**2012 Modularization of Korea's Development Experience:**

# Korea's Government Performance Evaluation System and Operating Experience

## 2013

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2012 Modularization of Korea's Development Experience
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# Korea's Government Performance Evaluation System and Operating Experience

Prime Minister's Office
Republic of Korea

CAU CHUNG-ANG UNIVERSITY

# Preface

The study of Korea's economic and social transformation offers a unique opportunity to better understand the factors that drive development. Within one generation, Korea has transformed itself from a poor agrarian society to a modern industrial nation, a feat never seen before. What makes Korea's experience so unique is that its rapid economic development was relatively broad-based, meaning that the fruits of Korea's rapid growth were shared by many. The challenge of course is unlocking the secrets behind Korea's rapid and broad-based development, which can offer invaluable insights and lessons and knowledge that can be shared with the rest of the international community.

Recognizing this, the Korean Ministry of Strategy and Finance (MOSF) and the Korea Development Institute (KDI) launched the Knowledge Sharing Program (KSP) in 2004 to share Korea's development experience and to assist its developing country partners. The body of work presented in this volume is part of a greater initiative launched in 2010 to systematically research and document Korea's development experience and to deliver standardized content as case studies. The goal of this undertaking is to offer a deeper and wider understanding of Korea's development experience with the hope that Korea's past can offer lessons for developing countries in search of sustainable and broad-based development. This is a continuation of a multi-year undertaking to study and document Korea's development experience, and it builds on the 40 case studies completed in 2011. Here, we present 41 new studies that explore various development-oriented themes such as industrialization, energy, human resource development, government administration, Information and Communication Technology (ICT), agricultural development, land development, and environment.

In presenting these new studies, I would like to take this opportunity to express my gratitude to all those involved in this great undertaking. It was through their hard work and commitment that made this possible. Foremost, I would like to thank the Ministry of Strategy and Finance for their encouragement and full support of this project. I especially would like to thank the KSP Executive Committee, composed of related ministries/departments, and the various Korean research institutes, for their involvement and the invaluable role they played in bringing this project together. I would also like to thank all the former public officials and senior practitioners for lending their time, keen insights and expertise in preparation of the case studies.

Indeed, the successful completion of the case studies was made possible by the dedication of the researchers from the public sector and academia involved in conducting the studies, which I believe will go a long way in advancing knowledge on not only Korea's own development but also development in general. Lastly, I would like to express my gratitude to Professor Joon-Kyung Kim and Professor Dong-Young Kim for his stewardship of this enterprise, and to the Development Research Team for their hard work and dedication in successfully managing and completing this project.

As always, the views and opinions expressed by the authors in the body of work presented here do not necessary represent those of the KDI School of Public Policy and Management.

**May 2013**

**Joohoon Kim**

**Acting President**

**KDI School of Public Policy and Management**

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# Summary

Korea was one of the world's poorest countries in 1950s, but it has grown to be the 15th largest economy in the world in terms of Gross Domestic Product (GDP). What has made Korea grow so rapidly economically? The question can be answered from various perspectives such as the five-year economic development plan, the New Village Movement, and Korea's export-led strategy. However, policy instruments, such as industrial targeting and its policy evaluation measures, have rarely been mentioned as a factor. Korea has a unique government performance system characterized by self-evaluation, all-inclusive evaluation set, and performance evaluation. This study aims to introduce what Korea's government performance evaluation system is, and to describe in detail who currently conducts what evaluation, when, and how.

The first chapter as an introductory section contains the development of Korea's policy evaluation system. Korea adopted its policy evaluation system in 1961 when economic development policies were treated as national ideology. This first evaluation system, known as the Policy and Program Assessment System (PPAS), was a type of program evaluation aimed to analyze economic efficiency of the government policies developed based on the Five-Year Economic Development Plan. The Prime Minister's Planning and Coordination Office was in charge of operating the evaluation system. This type of policy evaluation remained in practice until President Chun Doo Hwan took his office in 1981. Under the Chun administration (1981~1988), the Economic Planning Board (EPB) took over the role of the program assessment from the Prime Minister's Office. The EPB was conducting program assessment by the end of the Roh Tae-woo administration (1988~1993).

It was under the Roh administration that Korea hosted the 1988 Olympic game, and around this time Korean government broadened its policy areas from economic growth to various social arenas such as cultural affairs, social welfare, and environment protection.

In addition to program assessment, a new type of policy evaluation system was adopted in 1990 under the Roh administration. It was a policy evaluation system, and PMO was assigned as an evaluation management agency for this new system. Since the introduction of this new policy evaluation system in 1990, Korea had two tracks in policy evaluation system: one was a program assessment system concentrating on the economic development project, and the other was the policy evaluation system focused on the evaluation of individual ministries' key public policies. The former was managed by the EPB, while the latter was operated by the PMO. This two-track policy evaluation system lasted even after Kim Young-sam took his presidential office in 1994.

President Kim Young-sam portrayed his government as the first civilian government since the military coup by Park Jung-hee in 1961. The Kim government (1993~1998) abolished the EPB in 1994, and assigned the PMO as the management agency of the program assessment. The two-track policy evaluation system was therefore terminated, and the program assessment system was incorporated into the policy evaluation system. The Kim Dae-jung administration (1998~2003) elaborated the policy evaluation system further. In 2001, the Government Performance and Evaluation Act was enacted. Under this Act, individual ministries selected one to two key public policies, and presented them to the PMO. The PMO then conducted policy evaluation for these key public policies with a set of evaluation checklists. The administration organized Policy Evaluation Committee. The Committee rated and ranked individual ministries' policy execution level based on the evaluation results of key public policies and policy satisfaction. Therefore, the policy evaluation system under Kim Dae-Jung administration was characterized by institutional evaluation rather than program evaluation.

Roh Moo-Hyun administration (2003~2008) followed the Kim Dae-Jung administration in terms of policy evaluation system, but it newly adopted a self-evaluation system based on the theoretical framework of performance evaluation. The administration was fascinated by New Public Management (NPM) theories. In 2005, an advisory committee for the overhaul of government policy evaluation system was organized under the PMO. The committee prepared a policy evaluation overhaul proposal. To support the overhaul, the Government Performance Evaluation Act was enacted in 2006. The 2006 Act defines two types of policy evaluation for central ministries: first, self-evaluation, and second, top-down evaluation, also known as teukjung evaluation.

The second chapter presents the framework of the government performance evaluation system. The system consists of Government Performance Evaluation Committee (GPEC), individual agencies' self-evaluation committees, and the PMO's Policy Analysis and Evaluation Office. The GPEC is the primary institution of government performance evaluation. It supports and supervises individual central ministries to conduct self evaluation,

and directly conducts top-down evaluations. It also supports and supervises public institutions' performance evaluation, and local governments' performance evaluation. The GPEC is composed of 15 members, co-chaired by the Prime Minister and a non-government representative.

Individual central ministries organize their own self-evaluation committees in charge of conducting annual performance evaluation. The committee consists of 10 to 30 members appointed by the Minister. Members usually serve a two-year term, but are allowed to serve a consecutive term. Most members are from outside of the organization, but some inside members may participate in the committee. Sub-committees are usually organized under the self-evaluation committee because they can bring together evaluation expertise on a particular field for the discussion of a particular topic or theme under evaluation.

Policy Analysis and Evaluation Office, headed by Assistant Minister under the Prime Minister's Office, technically supports GPEC and performs advisory and supervisory roles for evaluating government performance. This office outlines basic plans as well as execution plans for government performance evaluation and is in charge of carrying out working-level tasks, including the development of evaluation standards and evaluation indicators.

The third chapter contains types of the government performance evaluation: self-evaluation, top-down evaluation or teukjung evaluation, public institutions' performance evaluation, and local governments' performance evaluation. Self-evaluation indicators were originally developed based on the five target self-evaluation areas including policy processes, financial performance, personnel management, organization management, and administrative information management. Each area was assigned to a relevant ministry respectively to effectively supervise the processes of self-evaluation. For instance, the self-evaluation of policy processes was assigned to PMO, financial performance to the Ministry of Strategy and Finance. Government reorganization was carried out under the Lee Myung-bak administration. The Civil Service Commission and the Ministry of Information and Communication were merged with the Ministry of Public Administration and Security. Therefore, the three target self-evaluation areas including personnel management, organization management and administrative information were integrated into the administrative capacities area.

Top-down evaluation system, known as teukjung evaluation system, is designed to evaluate whether individual ministries are effectively executing key national policies such as job creation and green growth. This type of evaluation is not a form of self-evaluation, but a form of evaluation conducted by an outside evaluation agency, called the GPEC. These are directly conducted by the GPEC. Their target programs consist of seven areas: key national policies, job creation policies, green growth policies, policy management

capacities, policy PR, regulatory reform, and customer satisfaction. Out of seven, four target areas, including policy PR, regulatory reform, key national policies, and customer satisfaction, have been evaluating since the previous administration. However, the other three target areas, including public management capacities, job creation, and green growth policies, are the newly-selected ones under the Lee Administration.

The GPEC is also the primary institution of performance evaluation of public institutions. Under the regulation of the Public Institution Management and Operation Law, several ministries, including the Ministry of Strategy and Finance, Ministry of Education, Science and Technology, and Ministry of Public Administration and Security, are in charge of operating public institutions' performance evaluation. The GPEC is the primary institution of local governments' performance evaluation. However, the Ministry of Public Administration and Security (MOPAS) is in charge of operating these provincial and local governments' performance on affairs delegated by the central government.

The fourth chapter contains operating procedures of the government performance evaluation system. Each type has its own operating schedules. Central ministries' annual self-evaluation begins with GPEC's activities. The GPEC prepares, sets, and distributes guidelines of annual performance plan to central ministries in January. In February, individual central ministries prepare an annual performance plan and submit it to the GPEC by way of the PMO's Policy Analysis and Evaluation Office. In May, central ministries prepare annual self-evaluation plans in accordance with the guidelines of annual performance evaluation plan and the operating guidelines of annual self-evaluation.. In July, self-evaluation committees conduct the performance evaluation of the first half of the year. This evaluation is a form of process evaluation. From August through November, members of self-evaluation committee conduct on-the-spot checks for annual self-evaluation. In March, individual ministries' self-evaluation committees have to report the results of self-evaluation to the PMO. The focus of self-evaluation is not on a minister's leadership, but on government employees in the civil service system and their day-to-day operations.

