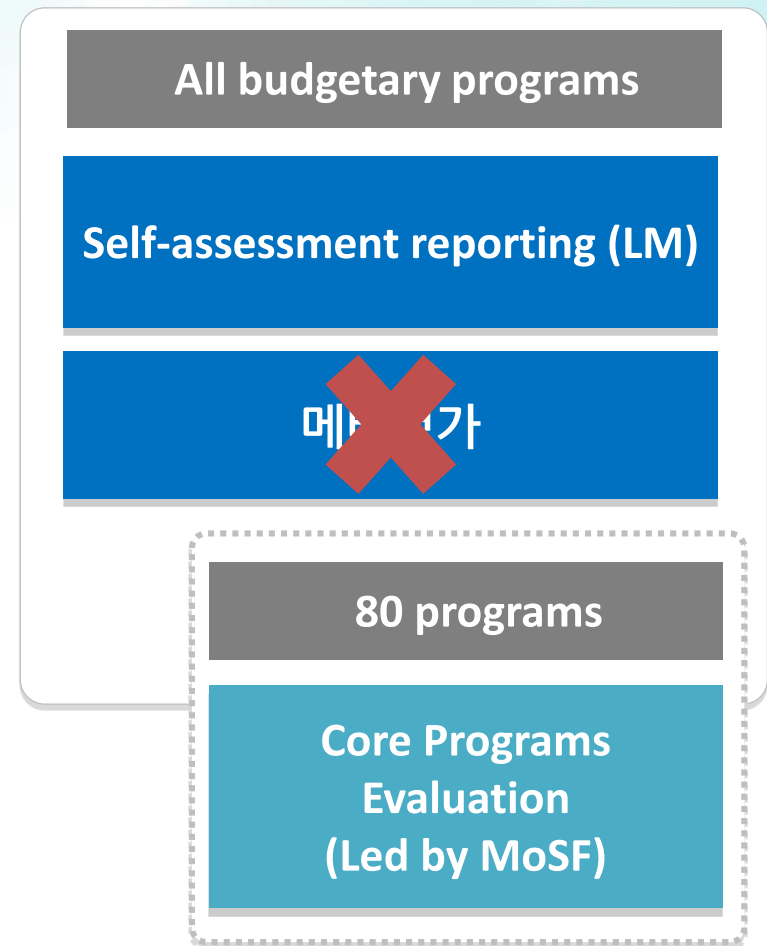
3 layers of PB system



BPE in a new shape



- Lack of manpower within MoSF
→ LM given autonomy in assessment
- Self-assessment distorted performance results in many cases (ex. “ineffectiveness” grade for projects with pre-determined budget cut; funding cut for projects required of funding increase for policy reasons)





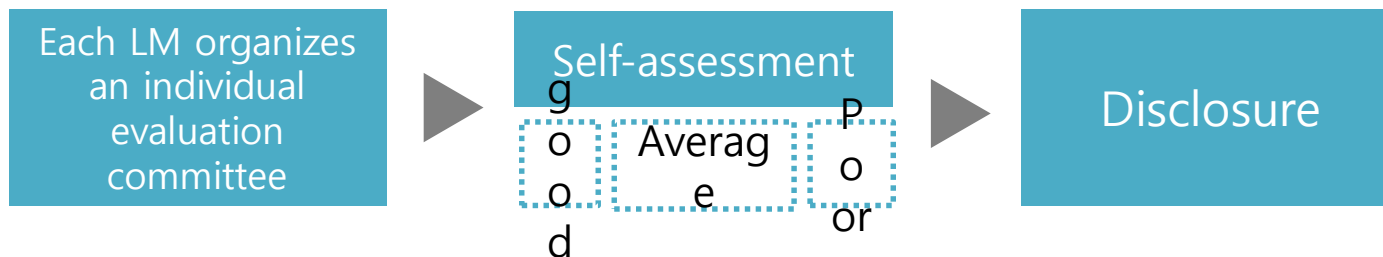
II

Budgetary Program Assessment

Budgetary Project Evaluation (BPE)

■ **Project Ministry given autonomy to assess their programs and apply performance results into budget operation**

- **All budgetary programs funded by the budget and public funds, subject to performance measurement (R&D/disaster safety/balanced development programs governed by separate evaluation guidelines)**
- **Relative evaluation (good/average/poor) by no. of programs**
(recommendation: by budget size under relative evaluation)
- **Develop a follow-up plan towards institutional improvement and monitor progress in implementation via the Fiscal Management Review Meeting**
- **Disclose performance results to enhance transparency of budget operation and BPE effectiveness**



Budgetary Project Evaluation (BPE)

