

# **Reformation of Performance Management System for National R&D Program**

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# **Performance Management System for General Finance Program**

# Introduction of Performance Management System

- Thus far, difficulty in performance assessment of fiscal expenditures due to relative inadequacy in post performance management and focus on input-centered budget allocation.
- Accordingly, performance management system for finance program has been introduced in full-scale since 2003, as a part of fiscal reform.

**[ Management by  
Performance Objectives  
( '03~ ) ]**

**1<sup>st</sup> Phase, Monitoring**

**Monitoring of performance  
objectives and indicators  
of finance programs  
of all ministries**

**[ Self-Assessment of  
Finance Programs  
( '05~ ) ]**

**2<sup>nd</sup> Phase, Review**

**Annual review of 1/3  
of finance programs**

**[ In-depth Evaluation  
for Selected Programs  
( '06~ ) ]**

**3<sup>rd</sup> Phase, Evaluation**

**Detailed evaluation of  
approximately 10  
programs annually**

# Management by Performance Objective

## ● System of management by performance objective

- Establishment of objectives to be accomplished with the finance program, and performance indicators and target value, which are means of measuring the objective, in advance.
- Comparatively evaluate the performance value following execution of program and target value, and reflect the result onto fiscal management
- Each line ministry must submit performance plan and report at the time of budget request.

## ● Circumstances of Implementation

- **2003: Designing the system of management by objective**

**Selected 22 ministries including Ministry of Commerce, Industry & Energy as primary subject of the system . Expand ministries to be subjected to the system every year**

- **Jan. 2007: Stipulation to subject all ministries to the system (National Finance Act)**
- **2009: Obligation for submission of performance plan and report to National Assembly**

# Self-Assessment of Finance Program

## ● Circumstances of Introduction

### ● Problems in Management by Performance Objective:

- Difficulties in assessment of specific and systematic information on individual program due to current state of budget execution based on performance indicator and duplication with other programs

-> Limitation on directly associating performance with budget

### ● Accordingly, Korean government introduced and implemented Self-Assessment of finance program suitable for circumstances of Korea since 2005

- Referring to Program Assessment Rating Tool (PART) enforced by OMB of USA.

# Self-Assessment of Finance Program

## ● Self-Assessment System for Finance Program

- Ministry of Strategy and Finance to present evaluation guidelines in advance
  - Each ministry to self-evaluate finance program in accordance with evaluation guidelines and Ministry of Strategy and Finance to verify and examine such self-assessment results
  - Rank the scores of evaluation results for each program into 4 levels, namely, highly outstanding, outstanding, average, inadequate
- > Assertively reflect on budget allocation

## ● Circumstances of Implementation

- Track1 (2005-2007)
  - Commencing in 2005, pursue assessment on programs that corresponds to 1/3 of all finance program every year
  - Execute assessment of total of 1,717 programs (total value of approximately 113 Trillion Won) until 2007
- Track 2 (2008-)
  - Evaluate total of 383 programs (36.6 Trillion Won) in accordance with 'Program Budget System'
  - Reinforcement of association of assessment result with budget through upward adjustment of evaluation standard score
- 2009: Obligation for submission of performance plan and report to National Assembly

# In-depth Evaluation of Finance Program

## ● In-depth Evaluation System for Finance Program

- Execution of In-depth Evaluation for the program for which the Self- Assessment result indicates need for additional in-depth evaluation
- Enable enhancement of performance of program through improvement of program format by executing more specialized Program Evaluation