Top-down evaluation, known as teukjung evaluation or specific evaluation, a form of evaluation directly carried out by the GPEC. This consists of seven target areas. The number of target is not usually fixed, but can be altered. Each area has its own evaluation indicators and time schedules. In addition, its operating agencies are differed. Top-down evaluation on key national policies consists of three evaluation sections, nine evaluation items, and 15 evaluation indicators. The evaluation on job creation policies consists of three evaluation sections, six evaluation items, and nine evaluation indicators. The evaluation on green growth policies for the performance of the fiscal year consists of three evaluation sections, four evaluation items, and nine evaluation indicators. Teukjung evaluation on policy management capacities consists of four evaluation sections and eight evaluation indicators.

Specific evaluation on policy PR consists of three evaluation sections, and ten evaluation indicators. Top-down evaluation on regulatory reform usually consists of comprehensive evaluation and concentrated evaluation. The comprehensive evaluation is intended for all target regulations, whereas concentrated evaluation is intended for individual ministries' critical regulations. The GPEC delegates the evaluation to the Korea Institute of Public Administration to conduct analysis on public satisfaction and reports the results back to it. The GPEC, as the primary evaluation institution, put together the seven top-down evaluation results and made a public announcement in December.

The GPEC is the primary institution of local government's performance evaluation, but it authorizes the Ministry of Public Administration and Security to supervise this type of evaluation and report the evaluation results back to the GPEC. The Ministry organizes a joint evaluation committee and delegates the committee to carry out the actual evaluation on the affairs delegated to the local governments by the central government. The target local governments include six metropolitan cities and nine provinces. The number of target evaluation programs is not usually fixed but is annually altered. The total number of programs for 2011 was 40, but the number for 2012 is 38. These 38 programs are categorized into nine policy areas. Each policy area has its own set of evaluation items and indicators. Individual evaluation results of the nine policy areas are usually graded into three scales, A, B and C.

The GPEC is the primary institution of evaluating public enterprises and quasi-governmental agencies. However, the Ministry of Strategy and Finance is in actual charge of conducting evaluation on these two group's performance. The steering committee for public institution management, as the legislative organ, consists of a group of 11 members from the legal circle, business communities, academia, and the labor communities. Members are appointed with three years terms. This steering committee votes on a variety of schemes evaluating the performance of public enterprises and quasi-governmental agencies. The evaluation board for public institutions' performance management is the executive organ, and is composed of 150 professionals. Target public institutions under the category of public enterprises and quasi-governmental agencies can be divided into five types: market-oriented public enterprises, other public enterprises, fund management quasi-governmental agencies, fund management entrusted quasi-governmental agencies, and medium/small size quasi-governmental agencies. Evaluation indicators were developed on the basis of three evaluation sections, including leadership/responsibility management, management efficiency, and key business programs. Based on the evaluation result, public enterprises and quasi-governmental agencies are given one of six grades: S, A, B, C, D, and E within their institution type. Public enterprises who received grade S, A, or B received maximum 300 percent of performance evaluation bonuses, and quasi-governmental agencies who received grade S, A, or B received 100 percent of performance evaluation bonuses.

The fifth chapter contains feedback management. The feedback management system under the government performance evaluation system, including various incentives, is scattered under various agencies. Agencies in charge of supervising individual evaluation types usually have their own feedback and incentive system. The three target areas of self-evaluation have their own feedback systems. Self-evaluation on policy processes is linked to performance management system so that the evaluation results are automatically reflected in individual employees' performance. Self-evaluation on administrative capacities is linked to work appraisal system so that individual ministries can use the evaluation results for promoting employees to higher positions. Self-evaluation on financial performance is reflected in next year's budget appropriations.

Individual top-down evaluation, or specific evaluation, is conducted in accordance with the ministries' own schedule, but their feedback and incentive programs are integrated under the same reward system under GPEC, which implements feedback and incentive programs as the primary institution of government performance evaluation. The Ministry of Public Administration and Security and the joint evaluation committee holds an annual conference on local governments' performance evaluation to present best practices in the implementation of delegated affairs. A collection of best practices is published for the benefit of participants. The Ministry provides special revenue sharing for the local governments that receive grade A. For individuals who have shown excellent achievements in the process of the joint evaluation, a special incentive bonus is given as well as a certificate of merit.

The results of public institutions' performance evaluation are reflected in the budget of the next fiscal year, but not in the individual performance. The evaluation results are used for budget cuts or budget increases. A budget cut or budget increase is determined by the Ministry of Strategy and Finance. Under the area of fund operation management, ten percent of budget cut, at a minimum, is imposed on government programs with a grade of C or a D. For instance, National Housing Fund and Public Capital Management Fund were graded as a D in the 2012 performance evaluation, and their budget for the 2013 fiscal year will be cut by at least 10 percent accordingly.

The final chapter contains the performance and problems of Korea's government performance evaluation system. Korea's government performance evaluation system has been in practice for about seven years since its enactment in 2006. Since then, two ideologically different governments have put it into practice, and its system has been refined. Now, the system seems to be successfully settled in as an integral part of policy practice in the public sector. Central government agencies are now accustomed to producing long-term strategic plans and annual performance plans. They understand how to prepare the annual performance report, conduct a self-review on a successful performance, and to describe the reasons for an unsuccessful performance. Above all, they are able to undertake detailed

remedial action for policy improvement. In addition, self-evaluation reflect the entire process of policy activities in the public sectors. Therefore, understanding the evaluation system actually means understanding the whole mechanism of policy activities in the public sectors. In Korea, self-evaluation in the arena of policy evaluation is recognized as not only an evaluation system, but also a starting point of incentive systems.

A perfect system without flaw does not exist in the real world. Some problems were also identified in Korea's government performance evaluation system in the seven years it was in practice. First, Korea's government performance evaluation system attempts to cover almost all evaluation activities occurring in the public sectors. This evaluation system includes not only central government's evaluation activities such as self-evaluation and top-down evaluation, but also those of local governments and public institutions. Second, GPEC is the primary institution of government performance evaluation system, but it is a deliberative assembly that does not hold actual executive power. It is a master institution of public policies, but it is featured as a legislative body. GPEC is given authority to make decisions on evaluation activities, but it is not given the power to spend budget and to take follow-up actions. Third, the Office of Policy Analysis and Evaluation under the Prime Minister's Office supports GPEC, but this Office is composed of only 35 government officials. Out of 35 officials, approximately one third is dispatched from other ministries.

Some suggestions can be made for countries wishing to adopt Korea's government performance evaluation. Self-evaluation is considered as a main framework of government performance evaluation in both developing countries and developed countries. Top-down evaluation may be adopted as a supplementary evaluation framework for self-evaluation. Finally, a systematic incentive system needs to be developed in order to turn the results into policy improvement and personnel motivation. First, a mode of self-evaluation needs to be adopted as an official policy evaluation instrument. Self-evaluation is especially useful in evaluating annual government performance. Second, top-down evaluation needs to be adopted as a supplementary tool for self-evaluation. In case of Korea, self-evaluation was not useful in the evaluation of long-term strategic programs, compared to annual performance objectives. Third, a variety of incentive systems needs to be adopted. Evaluation is not the last step but the first step of policy process. The results from policy evaluation need to be fed back into reformulation for policy improvement.

## Chapter 1

# Introduction

# Introduction

## 1. Purpose of this Study

Korea was one of the world's poorest countries in 1950s, but it has grown to be the 15th largest economy in the world in terms of Gross Domestic Product (GDP). Korea's Gross National Income (GNI) per capita was only $70 in 1960, lower than that of the Philippines, whose GNI was $170 in the same year. In the last 50 years, however, the two countries' positions in the global economy have completely reversed. In 2011, Korea's GNI was $19,830, which is 14 times larger than that of the Philippines, whose GNI was only $1,410. Fifty years ago, Korea received overseas development assistance from the Philippines, but nowadays Korea provides aid to the Philippines. Korea is now called a newly industrialized country whereas the Philippines is still categorized as a developing country.

What has made Korea grow so rapidly economically? The question can be answered from various perspectives. The five-year economic development plan formally initiated in 1962 is frequently mentioned as the country's engine of economic growth. The New Community Movement, also known as the New Village Movement or Saemaul Movement, is also frequently cited as part of the answer, because it was a critical socio-economic initiative to modernize rural Korean economy. Korea's export-led strategy is also frequently quoted as an engine of economic growth. To implement this strategy, "Export Day" was enacted, and the industrial-merit medals of gold, silver, and bronze were awarded to the highest ranking exporters. Korea in 2012 was one of the world's top-ten trading countries.

However, policy instruments, such as industrial targeting and its policy evaluation measures, have rarely been mentioned as a factor. "Industrial targeting" refers to government measures aiming to influence the development of specific industries through the protection of the domestic market and/or through the provision of tax benefits and financial incentives

which affect the allocation of productive resources (Cha, 2002). Industrial targeting can be summarized as the "heavy and chemical industrial promotion plan" (HCI plan), which had a far-reaching and profound effect in the course of national economy in the 1970s and 1980s (Chang, 2011).

The HCI plan could successfully achieve its goals for the following reasons. First, Korea's well-trained technocrats played a critical role in the policy implementation, with full support of President Park Chung Hee. Second, the policy assessment system under Prime Minister's Office worked effectively enough to correct the course of implementation action. Third, a presidential advisory body on policy evaluation, known as Government Policy Evaluation Board, composed of university professors trained in target policy areas, conducted evaluation on key national policies from a macroeconomic perspective. Key national policies such as the HCI plan could be effectively improved after a set of evaluations conducted by technocrats and the advisory body, since remedial actions could be taken immediately.

It is certain that Korea's policy assessment system definitely contributed to the rapid economic growth in the 1970s and the 1980s. However, the system tended to operate outside the official framework of government institution, but instead in the semi-official framework of top policymaker's favoritism. The assessment system was not an actual policy evaluation occurring after policy implementation, but rather a sort of monitoring system occurring in the middle of implementation. The assessment system evolved into the policy evaluation system in the 1990s, and again was transformed into the current system, or the government performance system.