Highlights

2017		2018
By budget size		By no. of projects
Measured by 3 indicators at the stages of evaluation management/output		Project Ministry sets discretionary indicators
Meta evaluation to examine the quality of BPE		Meta evaluation abandoned
Ministry-level comprehensive spending restructuring (1% of the budget for previous year's target projects)		Ministry-level follow-up plan (towards desired performance)

Budgetary Project Evaluation (BPE)

Evaluation report format

- ① Composition of evaluation committee
- ② Indicators/measurement criteria :
discretionary setting of types and number
- ③ List of target projects
- ④ BPE results :
presentation of score/grade/rationale by project
- ⑤ Follow-up plan : spending restructuring or
performance mgt. improvement measure by project

- Performance mgt. improvement measure by project
 - ▶ Explain the reason for poor performance in detail
(ex. Structural /contextual/promotional issues)
 - ▶ Primarily present measures to enhance performance in
real term
(ex. project redesigning/contextual response/policy promotion)
 - ▶ Timeline : quarterly-base

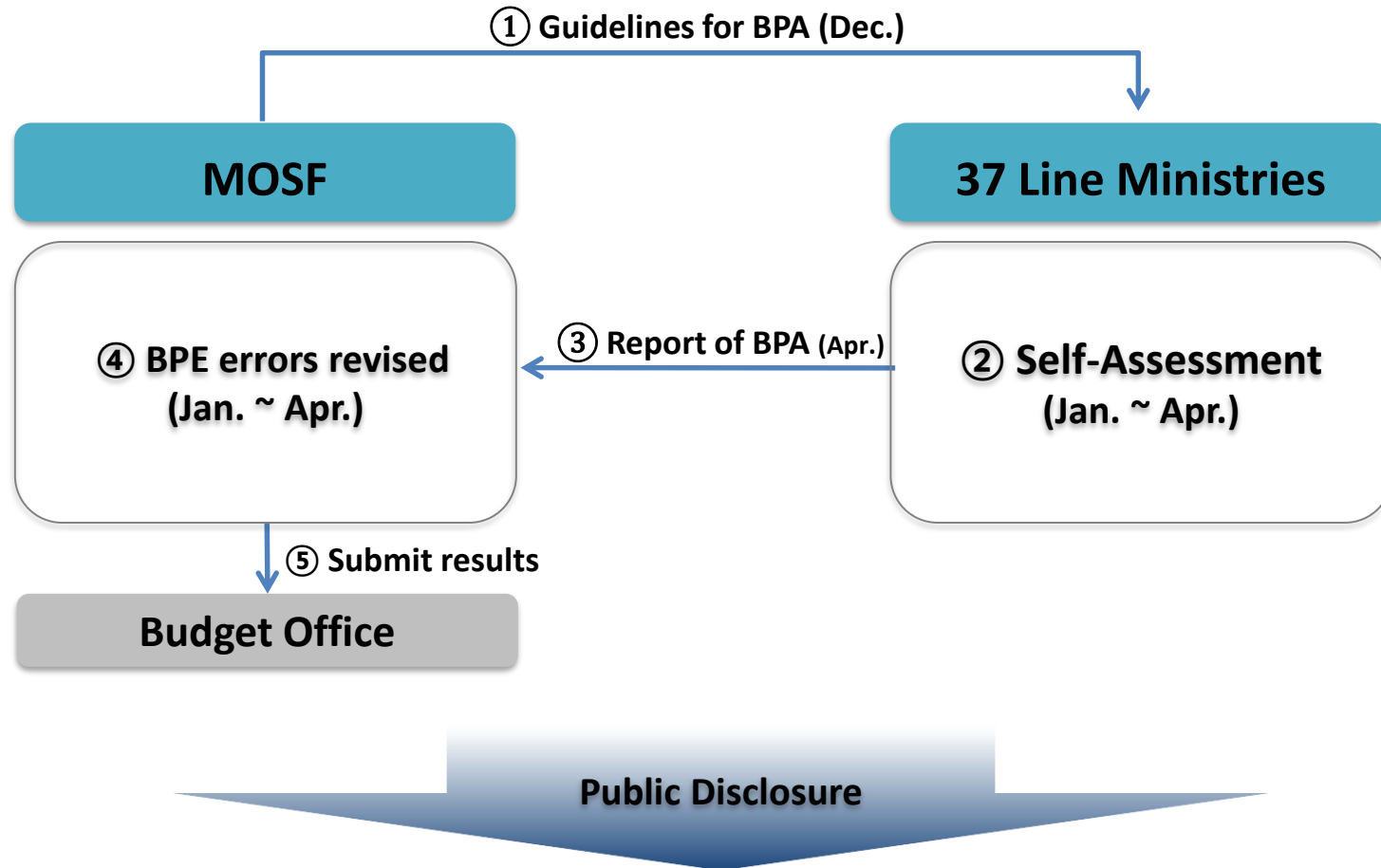
2 사업별 성과관리개선대책

부처 담당자(작성자) : ○○○부 ○○○과 ○○○사무관 (전화번호 : 044-000-0000)