## ● Circumstances of Implementation

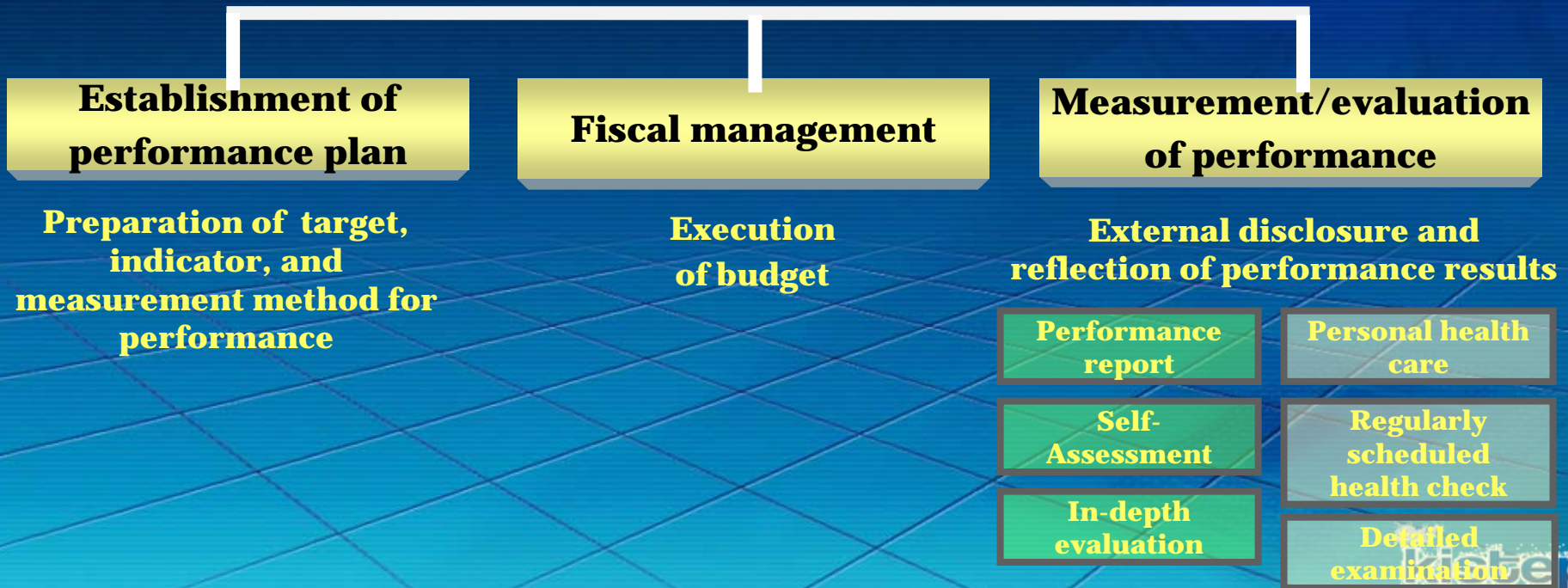
- 2005: Exemplary execution on 3 programs
- 2006: 9 programs
- 2007: 9 programs
- 2008: 12 programs

➔ Abolition, reduction, integration or systemic improvement of program in accordance with the In-depth Evaluation results



# Establishment of Performance Management System

- Increase effect of fiscal investment by inducing pursuit of program with definitive awareness of target and responsibility through presentation of objective and indicator for the program in advance.
- Accomplish restructuring in accordance with performance at the time of budget allocation through fiscal management centered on results such as performance rather than input-oriented management
- Enhancement of transparency of fiscal management process by enabling people to easily and objectively understand performance of fiscal management of the government



## **II. Directions for Reformation of Performance Management System for National R&D Program**

# 1. Circumstances of Implementation

- **Pursue reformation of performance evaluation system on the opportunity of transfer of performance evaluation function on national R&D program**
  - **Separate performance management that is distinct from general finance program has been executed for R&D program since '99.**
  - **Performance management function on R&D program has been transferred from the National Science & Technology Council to Ministry of Strategy and Finance through reorganization of the government structure and amendment of relevant law\* in February 2008.**
    - ※ Law on performance evaluation and performance management of national R&D program
  - **On the opportunity of transfer of such evaluation function, the Ministry of Strategy and Finance is currently establishing and pursuing means of reforming performance management system for R&D program into 'more practical system' based on principle of 'selection and concentration'.**

## 2. Problems of the Previous Evaluation System

- **While the burden of evaluation on assessee is excessive, the level of analysis is low, and association of budget allocation and system improvement to evaluation result is inadequate**
- **It had been continually pointed out that while fiscal investment on R&D program has been greatly expanded thus far, evaluation format of performance management system for R&D program is inefficient and the effectiveness of evaluation is low.**

※ **Fiscal investment into R&D: ('03) 6.5 → ('05) 7.8 → ('07) 9.8 → ('08) 11.1 Trillion Won**

- Evaluation is being executed for all R&D program every year, evaluation process is complicated and burden on assessee is excessive
- Low level of analysis due to evaluation based on simple check-list format

- Evaluation results are not being sufficiently associated or utilized in budget allocation or system improvement