Korea has a unique government performance system characterized by self-evaluation, all-inclusive evaluation set, and performance evaluation. All-inclusive evaluation set refers to an evaluation system that all policy activities in the public sectors including central government, local governments, and public institutions are evaluated under the government performance evaluation system. Traditionally, policy evaluation usually refers to a comparative analysis between planned objectives and achieved objectives. Performance evaluation, of which theoretical background is described as New Public Management (NPM), is described as an outcome-oriented evaluation, rather than a process or output-oriented evaluation.

This study aims to introduce what Korea's government performance evaluation system is, and to describe in detail who currently conducts what evaluation, when, and how. This study consists of six chapters. The first chapter will describe the development of Korea's policy evaluation system. Readers will be introduced to a series of paradigm shifts of Korea's policy evaluation system, including the meaning of the words, "autres

temps, autres moeurs." In chapter 2, its framework will be described. Korea's government performance evaluation system is jointly operating under three individual organs including the Government Performance Evaluation Committee (GPEC) as the primary evaluation institution, Office of Policy Analysis and Evaluation under the Prime Minister's Office as administrative support office for the GPEC, and individual ministries' self-evaluation committee. These three organs' respective function and their relationship are to be described in detail this chapter.

In chapter 3, types of the government performance evaluation are to be described. Korea's government performance evaluation consists of self-evaluation and top-down evaluation in terms of their function, and evaluation on central ministries' performance, local governments' performance and public institutions' performance in terms of its target jurisdictions. These evaluation types and their relationship are to be described in this chapter. In chapter 4, operations of the government performance evaluation system are to be described. Central government's performance evaluation activities, including self-evaluation and top-down evaluation, are to be detailed. In addition, evaluation activities on local governments' performance and public institutions' performance are to be described. Some real cases will be introduced in order for the reader to better understand the operating mechanism of Korea's government performance evaluation.

The fifth chapter contains its feedback management. In the evaluation arena, generating evaluation results is not the last step; feedback has to be carried out for policy improvement. Korea's government performance evaluation system includes various feedback practices, as various types of evaluations are conducted. All these types of feedback including incentives are to be detailed in this chapter. In chapter 6, its performance and problems are to be described. Korea's government performance evaluation system appears to be successfully settled as an integral part of policy practice in the public sectors. However, a large room for improvement can also be identified. In this chapter, we explore a better model for Korea's government performance evaluation.

The target evaluation system in this study is Korea's government performance evaluation system introduced in 2006. This evaluation system has been slightly modified since its introduction, but its basic framework remains unchanged. For instance, the evaluation system still consists of self-evaluation and top-down evaluation. Two types of evaluation, namely, as the performance evaluation on local governments' delegated affairs by central government, and evaluation on public institutions' performance, still remain as major parts of the evaluation system.

Self-evaluation is still conducted by a self-evaluation committee, organized by a central ministry, and its evaluation results are still fed back to its policy improvement and

personnel incentives. However, the ways of supervising its operations has been changed from a meta-evaluation on individual ministries' self-evaluation results to an operational status evaluation of self-evaluation activities. The top-down evaluation is still conducted by the GPEC with the PMO's Office of Policy Analysis and Evaluation. However, the target evaluation programs have been modified in order to reflect key national policies which are re-designed periodically.

For this study, actual data and documents used to illustrate the operations of Korea's government performance evaluation system were collected from individual ministries' websites and GPEC's website. Most of the data and documents were produced in the year of 2011 and 2012. In some cases, data and documents produced in 2009 were used, if updated data were not available at the time.

## 2. Development of Korea's Policy Evaluation System

Policy evaluations are a set of activities analyzing the effects of public policies to improve human and social conditions in a given society. These activities are directed at collecting, analyzing, interpreting, and communicating information about the effectiveness of public policies (Rossi, Lipsey, & Freeman, 2004). Korea first adopted its policy evaluation system in 1961 when economic development policies were treated as national ideology. Broadly speaking, since its introduction in 1961, Korea's policy evaluation system has experienced three paradigm shifts, from program assessment to policy evaluation, to performance evaluation.

The Policy and Program Assessment System (PPAS) was introduced in 1961. PPAS was a type of program evaluation which aimed to analyze economic efficiency of the government policies developed based on the Five-Year Economic Development Plan (Wolf, 1961). This evaluation system focused on the review of Korea's ambitious economic development policies. The Prime Minister's Planning and Coordination Office was in charge of operating PPAS; the Korean government was advised to establish a separate evaluation office, independent of the Office of Economic Planning. Wolf (1961, 16), an economic advisor to the Korean government in 1960, wrote:

"The purpose of this evaluation unit would be to conduct a continuing appraisal of progress and effectiveness of the Plan, and of gaps between production and investment targets on the one hand, and accomplishments on the other. Such evaluation should be fed back into the Plan. … For obvious reasons, it is highly important that this evaluation unit be staffed by competent and vigorous personnel, and that its status be independent of the Office of Economic Planning."

PPAS also functioned as a means to support the Five-Year Economic Development Plan to assure that the Plan remained flexible during the Plan period. The Korean government accepted Wolf's proposal, and organized the Government Policy Evaluation Board to conduct program assessment. The Board, composed of 90 college professors, first conducted an interim evaluation of the first round of the Economic Development Plan in 1965. Since then, the 90 board members were regrouped into their specialized policy areas and conducted program assessment annually. This type of policy evaluation remained in practice until President Chun Doo Hwan took his office in 1981.

As mentioned previously, Korea in 1961 was one of the world's poorest countries. Economic growth therefore was a supreme task, and all government policies were focused on economic growth. The Five-Year Economic Development Plan was a success. Due to the vigorous evaluation activities of the Government Policy Evaluation Board, the Korean government, when the market forces changed, was able to readily alter the planned targets with appropriate adjustments in the budgetary priorities and financial facilities so that the private sector could make better use of the new market opportunities (Chang, 2011).

Since 1962, Korea's economic growth exceeded its goal for 15 years since 1962. As seen in <Table 1-1>, the planned economic growth rate was 7.1%, and its achieved rate was 8.3% for the first Five-Year Economic Development Plan. The achieved rate was 4.4% greater than the planned for the second Five-Year Economic Development Plan. The exceeded rate was 2.6% for the third Five-Year Economic Development Plan.

**Table 1-1 |** Economic Growth Rates: A Comparison between the Planned and Achieved

| Economic Indicator | First Five-Year Economic Plan (1962~1966) | | Second Five-Year Economic Plan (1967~1971) | | Third Five-Year Economic Plan (1972~1976) | |
|---|---|---|---|---|---|---|
| | Planned | Achieved | Planned | Achieved | Planned | Achieved |
| Annual Growth Rate of GNP | 7.1% | 8.3% | 7.0% | 11.4% | 8.6% | 11.2% |

Source: Economic Planning Board (1972, 1976, 1977)

PPAS underwent some minor changes under the Chun administration. The Economic Planning Board (EPB) took over the role of the program assessment from the Prime Minister's Office (PMO). The EPB was still conducting program assessment by the end of the Roh Tae-woo administration (1988~1993). It was under the Roh administration that Korea hosted the 1988 Olympic game, and around this time Korean socio-economic environment had significantly changed. The Korean government broadened its policy areas

from economic growth to various social arenas such as cultural affairs, social welfare, and environment protection. The legal and institutional became a major topic of public policies.

In addition to program assessment, a new type of policy evaluation system was adopted in 1990 under The Roh Moo-Hyun administration. It was a policy evaluation system, and PMO was assigned as an evaluation management agency for this new system. Since the introduction of this new policy evaluation system in 1990, Korea had two tracks in policy evaluation system: one was a program assessment system concentrating on the economic development project, and the other was the policy evaluation system focused on the evaluation of individual ministries' key public policies. The former was managed by the EPB, while the latter was operated by the PMO. This two-track policy evaluation system lasted even after Kim Young-sam took his presidential office in 1994.

President Kim Young-sam portrayed his government as the first civilian government since the military coup by Park Jung-hee in 1961. As Korean academia and social groups persistently criticized the EPB as a legacy of the dictatorship under the President Park Chung-hee and Chun Doo Hwan, the Kim government (1993~1998) abolished the EPB in 1994, and assigned the PMO as the management agency of the program assessment. The two-track policy evaluation system was therefore terminated, meaning that the program assessment system was now incorporated into the policy evaluation system. The new policy evaluation system was divided into two sections: biannual evaluation and nonscheduled evaluation. The former focused on the goal achievement of individual ministries' key public policies, whereas the latter centered on the evaluation of current policy topics considered a critical policy issue at the time.

The Kim Dae-jung administration (1998~2003) inherited the policy evaluation system but elaborated it further. In 2001, Government Performance and Evaluation Act was enacted to support preexisting policy evaluation system. Under this administration, individual ministries selected one to two key public policies, and presented them to PMO. The PMO then conducted policy evaluation for these key public policies with a set of evaluation checklists. Kim Dae-jung administration adopted an evaluation system focusing on individual ministries' policy satisfaction. The administration organized Policy Evaluation Committee, which was composed of 30 members from various fields such as academia, mass-media, private sectors, and non-profit sectors. The Committee rated and ranked individual ministries' policy execution level based on the evaluation results of key public policies and policy satisfaction. Therefore, the policy evaluation system under Kim Dae-Jung administration was characterized by institutional evaluation rather than program evaluation. This policy evaluation system lasted until the mid-term of Roh Moo-hyun administration.

Table 1-2 | The Transition of Policy Evaluation System

| Policy Evaluation System | Park Chung-hee 1961~1979 | Choi Gyu-ha 1979~1980 | Chun Doo-hwan 1981~1988 | Roh Tae-woo 1988~1993 | Kim Young-sam 1993~1998 | Kim Dae-jung 1998~2003 | Roh Moo-hyun 2003~2008 | Lee Myung-bak 2008~2013 |
|---|---|---|---|---|---|---|---|---|
| | 1961~1981 | | 1981~1988 | 1990~1994 | 1994~1998 | 1998~2006 | | 2006~Present |
| Program Assessment | PMO | | Economic Planning Board | | | | | |
| Policy Evaluation | | | | PMO | | | | |
| Performance Evaluation | | | | | | | | PMO |

# 3. Birth of Government Performance Evaluation System

The Roh Moo-hyun administration was fascinated by New Public Management (NPM) theories, although it self-characterized its government as a progressive one. NPM had been the object of increasing interest since the late 80s, and finally landed in Korea in the mid-90s. The administration was willing to reform Korea's government policy evaluation based on NPM to conduct policy evaluation in a view of performance outcomes rather than outputs, and to establish a self-evaluation system suggested by Wildavsky (1972).