부처명	○○○부	평가 사업명	▽▽▽▽▽	평가결과	미흡
성과부진 사유	<p>※ 성과부진 원인을 중심으로 구체적으로 서술 (아래는 작성 예시)</p> <p>○ (사업구조적 요인) 수해요건이 제한적 → 집행부진의 직접적 사유</p> <p>○ (환경적 요인) 경제성장 둔화 및 제조업 고용여건 악화에 따라 지원금으로 인한 고용 효과 제한적</p> <p>○ (정책홍보) 신규사업으로 정책홍보가 부족하여 정책수혜자 등의 신청 부진</p>				
성과관리 개선대책 주요내용	<p>※ 실질적으로 성과를 제고할 수 있는 방안 중심으로 구체적으로 서술</p> <p>○ (사업구조 재설계) 수해요건 완화(참여경로 확대, 대상충족기준 완화 등)를 통해 집행률 제고 추진(5월)</p> <p>○ (환경대응)</p> <p>○ (정책홍보) 대화가 직접홍보·SNS활용 등을 통해 정책홍보 강화</p>				
주요 추진일정	1분기				
	2분기	○ '18. 5. : 사업구조 재설계 방안 및 정책홍보 강화방안 마련			
	3분기	○ '18. 8. : 현장조사 실시			
	4분기	○ '18. 11. :			
비고					

Budgetary Project Evaluation (BPE)

Timeline



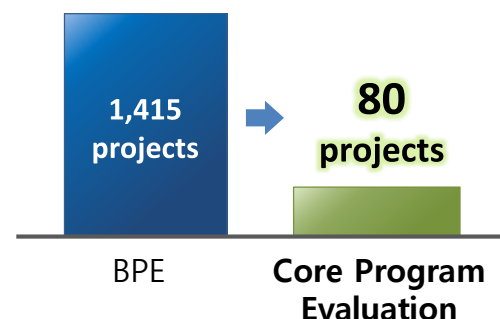
Core Program Evaluation

- Carry out 3-year performance evaluation on core budgetary programs based on on-site inspection (National Finance Act)

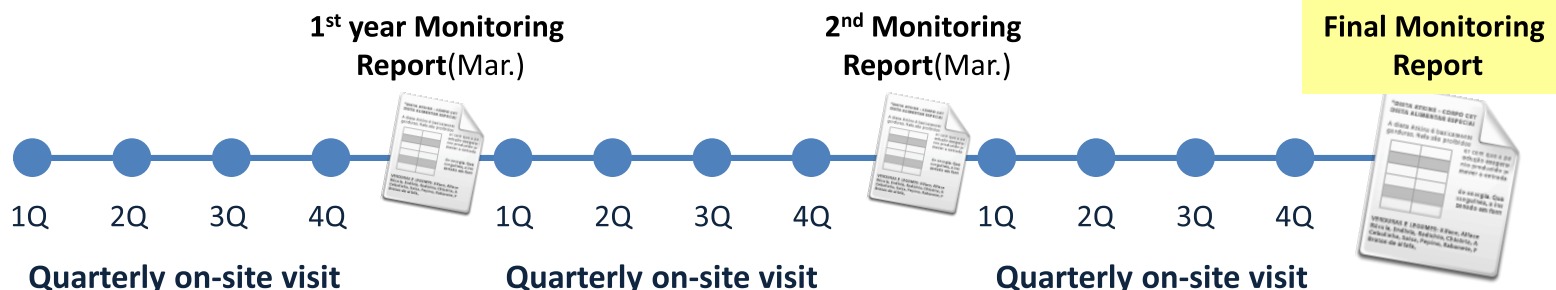
Target

- Select core programs based on national initiatives, annual economic policy direction and public survey(sample survey) results
- Intensive evaluation on 80 activities (As of 2018)

No. of programs under MoSF review



Evaluation Cycle





Core Program Evaluation

Quarterly On-Site Visit

- Conducted by a joint site inspection team



Spending
ministries



MoSF



Private
experts

- Preliminary inspection based on responses from legislators, audit office and media reports
- Gather opinions from policy meetings and interviews with beneficiaries

Quarterly on-site visit at play

- Spending ministries develop a complementary measure to respond to poor performance.
 - Submit their budget request along with the responsive measure to MoSF.