# 3. Directions of New Performance Management System

- **Overview of Reformed Performance Management system**
- **Establishment of performance management system for R&D program at the level equivalent to that for general finance program is planned, with considerations for trend of reinforcement of performance management of general finance program, in order to assertively support efficiency of R&D investment to cope with the expansion in R&D investment in the future.**



### 3. Directions of New Performance Management System

#### **(1) Reinforcement of Management by Objective for R&D Program (Monitoring)**

- **Management of objective and indicator on R&D program thus far has been inadequate in comparison to that for general finance program.**
- **Plans have been made to reinforce review on performance target and indicator with standards equivalent to that for general finance program, although considerations will be made for the special nature of R&D program**

# 3. Directions of New Performance Management System

## (2) Improvement of Self-Assessment/ Meta-Assessment of R&D program (Review)

- **Alleviation of evaluation burden of assessee and researcher by simplifying Meta-Assessment**
  - **Commencing in '08, abolish Re-Assessment procedure**
  - **Commencing in '09, expand evaluation interval to 3 years -> reduce the number of programs to be subjected to evaluation to 1/3 of the current level**
- **Reinforce Self-Assessment of ministry in order to accomplish substantive evaluation**
  - **Self-Assessment Committee, which currently is mostly composed of scientists, will diversity its member composition to include specialists in the area of accounting, economy and statistics**
  - **Means of composing 'Pool of Evaluation Committee Members' by selecting member candidates for whom specialization and sincerity have been verified, and means of managing their records at all times**

# 3. Directions of New Performance Management System

## **(3) Introduction of In-depth Evaluation of R&D program**

- **Execute In-depth Evaluation for major R&D program**
  - **Execute exemplary In-depth Evaluation for 4 program groups in '08**
    - **Genome, Convention on climate change, Facilities equipment, University research center**
  - **Full-scale execution on specific programs to be subjected to In-depth Evaluation is planned in '09**
  - **Effectiveness of evaluation will be substantially enhanced as scientific & technological and socio-economic performance of, problems such as similarity/deplication in, and issues of improvements in system of R&D program will be integratedly subjected to In-Depth Analysis.**



### 3. Directions of New Performance Management System

#### **(4) Reflect Evaluation Results onto Budget Allocation and improvement of system (Feedback)**

- **Assertively associate evaluation results onto budget allocation and system improvement for R&D program**
- **Performances of programs will correspondingly and discriminatingly be reflected onto budget at the time of budget allocation**
- **Notification for need of system improvement will be given to the corresponding ministry, with monitoring of progress in the required system improvement regularly carried out**

# Appendix. Overview of Current Performance Evaluation system for national R&D program

- ▣ Currently executing separate performance evaluation that is distinct from that for general finance program with consideration for special nature of R&D program ('99 ~ )
  - ▣ Transfer of performance management function on R&D program from the National Science & Technology Council to Ministry of Strategy & Finance through reorganization of the government structure and amendment of relevant law\* in February, 2008
- ※ Law on performance evaluation and performance management of National R&D program

## Subjects and procedures of evaluation

## Utilization of evaluation result

**Self-evaluation  
(department)**

**Meta-evaluation  
(Ministry of Finance)**

▶ **164 programs / 6.7 Trillion Won (based on budget for 07)**

Reflect on budget compilation, systemic improvement  
↓  
Measures such as Reduction in budget, cessation of program, consolidation for inadequate program to be taken

Self-evaluation  
meta-evaluation

# Appendix. Overview of current performance evaluation system for national R&D program

## Subjects and procedures of evaluation

## Utilization of evaluation result

### Specific evaluation

**Direct evaluation by Ministry of Finance on key projects**

- ※ Long-term mega-program, programs that need redundancy mediation and association, etc

▶ 27 programs / 0.4 Trillion Won (based on budget for 07)



Reflect on budget compilation, systemic improvement



Measures such as Reduction in budget, cessation of program, consolidation for inadequate program to be taken

### In-depth evaluation

**In-depth analysis including systematic improvement by Ministry of Finance for the problematic program\***

- ※ Genome research, measures against convention on climate change, facility equipment program group, etc

▶ 4 program groups / 1.7 Trillion Won (based on budget for 07)



### Evaluation of funding organization

**Self-evaluation (Department, research association)**



**Meta-evaluation (Ministry of Finance)**



▶ 32 government funded research institutions belonging to departments and research association

Reflect at the time of adjustment of operational cost of Organization, annual salary for head of organization



**Thank you!**