In 2005, an advisory committee for the overhaul of government policy evaluation system was organized under the PMO. The committee consisted of university professors, policy evaluation professionals working for the Korea Institute of Public Administration, and evaluation officers in the PMO. The committee reviewed Korea's government policy evaluation systems in a longitudinal view, and other countries' policy evaluation systems in a horizontal view. In addition, the committee collected data and information on individual evaluation measures.

The committee found that individual ministries had operated their own evaluation measures, and each of the ministries had evaluated other ministries. For instance, Ministry of Health and Welfare conducted evaluations on affirmative action programs. The committee's target agencies included all central ministries. Central ministries were overburdened with these individual evaluation measures as they had to prepare for them. The committee decided to integrate these individual evaluation measures under the government performance evaluation system to reduce the burden.

The committee prepared a policy evaluation overhaul proposal under the name of government performance evaluation system. To support the overhaul, the 2001 Government

Performance and Evaluation Act was abolished; instead, Government Performance Evaluation Act was enacted in 2006. The Administration successfully reformed policy evaluation systems based on the theoretical framework of NPM. In this regard, the Roh administration followed Kim Dae-Jung administration in terms of policy evaluation system, but it newly adopted a self-evaluation system based on the theoretical framework of performance evaluation.

Government Performance and Results Act (GPRA) in the United States has exerted significant influence on the legislation of Korea's Government Performance Evaluation Act. GPRA, designed to improve government performance, requires agencies to engage in project management tasks such as setting goals, measuring results, and reporting their progress. In order to comply with GPRA, agencies are required to produce long-term strategic plans and annual performance plans. The annual performance reports are required to review successful performance, to describe unsuccessful performance, and detail any remedial action (Kravchuk & Schack, 1996).

The 2006 Act in Korea defines two types of policy evaluation for central ministries: first, self-evaluation, and second, top-down evaluation, also known as *teukjung* evaluation or special evaluation. According to its stipulations, all ministries are required to self-evaluate their own public policies, so that they can monitor their own activities to determine whether they are meeting their goals. The self-evaluation stipulations are interrelated to individual ministries' performance evaluation systems. All ministries have to make long-term strategic planning. They are also required to specify annual short-term administrative goals. Individual ministries are also required to organize their own self-evaluation committee to evaluate the agency's annual performance. The results of the annual performance evaluation are used for performance management.

Top-down evaluation system is designed to evaluate whether individual ministries have effectively executed the directives of the President. Top-down evaluation is not a form of self-evaluation, but a form of evaluation by an outside evaluation agency. The Government Performance Evaluation Committee is assigned to conduct this evaluation. Its target programs are usually selected from key national policies; the results from this specific evaluation are used plan for the next year's annual plan of activities.

PMO is in charge of overseeing the self-evaluation system, organizing the Government Policy Evaluation Committee. The Prime Minister co-chairs the Committee composed of less than 15 individuals, including experts from the private sector and heads of central ministries, including the Ministers of Strategy and Finance, and Public Administration and Security. In addition to PMO, both the Ministry of Public Administration and Security (MOPAS) and the Ministry of Strategy and Finance (MOSF) play a key role in the Government Policy Evaluation Committee.

Self-evaluation is conducted based on a set of standardized evaluation indicators composed of three major evaluation areas: policy processes, administrative capacities, and financial performance. PMO runs and oversees the whole self-evaluation system. In addition, it supervises and coordinates the policy process evaluation area. The MOPAS supervises and coordinates the administrative capacity evaluation area, whereas the MOSF is in charge of evaluating financial performance. In terms of the evaluating financial performance, MOSF's job is closely related to that of the National Science and Technology Commission (NSTC) in charge of managing national Research and Development programs.

MOPAS is in charge of running three key functions, which are organization management, personnel management and informatization strategy. For organization management, MOPAS formulates and coordinates a comprehensive plan on government organizations of central government ministries. For the function of personnel management, it formulates policies and regulations on personnel management for central government civil servants. Third, for the function of informatization strategy, MOPAS coordinates policies on national informatization and e-government. In Korea, these three functions are defined as administrative capacities. MOSF is in charge of formulating and coordinating economic and fiscal policies. In addition, it manages government budgets and operates public funds. In this context, MOSF evaluates the financial performance of central ministries and public organization. MOSF has to conduct the coordinating of jobs on the evaluation of financial performance along with NSTC.

In addition to central ministries' performance evaluation, the 2006 Act also requires provincial local governments and public institutions to be evaluated in the framework of the government performance evaluation system. To comply with the requirements, local governments and public institutions are required to produce long-term strategic plans and annual performance plans for their performance evaluation. Supervisory ministries also are assigned to direct and coordinate the processes of their performance evaluation based on the self-evaluation mechanism.

**Chapter 2**

# The Framework of the Performance Evaluation System

# The Framework of the Performance Evaluation System

## 1. Significance of the Performance Evaluation System

Evaluation is a mechanism that provides decision makers with feedback, whether through interim reports and meetings or a final report and debriefing (Guerra-López, 2008). Performance evaluation is a systematic and periodic process that assesses an individual employee's job performance and productivity in relation to certain pre-established criteria and organizational objectives (Abu-Doleh & Weir, 2007).

Korea's policy evaluation system is oriented toward both self-evaluation and performance evaluation. Its philosophical background is linked with New Public Management (NPM), which has ushered in a new era of accountability for government agencies (Carroll, 1995; Riccucci, 2001). Government employees have traditionally been required "to do the right thing" in accordance with due process. Currently, they are being held accountable for performance and citizen satisfaction under the banner of NPM (Hur, 2011). Korea's approach to policy evaluation embraces the ideas of managing for results emerged in the early 1980s such as performance improvement, customer satisfaction, and result-based accountability. Prominent features of Korean government performance evaluation system can be summarized as self-evaluation, integrated evaluation, and performance management.

Self-evaluation has been frequently used in the arena of public management since Wildavsky (1972) published a paper on "the self-evaluating organization." The term is defined as a form of the approaches to the policy evaluation that "analyzes its own processes and policies" (Wildavsky, 1972; Boyne, Goulder-Williams, Law & Walker, 2004: 463). Afterward, government agencies, regardless of local and central levels, have widely adopted a form of the self-evaluation system as a tool of performance measurement (Boyne, Goulder-Williams, Law & Walker, 2004), as a form of sustainable evaluation program in which assessment

occurs as long as programs exist (Kobayashi, 2006), and as an instrument of individual and organizational empowerment (Fetterman, Kaftarian, & Wandersman, 1996; Patton, 1997).

Korea's government performance evaluation system is directed toward integrated evaluation. Before its introduction, a variety of individual ministries had conducted their own policy evaluations with their own evaluation indicators. For instance, PMO had conducted individual ministries' level of policy goal accomplishment under the Prime Minister's office. The Ministry of Information and Communication had evaluated all other ministries' performance regarding information capacity. The Ministry of Government Administration and Home Affairs conducted evaluation on the level of all other ministries' administrative capacities. The Ministry of Planning and Budget evaluated all other ministries' goal accomplishment level of budget projects.

Individual ministries had to prepare for all the different types of individual evaluations, and meet these ministries' evaluation schedules. For individual ministries, preparing for the evaluations meant additional tasks, and they were frequently overburdened with these preparations. Reducing excessive evaluation burden was a critical issue for many ministries. The government performance evaluation system integrated these individual evaluations under an umbrella of 2006 Government Performance Evaluation Act.

Korea's performance evaluation system is oriented toward performance management. This evaluation system is directly related to feedback management. This orientation is similar to the United States' government performance evaluation system, introduced after the enactment of the GPRA in 1993. Since then, performance-oriented evaluation system has been adopted by various countries such as the United Kingdom, Canada, Australia, and New Zealand. In Korea, evaluation results are used for policy improvement, budget allocation, and deciding on incentive pay for individual employees. Under this system, evaluating public policies and their processes is not the last step of the evaluation system, but the first step of performance management, since evaluation, regardless of its type, always provides decision makers with feedback through the final report.

From a comparative perspective, Korea's government performance evaluation system concentrates on both evaluation and performance management. It seems that the evaluation side is emphasized more than the performance side. However, the performance side is more stressed than the evaluation side in the United States, Canada, Australia, and New Zealand. The evaluation system in the United Kingdom and New Zealand is oriented toward capacities review, whereas that in Canada it is directed toward management accountability framework (Thomas, 2010).

The evaluation system in France focuses on the evaluation side rather than the performance side. Korea's performance evaluation system in view of self-evaluation focuses on annual

performance, whereas in France, the evaluation centers on a sort of mid-term performance. Government performance is not examined annually in France, but evaluated every two or three years. In France, the evaluation is not carried out on programs being operated in a particular ministry, but on larger scale national policy being operated under cooperation with several ministries (Prude'homme, 2008). In Korea, target evaluation programs of self-evaluation are selected solely within a particular ministry. Key national policies being operated under cooperation with several ministries, if any, are evaluated under top-down evaluation, known as *teukjung* evaluation.

## 2. Government Performance Evaluation Committee

Government Performance Evaluation Committee (GPEC) is the primary institution of government policy evaluation in Korea, and is an official government policy evaluator. It supports and supervises individual central ministries to conduct self evaluation. The GPEC also conducts top-down evaluations directly, or performs *teukjung* evaluation.

The target problem areas of self-evaluation are policy processes, financial performance, and administrative capacities. Individual ministries use a set of self-evaluation indicators to measure their employees' performance. This set was originally developed by The GPEC with support from the Policy Analysis and Evaluation Office, and is thereby disseminated to individual agencies. Then, individual ministries have revised it for their own agencies. On the other hand, top-down evaluations' target problem areas include national issues such as regional disparities, green growth policies, deregulation issues, citizen satisfaction with government policies, and so on.

Self-evaluation's target program areas are not fixed but open to alteration. Under the Roh Moo-hyun administration from 2003 to 2008, they were composed of five areas such as policy processes, organization management, personnel management, financial performance, and performance level of information-based management. Under the Lee Myung-bak administration from 2008 to 2012, they were integrated into three areas including policy processes, administrative capacities, and financial performance. Top-down evaluation's target programs were also frequently altered. In the Roh administration, government innovation programs were emphasized, but job creation and green growth policies were also selected as critical target programs of the top-down evaluation.