Motivation for spending ministries

- Placed on table of the quarterly vice-minister- level meeting.
 - Senior officials brief on performance plan and results in response to the results of quarterly site visit.
 - Disclose the findings to the public.

Core Program Evaluation

Progress since

- Pilot operation for 20 projects in Dec, 2017 → Institutional improvement process
- 1st quarter on-site monitoring for 80 core programs
 - Progress check/implementation bottleneck monitoring
(ex. Procedural delay, implementation delay from conflicts with local residents)
- 1st quarter evaluation report – funding allocation plan, following tasks
(immediate/mid-term) proposition
- Internal review confirms the 1st quarter evaluation report
- Respective LM prepares an implementation plan

Coming forward

- Fiscal Management Review Meeting considers project implementation plans and 1st quarter evaluation findings
- Drafting and implementation of 2nd quarter on-site monitoring plan

Core Program Evaluation

Project : Forest Welfare Services Promotion

■ Forest welfare services promotion project : establishment of various forms of forest welfare infrastructure facilities and delivery of tailor-made program to enhance quality of forest welfare services

- Pilot operation in Dec, 2017 revealed the need to broaden program portfolios
- Development/operation of programs aligned with regional tourism resources, such as ski resorts
- Expansion of tailor-made programs for students
- Development/reinforcement of tailor-made program to vitalize agri-tourism
- Development of agri-tourism program for foreign tourists/promotion of rural tourism for summer vacation
- Consultation with the Ministry of Culture(domestic tour) and the Ministry of Education(students)

Core Program Evaluation

Project : Forest Welfare Services Promotion

☒ 1st quarter on-site monitoring

☐ (Insufficient business capability) Lack of basic infrastructure and human resources to manage the 6th industrialization processes, such as program development/promotion/distribution

☐ (Complexity to select a managing entity) Difficulty in delivery of support network/consulting services suited for diverse conditions of local communities

Core Program Evaluation

Funding allocation plan

- (Distribution of roles with local governments)
Korea Forest Service: expertise provision/local governments: activity support
- (Convergence budgeting under consideration)
Program convergence among multiple ministries

Immediate tasks

- Equipments/facilities delivery -> Provision of more consulting services
- 20 villages associated with one project given access to project details->
Cooperative/competitive relationship building

Medium-term tasks

- (Promotion/training for urban-rural migrant hopefuls)
Specialized training necessary as their role is significant
- (Tight cooperation with local governments)
Alignment with support projects of similar nature operated in the local areas

Expectation



1. Institutional Improvement

Meta Evaluation abandoned

Meta Evaluation(2004~2017)

- MoSF reviewed if spending units' performance results comply with its guidelines and divided spending units into good and poor evaluators and give advantage/ penalty in the application of evaluation results.

- Maximize autonomy of line ministries without meta evaluation
 - ▶ Line ministries are given discretion in their evaluation and expenditure restructuring
 - Increase the reliability of evaluation results by giving autonomy to line ministries based on a minimal guidance from MoSF
 - ▶ Shift in perspectives on performance management

1. Institutional Improvement

Autonomous development/implementation of a feedback plan

- **BPE followed by autonomous development/implementation of feedback plan**
 - ▶ **Spending restructuring/performance improvement plan for “ineffective” programs**
 - Tightening the link between performance measurement and desired outcomes
 - ▶ **Periodic review of feedback plan implementation**
 - Enhancing the effectiveness of performance management and ministerial responsibilities

1. Institutional Improvement

Evaluation Focus on Core Projects

- **MoSF selects core projects by sector for focused evaluation**
 - ▶ **The President's initiatives, ministry-level flagship programs and other MoSF-pursued programs**
 - ▶ **Develop quarterly and yearly, 3-year-term performance indicators**
 - Holistic evaluation of short-term outputs and medium-term impact corresponding to budget inputs
 - ▶ **Quarterly site visits to overcome the limitation of paper-based evaluation**
 - Enhanced the reliability of qualitative evaluation with interviews, discussion, field visits

2. Desired effect

“More autonomy & Responsibility”

- Line ministries are given discretion in their evaluation and expenditure restructuring
 - ▶ Presentation of Expenditure restructuring and performance results to the public to enhance transparency and line ministries' accountability toward citizens

“Comprehensive expenditure restructuring”

- Rigorous expenditure restructuring from a holistic perspective

“Better-informed budget decisions”

- Efficient public expenditure through better-informed budget decisions
 - ▶ Performance results from on-site observation, Integrated BPE, In-depth evaluation
 - facilitate better-informed budgeting



Thank you