According to the 2006 Government Performance Evaluation Act, The GPEC was composed of 15 members, co-chaired by the Prime Minister and a non-government representative. Out of 15, four members are from the government sector, who are the Prime Minister, Minister of Strategy and Finance, Minister of Public Administration and Security, and Minister of the Prime Minister's Office. The rest of 11 members are from the

private sector. Out of 11 members, ten are college professors, and only one is associated with an accounting company. The 11 member's term in office is two years but can serve a consecutive term. The composition of the GPEC has been changed since its establishment in 2006, but its membership has been renewed every two years.

College professors' disciplinary backgrounds are diverse enough to reflect their knowledge on research methods and target problem areas. Their most prominent academic background was in public administration: out of ten, four members were trained in public administration. The other six members' academic backgrounds were diverse in order to bring in expertise about the various target problem areas. Their backgrounds included economics, political sciences, social welfare, education, women's studies, and chemistry.

The GPEC is an official evaluator of government policy. In the process of evaluation, it receives technical assistance from the Policy Analysis and Evaluation Office under PMO. The PMO involves itself not only in the performance evaluation of central ministries, but also in the evaluation on provincial and local governments' performance of affairs delegated by the central government, as well as public institutions. Therefore, three entities including central ministries, provincial and local government and public institutions are considered "evaluatees." The relationship between the evaluator and evaluatees is shown in [Figure 2-1].

The GPEC conducts final deliberation and resolution over issues including the master plan and operational plans of government performance evaluation, the improvement of government performance evaluation system, supervision of central ministries' self-evaluation, and the execution of top-down evaluation. The GPEC also conducts re-evaluation on the results of central ministries' self-evaluation when the results are questionable in terms of their objectivity and reliability. In such cases, GPEC has to verify that the results were achieved reliably and fairly.

In addition, The GPEC is the primary evaluation institution of local autonomous entities' evaluation on the affairs delegated by the central government. local autonomous entity consists of two-tiered local governments: a) metropolitan city and province, and b) local governments including municipalities, rural counties, and urban counties. Both types of local governments generally act within powers delegated to them by legislation or directives of a higher level government. They implement their own inherent affairs in addition to the centrally delegated affairs. Under the umbrella of government performance evaluation system, MOPAS is brought to be in charge of evaluating these provincial and local governments' performance, in addition to the delegated affairs by the central government. After the performance evaluation is completed, MOPAS must report the results back to GPEC.

The GPEC is also the primary institution of evaluation on public institutions' performance. Public institutions in Korea include public enterprises and quasi-governmental agencies, government fund management agencies, and government- funded research institutes. Under the umbrella of government performance evaluation system, MOSF and some other agencies are assigned to be in charge of evaluating these public institutions' performance. After the performance evaluation on public institutions, MOSF and other supervising agencies report the results back to GPEC.

A public enterprise refers to a business organizations wholly or partly owned by the state and controlled through a public authority. A quasi-governmental agency refers to a legal entity created by the government to undertake commercial activities on behalf of the government. A government fund management agency is also considered as a public institution. Government funds refer to all funds except for profit and loss funds (e.g. enterprise funds, internal service funds, and trust and agency funds). Examples of government funds are general funds, special assessment funds, public pension funds, and capital projects funds. A government-funded research institution, or government think tank, is also considered as a public institution.

Policy Analysis and Evaluation Office, headed by Assistant Minister under the Prime Minister's Office, technically supports the GPEC and performs advisory and supervisory roles for evaluating government performance. This office outlines basic plans as well as execution plans for government performance evaluation and is in charge of carrying out working-level tasks, including the development of evaluation standards and evaluation indicators.

Figure 2-1 | Relationship between Evaluators and Evaluatees

## 3. Self-Evaluation Committee

The Government Performance Evaluation Act enacted in 2006 requires that individual central ministries organize their own self-evaluation committees in charge of conducting annual performance evaluation. In order to comply with the Act, central ministries are required to provide instructions on the composition, function, and operating rules of these self-evaluation committees.

In terms of composition, the committee consists of ten to thirty members appointed by the Minister. Members usually serve a two-year term, but are allowed to serve a consecutive term. Most members are from outside of the organization, but some inside members may participate in the committee. Sub-committees are usually organized under the self-evaluation committee because they can bring together evaluation expertise on a particular field for the discussion of a particular topic or theme under evaluation.

The self-evaluation committee usually meets at least once in six months. Annual self-evaluation plans and evaluation schedules are set in the first meeting of the year. In addition, sub-committees and their functions are established in these meetings. A majority of members must be present to form a quorum. The quorum required for resolution is half or more of the participants.

Individual employees must also prepare their own self-evaluation reports and present them to their division or subdivision managers. The managers then collect individual self-evaluation reports and present them to the self-evaluation support team individual ministries have set up to support the larger self-evaluation committee.

The self-evaluation committee is fully supported by the individual ministries' self-evaluation support team. The support team is in charge of collecting self-evaluation reports from divisions, subdivisions, and sub-agencies from within the ministry, and reporting them to the overseeing self-evaluation committee. Its members place scores on individual programs, and the subcommittees review the scores, and, if necessary, revise them. The self-evaluation committee finalizes the scores after the subcommittees' review and revision.

Korea's central government consists of forty individual ministries. As seen in <Table 2-1>, a total of 968 individuals serve as a member on self-evaluation committees. Each individual ministry has an average of 24.2 committee members. Out of 968, 92.8 percent (898 members) were outside members. Only 70 individuals, or 7.2 percent, were inside members, meaning ann average of 1.8 inside members per a central ministry were serving as a member of a self-evaluation committee.

Activities of outside members in terms of their functions can be divided into four categories, including policy process, financial performance, administrative, and other

activities. Most outside members were participating in key public policy areas. Out of 898, 737 individuals were participating in evaluating policy processes. Some 70 individuals were participating in evaluating both financial performance and administrative capacities respectively. Inside members, in most cases, played the role of liaison between ministries and self-evaluation committees.

Table 2-1 | Self-Evaluation Committees and their Composition

| Functions | Outside Members | | | | | Inside Members | Total |
|---|---|---|---|---|---|---|---|
| | Policy Processes | Financial Performance | Administrative Capacities | Others | Subtotal | | |
| Total | 737 | 73 | 71 | 17 | 898 | 70 | 968 |
| Average | 18.4 | 1.8 | 1.8 | 0.4 | 22.4 | 1.8 | 24.2 |
| Percent | 76.1% | 7.5% | 7.4% | 1.8% | 92.8% | 7.2% | 100% |

Ideally, evaluators have to meet two qualifications. First, every evaluator should be familiar with the full repertoire of social research methods. Second, it is also critical for an evaluator to be knowledgeable about the target problem area the program addresses (Rossi, Lipley, & Freeman, 2004). Individual ministries seem to reflect these two qualifications in recruiting members for their self-evaluation committees, as the members are diverse in their disciplinary backgrounds. As seen in <Table 2-2>, they are composed of college professors, research fellows, NGO activists, entrepreneurs from private sectors, and others.

A significant portion of outside members are from colleges and universities. Out of 898 outside members, 626 individuals, or 69.7 percent, were college professors. Research fellows were the second largest group at 17.7 percent or 22 members out of 898. A cumulative percentage of college professors and research fellows was 87.4 percent. This seems to indicate the individuals are acknowledging their specialties in various problem areas. Although proportions are low, both NGO activists and entrepreneurs from private sectors were included in the self-evaluation committee, although their number was less than four percent.

Table 2-2 | Backgrounds of Self-Evaluation Committee Members

| College Professors | Research Fellows | NGO activists | Entrepreneurs from Private Sectors | Others | Total |
|---|---|---|---|---|---|
| 626 | 159 | 22 | 30 | 61 | 898 |
| 69.7% | 17.7% | 2.4% | 3.3% | 6.8% | 100.0% |

As mentioned previously, members of self-evaluation committee who are college professors and research fellows had diverse disciplinary backgrounds, including the social sciences, humanities, engineering, and arts/physical education. In terms of their majors, the largest group of members was trained in public administration. The second largest group had studied engineering, followed by Economics. Comparatively small number of members had studied arts or physical education.

**Table 2-3 |** Disciplinary Backgrounds of Self-Evaluation Committee Members

| Social Sciences/Humanities | | | | | Engineering | Arts/ Physical Education | Total |
|---|---|---|---|---|---|---|---|
| Public Administration | Economics | Law | Others | Subtotal | | | |
| 189 | 118 | 44 | 223 | 574 | 206 | 5 | 785 |
| 24.1% | 15.0% | 5.6% | 28.4% | 73.2% | 26.2% | 0.6% | 100.0% |

The GPEC establishes self-evaluation guidelines for individual ministries. These ministries have to comply with these guidelines and establish an annual schedule of self-evaluation. In the normal procedure of self-evaluation conducted by individual agencies, no formal relationship would exist between GPEC and individual ministries' self-evaluation committee. However, a re-evaluation schedule may be set by GPEC if the results of self-evaluation were not only unsatisfactory but also positively wrong. The GPEC must confirm the data and fact-check the evidences on the negative evaluation before re-evaluation. In addition, the issue has to be decided by vote by a majority of the participants of GPEC.

## 4. Policy Analysis and Evaluation Office

As seen in [Figure 2-2], the Prime Minister's Office consists of the Prime Minister, Minister of the Prime Minister's Office, Vice-Minister for Government Policy and Vice-Minister for General Affairs. The Policy Analysis and Evaluation Office is overseen by the Vice-Minister for General Affairs. The Deputy Minister supervises the Policy Analysis and Evaluation Office. This Office establishes guidelines for policy analysis and evaluation, conducts analysis and evaluation of policies implemented by central ministries and other affairs related to policy analysis and evaluation.

The Policy Analysis and Evaluation Office consists of three director general's offices, including General Affairs on Policy Evaluation, Policy Evaluation, and Policy Analysis. These director general's offices support GPEC to effectively conduct self-evaluation, top-down evaluation, provincial and local government's performance evaluation, and public institution's performance evaluation. The Director General's Office of General Affairs on

Policy Evaluation is in charge of operating general affairs on performance management and performance evaluation, development of evaluation indicators, and support for the GPEC operation. The Director General's Office of Policy Evaluation is in charge of operating self-evaluation, provincial and local government's performance evaluation, and public institution's performance evaluation. The Director General's Office of Policy Analysis is in charge of operating top-down evaluations and total quality management on government policies.

Figure 2-2 | Office of Policy Analysis and Evaluation under the Prime Minister's Office

# Chapter 3

# Types of Government Performance Evaluation

# Types of Government Performance Evaluation

## 1. Overview

Two typological approaches can be used to classify Korea's government performance evaluation. One is the functional approach, and the other is the jurisdictional approach. In terms of functional approach, the system can be divided into self-evaluation and top-down evaluation. In terms of jurisdictional approach, it can be divided into evaluation on central ministries' performance, local governments' performance, and public institutions' performance.

In Korea, almost all agencies in the public sector have adopted self-evaluation since the introduction of the 2006 Government Performance Evaluation Act. As the central government adopted the self-evaluation system, it has been followed by all local governments including metropolitan cities, provinces, urban and urban cities, counties, and public institutions including public enterprises and quasi-governmental agencies. Currently, self-evaluation is the most critical type of government performance evaluation system.

Top-down evaluation, known as specific evaluation or *teukjung* evaluation, was adopted as a supplementary form of self-evaluation. Top-down evaluation concentrates on the performance of long-term projects, or key national policies, while self-evaluation focuses on individual agencies' annual performance of short-term programs. Top-down evaluation is conducted by GPEC, but self-evaluation is conducted by individual agencies' self-evaluation committees. These agencies self-evaluate their own policy activities under the name of self-evaluation.

In terms of the jurisdictional approach, Korea's government performance evaluation includes not only central government activities, but also that of local governments and public institutions. This evaluation system brings out a distinctive feature: it covers all evaluation activities in the public sectors, and its primary evaluation institution is GPEC. The evaluation activities in the public sectors do not evaluate all policies of local governments and public

institutions, however, as they are only performed on those concerning central government policies, local government affairs delegated by the central government, and public institutions' programs related to the accomplishment of the goals of the central government.

As seen in [Figure 3-1], the evaluation system in terms of its function and jurisdiction can be divided into four types of evaluation, including self-evaluation, top-down evaluation, public institutions' performance evaluation, and provincial and local governments' performance evaluation on affairs delegated by the central government. The evaluation system is tailored to their target areas, but they are organically interrelated under primary institution of policy evaluation, GPEC.

Self-evaluation focuses on efficiency and the output and outcome of the internal processes of central government affairs. Top-down evaluation centers on the performance of key national policies. Self-evaluation concentrates on individual agencies' annual performance, while top-down evaluation focuses on long-term strategic projects. Both self-evaluation and top-down evaluation are considered an evaluation instrument of the central government. Local government performance evaluation is mostly concerned with the local governments' performance of delegated affairs by the central ministries. Public institution's performance evaluation focuses on the performance of government-funded institutions. The GPEC coordinates these four types of evaluation so that they can be conducted under the uniform banner of government performance evaluation system.

**Figure 3-1 |** Types of Korea's Policy Evaluation



Both self-evaluation and top-down evaluation are ultimately designed to conduct central government's performance evaluation. For self-evaluation, central ministries self-evaluate whether their activities have achieved their goals and objectives under the guidelines of GPEC. The GPEC, with support from the Policy Analysis and Evaluation Office, directly

conducts top-down evaluations on particular target problem areas. On the other hand, top-down evaluations can be described as a type of program evaluation, and GPEC frequently use them as an instrument of agency evaluation. For this, GPEC usually selects a universally implemented program across individual ministries, and conducts a comparative analysis on their performance level.

Three ministries, including the Prime Minister's Office, Ministry of Strategy and Finance, and Ministry of Public Administration and Security, are delegated to supervise the self-evaluation process. The Prime Minister's Office is in charge of self-evaluation of policy processes, and the Ministry of Strategy and Finance supervises the self-evaluation of financial performance. The Ministry of Public Administration and Security is in charge of supervising the self-evaluation of administrative capacities. The Ministry of Public Administration and Security supervises the provincial and local governments' performance evaluation. Various ministries, including the Ministry of Strategy and Finance, Ministry of Education, Science and Technology, National Science and Technology Commission, etc. are being delegated to supervise public institutions' performance, as public institutions are usually established under these ministries and are in a position to supervise these public institutions..

## 2. Self-Evaluation

From a theoretical viewpoint, self-evaluation is an employee's thoughtful review of his performance during a given evaluation cycle. It involves rating established goals, competence, and overall performance. When an employee self-evaluates himself, he becomes an active participant in his own evaluation. A self-evaluation enables an employee to honestly assess his strengths and weaknesses. Therefore, a process of self-evaluating can be described as a process of learning.

A self-evaluation is sometimes called in-house evaluation or internal evaluation, as a self-evaluator is located within the organization. In contrast, an evaluator of external evaluation or outhouse evaluation is located outside an organization. The earliest evaluation activities were those of external evaluation (Horelli & Roininen, 2000). Conceptually, external evaluations are always conducted by someone who is an outsider, who has to do as little as possible with the ones being evaluated.

Borders between internal and external evaluations are increasingly overlapping as different types of assessments are being applied concurrently. Internal and external evaluation can be divided again into two types respectively, as seen in [Figure 3-2]. Internal evaluation, or self-evaluation, can be divided into two categories: pure and consulted evaluations. Pure internal evaluations are based on evaluatees' own definitions concerning the design and criteria of assessment, and takes place according to the needs of the situation. This type of

evaluation is not widespread. Consulted internal evaluations bring in external consultants who assist the evaluatees in designing the evaluation, and constructing and choosing the assessment criteria. Internal organizational members, or evaluates, often participate in the evaluation process in order provide support.

External evaluation can be divided into pure and coordinated external evaluations. Pure external evaluations are such which are totally controlled by the commissioning body to the extent that the "objects" of evaluation cannot influence the assessment criteria or the design of the endeavor. In the strictest case, the objects are not even aware of being evaluated. This type of evaluation is, however, quite rare. Coordinated external evaluation is somewhat closer to internal evaluation, since the objects of evaluation are aware of the assessment criteria and the progress of the evaluation process. Part of the evaluation material may even be collected by those being evaluated. The latter can, for instance, collect and disseminate data dealing with their activities to the evaluators, who will then reach conclusions based on the assessment criteria and performance standards. Nevertheless, external evaluators, or funders, still define the criteria of assessment and the original purpose of the evaluation, although interaction between the evaluators and evaluatees may in fact occur quite open.

Figure 3-2 | Distinctions between External and Internal Evaluations



Source: Horelli and Roininen (2000)

Korea's self-evaluation system is close to consulted internal evaluations. Central ministries self-evaluate their activities with a set of self-evaluation indicators originally developed by GPEC. The ministries, in consultation with their own self-evaluation committees, revise self-evaluation indicators to comply with the change of policy environments. Government employees in individual ministries may construct and choose the evaluation criteria. They also participate in the evaluation process and support those involved in their self-evaluation committees.

Self-evaluation indicators were originally developed based on the five target self-evaluation areas. The target areas were: policy processes, financial performance, personnel management, organization management, and administrative information management. Each area was assigned to a relevant ministry respectively to effectively supervise the processes of self-evaluation. Thus, the self-evaluation of policy processes was assigned to PMO, financial performance to the Ministry of Strategy and Finance, personnel management to the Civil Service Commission, organization management to the Ministry of Public Administration and Security, and administrative information to the Ministry of Information and Communication.

However, just before President Lee Myung-bak started his presidential term in 2008, government reorganization was carried out. Accordingly, the Civil Service Commission and the Ministry of Information and Communication were merged with the Ministry of Public Administration and Security. Therefore, the three target self-evaluation areas including personnel management, organization management and administrative information were integrated into administrative capacities. Currently, the three target self-evaluation areas are policy processes, financial performance, and administrative capacities, as seen in <Table 3-1>.

**Table 3-1 |** The Transition of the Self-Evaluation's Target Program Areas

| Periods | 2006 | 2007 | 2008~Present |
|---|---|---|---|
| | Roh Administration | | Lee Administration |
| Target Evaluation Areas | Policy processes | | Policy processes |
| | Financial performance | | Financial performance |
| | Personnel management | | Administrative Capacities |
| | Organization management | | |
| | Administrative information | | |

As of now, self-evaluation indicators are currently composed of three areas: policy processes, administrative capacities, and financial capacities. The central ministries monitor their activities on the basis of these three target evaluation areas, and at the end of the fiscal year report their performance to their self-evaluation committees. The self-evaluation committee then examines whether the ministry met its goals during the fiscal year.

In terms of goals, evaluation is oriented toward policy improvement. When evaluation suggests that a change of goals is desired, such suggestions must be taken seriously by top decision makers. Therefore, it can be said that the final results of the self-evaluation are being fed back to the central ministries' performance management. Central ministries that have shown excellence in self-evaluation receive rewards from PMO. Individuals who have shown high levels of performance also receive incentives such as performance-based bonuses.

According to Wildavsky (1972, 510), the ideal member of the self-evaluating organization is best conceived as a person committed to certain modes of problem solving. In Korea, each individual central ministry organizes the self-evaluation committee composed of some 15-30 individuals. Its members come from within the ministries, academia, NGOs and mass media. All members are committed to certain modes of problem solving. In other words, they are not directly concerned with the survival of the ministry and its subordinate organizations, they do not need to see any specific objectives being enthroned, and they do not need to serve any particular clientele.

Central ministries in Korea organize a task force to support for the self-evaluation committee. The self-evaluation committee divides their functions into three sub-committees: policy processes, financial performance, and administrative capacities, as seen in [Figure 3-3]. The self-evaluation task force provides technical support for the self-evaluation committee. When individual employees in a central ministry prepare their own self-evaluation reports, the task force collects the evaluation documents and reports them to the subcommittees. The subcommittee members place scores on individual programs; the subcommittees review the scores, and, if necessary, revise them. The self-evaluation committee finalizes the scores after the subcommittees' review and revision, and presents the finalized scores to the full committee.

Figure 3-3 | The Relationship between the Self-Evaluation Committee and Subcommittees



The Ministry of Environment is a good example of such self-evaluation activities. The Ministry organized its fourth self-evaluation committee in April, 2009, composed of thirty members. The members were appointed by the Minister, and were set to serve the two-year term. As seen in <Table 3-2>, only one member was from the ministry itself, and the rest of twenty-nine members came from various organizations such as universities, research institutes, NGOs, and private enterprises. Out of thirty members, college professors occupied the largest share,

making up 63.4 percent. Fellows in research institutes took the second largest portion at 16.7 percent. There were three members from NGOs. Two members were from private enterprises.

In terms of the policy evaluation areas, out of thirty members, nineteen members were specialists in environmental policy, four in financial management, and six in administrative management. Members with environmental policy expertise were divided into six sub-groups, namely, environmental policy and health, water conservation and sewerage, nature conservation, climate and air pollution, natural circulation, and international cooperation. Members with financial management expertise were divided into two sub-groups, including financial programs and R&D, and informatization programs. Members with administrative management expertise were divided into four sub-groups including personnel management, organizational management, financial operation, and information and technology management.

Table 3-2 | The Ministry of Environment's Self-Evaluation Committee,
and Its Composition

| MOE members | Universities | Research Institutes | NGOs | Private Enterprises | Total |
|---|---|---|---|---|---|
| 1 | 19 | 5 | 3 | 2 | 30 |
| 3.3% | 63.4% | 16.7% | 10.0% | 6.7% | 100.0% |
| MEO members | Environmental Policy Expertise | Financial Management Expertise | Administrative Management Expertise | - | Total |
| 1 | 19 | 4 | 6 | - | 30 |
| 3.3% | 63.4% | 13.3% | 20% | - | 100.0% |

The Ministry of Environment also organized a task force supporting self-evaluation. All members of the task force were composed of incumbents, or the ministry's employees. Under the direction of the self-evaluation committee, the task force collected relevant information for their ministry's self-evaluation. The task force was also divided into sub-groups in line with the sub-groups of the self-evaluation committee.

The relationship between self-evaluation committee, subcommittees, and self-evaluation task force is illustrated in [Figure 3-4]. The task force provides technical assistance for self-evaluation committee. The self-evaluation committee divides its attention into three target problem areas: environmental policies, financial performance, and administrative capacities. Among these, environmental policies can be said to be equivalent to the problem area described as policy processes.

Understandably, in MOE, environmental policies take up the largest portion of self-evaluation activities. Therefore, nineteen members out of thirty members were assigned in the policy processes area, or environmental policies, such as environmental policy and health, water conservation and sewerage, nature conservation, climate and air pollution, natural circulation, and international cooperation. Only four members were assigned to evaluating financial performance, and six in evaluating administrative capacities.

Figure 3-4 | The Relationship between Evaluators and Evaluatees



## 3. Top-down Evaluation

Top-down evaluation system, known as *teukjung* evaluation system, is designed to evaluate whether individual ministries are effectively executing key national policies such as job creation and green growth. This type of evaluation is not a form of self-evaluation, but a form of evaluation conducted by an outside evaluation agency, the so-called GPEC. The results of this top-down evaluation are used to plan for the next year's activities. Top-down evaluations are directly conducted by the GPEC.

The target program areas of top-down evaluations have undergone changes since the introduction of the government performance evaluation system. These target areas can be updated under the condition that GPEC passes a resolution by a majority vote in its meeting. In 2006, the target programs were composed of ten areas including innovation management, policy PR, legal obligations of individual ministries for social minorities, disclosure of public information, directives of the President, regulation policies, transparency policies, risk managements, public satisfaction with government policies, and other policy measures. The selection process of target evaluation areas have reflected, in some respects, the administrative philosophies of Roh Moo-hyun administration, characterized by liberalism and New Public Management. The target areas of Legal obligations of individual ministries

and disclosure of public information can be considered as an example of liberalism. Innovation management, disclosure of public information, regulatory reforms, and public satisfaction with government policies can be considered as an example of NPM. These evaluation areas, reflecting Roh administration's philosophy, were selected in the year of 2007. However, the other three programs unrelated to the Roh administration's philosophies were excluded in the selection of 2007 target evaluation areas.

In the year 2008, the first year of Lee Myung-bak administration, the target evaluation areas were minimized because it was considered too early to select the target areas. In 2009, six evaluation areas were selected. Out of six, three were inherited from the previous government: policy PR, regulatory reforms, and public satisfaction. The other three were newly selected areas: green growth policies, policy management capacities, and key national policies. Green growth policies and policy management capacities can be considered as evaluation areas that reflect the administrative philosophy of the Lee government which emphasizes pragmatism. However, key national policies seem to be yet another name for specific policy measures that had been evaluated in the Roh government. In 2010, job creation program was added to the target evaluation areas.

**Table 3-3 |** The Transition of Target Program Areas of Top-down Evaluations

| Periods | 2006 | 2007 | 2008 | 2009 | 2010~Present |
|---|---|---|---|---|---|
| | Roh Administration | | Lee Administration | | |
| Target Evaluation Areas | Innovation management | Innovation management | - | Policy Management Capacities | Policy Management Capacities |
| | Policy PR | Policy PR | - | Policy PR | Policy PR |
| | Legal obligations of individual ministries | Legal obligations of individual ministries | - | - | Job Creation |
| | Disclose of public information | Disclose of public information | - | - | - |
| | Directives of the President | - | - | - | Green Growth policies |
| | Regulatory Reform | Regulatory Reform | Regulatory Reform | - | Regulatory Reform |
| | Transparency policies | - | - | - | - |

| Periods | 2006 | 2007 | 2008 | 2009 | 2010~Present |
|---|---|---|---|---|---|
| | Roh Administration | | Lee Administration | | |
| Target Evaluation Areas | Risk managements | - | - | - | - |
| | Public satisfaction | Public satisfaction | Public satisfaction | Public satisfaction | Public satisfaction |
| | Specific policy measures | Specific policy measures | Specific policy measures | Key National Policies | Key National Policies |

The target program areas of top-down evaluations currently consist of key national policies, job creation policies, green growth policies, policy management capacities, policy PR, regulatory reform, and customer satisfaction. Out of seven, four target areas, including policy PR, regulatory reform, key national policies, and customer satisfaction, also were evaluated under the previous administration. However, the other three target areas, including public management capacities, job creation, and green growth policies, are the newly-selected ones under the Lee administration.

Government Performance Evaluation Committee develops a set of evaluation indicators with technical assistance from the Policy Analysis and Evaluation Office. This set includes individual evaluation indicators directly related to policy analysis, policy formulation, and policy implementation. Top-down evaluations are first conducted based on written documents submitted by individual ministries. Evaluators then conduct field investigations in order to improve the level of validity and reliability of the written evaluation, reviewing and verifying the results of written evaluations.

As seen in the following table, to conduct top-down evaluation on key national policies, GPEC organizes evaluation TF on key national policies. The evaluation TF actually conducts evaluations on job creation programs. The TF consists of members of GPEC, deputy directors specializing in policy analysis and evaluation in PMO, and experts from private sectors. The TF consists of four subgroups, including an economic subgroup, social and cultural subgroup, administrative subgroup, and diplomacy, unification, and national defense subgroup. Each individual subgroup is headed by a member of GPEC.

The GPEC conducts evaluation on job creation policies managed by central ministries. To effectively conduct top-down evaluation, GPEC organizes an evaluation TF, and lets the TF carry out the actual evaluation. The TF consists of members of GPEC, deputy directors specializing in policy analysis and evaluation in PMO, and experts from the private sectors. The TF reports back the results of evaluation to GPEC, which in turn decides whether the reports are to be accepted or rejected.

For the evaluation of green growth policies, the Presidential Advisory Committee of Green Growth organizes working groups composed of experts in green growth policies. This working group actually conducts evaluation on green growth policies, and reports the results of evaluation to GPEC, which then decides whether the reports are to be accepted or rejected.

The GPEC uses an evaluation TF on policy management capacities to conduct top-down evaluation. The TF is a working evaluators' group, consisting of members of the GPEC, deputy directors specializing in policy analysis and evaluation in PMO, and experts from the private sectors. The TF consists of four subgroups, including economic subgroup, social and cultural subgroup, administrative subgroup, and diplomacy, unification, and national defense subgroup.

An evaluator of policy PR is GPEC, and a working evaluator of this top-down evaluation is the MCST, which organizes the working group on the evaluation of policy PR. The working group reports the results of evaluation to GPEC, which then decides whether the reports are to be accepted or rejected.

The GPEC with the Regulatory Reform Committee conducts evaluations on regulatory reforms. To effectively perform its job, the Regulatory Reform Committee organizes the working group on the evaluation of regulatory reform. The working group reports the results of evaluation to GPEC, which then decides whether the reports are to be accepted or rejected

Public satisfaction area is divided into satisfaction with public policies and satisfaction with civil grievance resolution. The Korea Institute of Public Administration (KIPA) conducts the evaluation of public satisfaction for GPEC. As for satisfaction with public policies, KIPA conducts a set of survey analysis with a structured questionnaire. The questionnaire consists of seven-point scale items related to the satisfaction level of public policies. As for civil grievance resolution, KIPA also conducts a set of survey analysis with structured questionnaire. The questionnaire consists of seven-point scale items related to the satisfaction level of civil grievance resolution.

**Table 3-4 |** Top-down Evaluations: Evaluators, Target Ministries, and Target Policies

| Target Evaluation Areas | Evaluators | Target Ministries | Target policies |
|---|---|---|---|
| Key National Policies | GPEC with the evaluation TF on key national policies | 40 ministries except for Supreme Prosecutor's Office | 98 key national policies representing respective ministries |
| Job Creation | GPEC with the Evaluation TF on job creation policies | 11 ministries | 32 job creation projects relevant to youth employment, human resources development, social enterprise employment for the disadvantaged, and labor market improvement |
| Green Growth | GPEC with the Presidential Committee of Green Growth | 24 ministries | 40 green growth projects |
| Policy Management Capacities | GPEC with the Evaluation TF on policy management capacities | 40 ministries except for Supreme Prosecutor's Office | Policy issues, policy coordination management, and implementation management |
| Policy PR | GPEC with MCST | All 41 ministries including Supreme Prosecutor's Office | Policy PR Planning, Communication Activities with the Public, and the Performance of Policy PR |
| Regulatory Reform | GPEC with the Regulatory Reform Committee | 28 ministries operating more than 6 registered regulations | Target regulations |
| Public Satisfaction | GPEC with Korea Institute of Public Administration | All 41 ministries including Supreme Prosecutor's Office | Satisfaction with Public Policies, and Satisfaction with Civil Grievance Resolution |

Source: Ministry of Culture, Sports and Tourism (MCST)

Each individual target evaluation area has its own evaluation schedule, procedures and methods. For key national policies, GPEC organizes a team for the evaluation. The team is composed of members of the GPEC, expertise from the private sectors including universities, research institutes, and non-governmental organizations, and officers in the Policy Analysis and Evaluation Office. All forty ministries except for the Supreme Prosecutor's Office become the target ministries of this top-down evaluation. To effectively conduct the top-down evaluation, the team is divided into five subcommittees, including economic

subcommittee 1, economic subcommittee 2, social and cultural subcommittee, administrative subcommittee, and diplomacy, unification, and national security subcommittee (Appendix 1). As for the target policies for this top-down evaluation, the ministry headed by a minister must select three key policies respectively, and the ministry headed by a vice-minister has to select two key national policies. The total number of individual target policies reaches 98.

For the evaluation of job creation projects, GPEC also organize an evaluation team for this evaluation. As in top-down evaluation of key national policies, the team is composed of members of GPEC, expertise from the private sectors including universities, research institutes, and non-governmental organizations, and officers in the Policy Analysis and Evaluation Office. The team is divided into four subcommittees: youth employment subcommittee, open employment and human resources development subcommittee, subcommittee of social enterprise employment for the disadvantaged, and labor market improvement subcommittee. The target ministries of this top-down evaluation consists of 11 ministries closely related to job creation projects (Appendix 1). For the target policies for this top-down evaluation, the ministry headed by a minister has to select three key policies respectively, and the ministry headed by a vice-minister has to select two key national policies. A total of 32 individual target programs are evaluated under this top-down evaluation.

For evaluation of green growth policies, GPEC, along with the Presidential Committee on Green Growth, organizes a special evaluation team on green growth policies. This team is composed of outside members specializing in green growth policies, mostly from universities and research institutes. The team is divided into four subgroups to effectively conduct the evaluation, including greenhouse gas reduction subgroup, green growth industry and technology subgroup, citizen's green life practices subgroup, and green life adoption subgroup. The target ministries of this top-down evaluation include 24 ministries, as seen in Appendix 1. Out of 24, four ministries, including Ministry of Environment, Ministry of Knowledge Economy, Ministry of Food, Agriculture, Forestry and Fisheries, and Ministry of Land, Transportation, and Maritime Affairs, have to select two to five green growth policies respectively. The rest of 25 ministries have to select one policy respectively. A total of 40 individual target policies are evaluated under this top-down evaluation. The team head must report the results of this top-down evaluation.

For evaluation of policy management capacities, GPEC organizes an evaluation team for this evaluation. The team is composed of members of GPEC, experts from the private sectors including universities, research institutes, and non-governmental organizations, and officers in the Policy Analysis and Evaluation Office. All 40 ministries except for the Supreme Prosecutor's Office are target ministries of this top-down evaluation, as in the evaluation of key national policies. The team is divided into five subcommittees, including economic subcommittee 1, economic subcommittee 2, social and cultural subcommittee, administrative subcommittee,

and diplomacy, unification, and national security subcommittee, as seen in Appendix 1. The major target activities of this top-down evaluation are: responsiveness to policy issues, inter-ministry cooperation, and countermeasure activities to the National Assembly.

For evaluation of policy PR, GPEC delegates the Ministry of Culture, Sports and Tourism to supervise this top-down evaluation. The Ministry organizes a special evaluation team on policy PR. This team is composed of outside members specializing in public administration, journalism, and communication, mostly from universities and research institutes. All 41 ministries including the Supreme Prosecutor's Office become the target ministries. The team develops a set of questionnaire on seven-point scales based on PR focus areas, such policy PR planning, communication activities with the public, and the performance of policy PR. The evaluation team has to report the results of the evaluation to GPEC.

For evaluation of regulatory reform, the GPEC delegates the Regulatory Reform Committee under the Prime Minister's Office to supervise this top-down evaluation. The Committee organizes special evaluation team on regulatory reform. This team is composed of outside members specializing in public administration, journalism, and communication mostly with universities and research institutes. The target ministries are 28 ministries, as seen in Appendix 1. The evaluation team has to report the evaluation results of this regulatory reform to GPEC.

For evaluation of public satisfaction, the GPEC delegates the Korea Institute of Public Administration to conduct survey research on public satisfaction. This top-down evaluation consists of two types: satisfaction with public policies, and satisfaction with civil grievance resolution. All 41 ministries including the Supreme Prosecutor's Office become its target ministries. KIPA has to report the survey schedule to the GPEC before conducting the survey. The schedule has to include a time table and survey and research methods. KIPA has to report the evaluation results of public satisfaction to the GPEC.

## 4. Public Institution's Performance Evaluation

A public enterprise refers to a business organization wholly or partly owned by the state and controlled through a public authority. Some public enterprises are placed under public ownership because, for social reasons, it is thought the service or product should be provided by a state monopoly. Utilities (gas, electricity, etc.), broadcasting, telecommunications, and certain forms of transport are examples of this kind of public enterprises. A quasi-governmental agency refers to a legal entity created by the government to undertake commercial activities on behalf of the owning government. A government fund management agency also is considered as public institution. Government funds refer to all funds except for the profit and loss funds (e.g., enterprise funds, internal service funds, and trust and

agency funds). Examples of government funds are general funds, special assessment funds, public pension funds, and capital projects funds. A government-funded research institution, or so-called government think tank, are also considered as a public institution.

Public institutions in Korea can be categorized into five types: a) public enterprises and quasi-governmental agencies, b) government funds management, c) government-supported research institutes, d) local public enterprises, and e) local government-supported research enterprises. These public institutions were established based on seven individual laws including a) Public Institution Management and Operation Law, b) Government Finance Law, c) Fundamental Law of Science and Technology Law, d) Science and Technology Research Institution Foundation and Operation Law, e) Central Government's Research Institution Foundation and Operation Law, f) Local Public Enterprise Law, and g) Local Government's Research Institution Foundation and Operation Law.

Government Performance Evaluation Law states that public institutions' performance evaluation must be conducted based on the abovementioned seven individual laws. In addition, if necessary, ministers of central government agencies can evaluate public institutions under their own jurisdiction. However, for this to happen, the central ministry must have a prior consultation with GPEC in order to comply with Article 22-③ of the Government Performance Evaluation Law.

The GPEC is also the primary institution of performance evaluation of public institutions. Under the regulation of the Public Institution Management and Operation Law, several ministries, including the Ministry of Strategy and Finance, Ministry of Education, Science and Technology, and Ministry of Public Administration and Security, are in charge of evaluating public institutions' performance. In addition, provincial governments and research councils, including Korea Research Council of Fundamental Science and Technology, Korea Research Council for Industrial Science and Technology, and National Research Council for Economics, Humanities, and Social Sciences, are also assigned to conduct evaluation on the performance of government-supported and provincial government-supported research institutes.

The Ministry of Strategy and Finance is the supervising agency of the performance evaluation of public enterprises and quasi-governmental agencies. The number of the two types of public institutions combined is about 150. The Ministry also supervises performance evaluation of 64 government fund managements. The Ministry organizes an evaluation team to conduct the evaluation. The evaluation team is characterized as a body of evaluation governance. The team usually consists of a group of ninety experts including college professors, research fellows in research institutes, accountants and lawyers, and is divided into ten subcommittees. The 162 public institutions are divided into ten target areas based on the ten subcommittees.

The Ministry of Education, Science and Technology and the Defense Acquisition Program Administration are assigned to evaluate ten research institutes under Korea Research Council of Fundamental Science and Technology and Korea Research Council for Industrial Science and Technology. In addition, two research councils in the field of science and technology, Korea Research Council of Fundamental Science and Technology and Korea Research Council for Industrial Science and Technology, are also assigned to evaluate 26 research institutes under their councils.

The research council in the field of social science and humanities, or National Research Council for Economics, Humanities, and Social Sciences, is assigned to evaluate 26 government-supported research institutes in the field of economics, humanities and social sciences.

The primary institution of regional public enterprise's performance evaluation is GPEC, who delegates the task to the Ministry of Public Administration and Security and provincial governments to conduct performance evaluation of 379 regional public enterprises.

Provincial governments can also establish research institutes, and the primary institution of evaluating these institutes is GPEC. Provincial governments are assigned by GPEC to conduct performance evaluation of these research institutes.

Individual central ministries can evaluate public institutions under their own jurisdiction. However, these ministries must have prior consultation with GPEC in order to comply with Article 22-③ of the Government Performance Evaluation Law.

**Table 3-5 |** Public Institution's Performance Evaluation: Types and Target Institutions

| Types | Laws | Target Public Institutions | Supervising Agencies |
|---|---|---|---|
| Public enterprises & Quasi-Governmental Agencies | Public Institution Management and Operation Law | 100 public institutions including public enterprises and quasi-governmental agencies | Ministry of Strategy and Finance |
| Government Fund Management | Government Finance Law | 64 government funds | Ministry of Strategy and Finance |
| Government-Supported Research Institutes | Fundamental Law of Science and Technology Law | 10 research institutes under the Korea Research Council of Fundamental Science and Technology and the Korea Research Council for Industrial Science and Technology | Ministry of Education, Science and Technology and Defense Acquisition Program Administration |

| Types | Laws | Target Public Institutions | Supervising Agencies |
|---|---|---|---|
| Government-Supported Research Institutes | Science and Technology Research Institution Foundation and Operation Law | 26 government-supported research institutes in the field of science and technology | Korea Research Council of Fundamental Science and Technology and Korea Research Council for Industrial Science and Technology |
| | Central Government's Research Institution Foundation and Operation Law | 26 government-supported research institutes in the field of economics, humanities and social sciences | National Research Council for Economics, Humanities, and Social Sciences |
| Regional Public Enterprises | Regional Public Enterprise Law | 379 regional public enterprises under provincial and local governments | Ministry of Public Administration and Security and Provincial Governments |
| Provincial Government-Supported Research Institute | Local Government's Research Institution Foundation and Operation Law | 17 provincial government-supported research institutes | Governors of Provincial Governments |
| | Article 22-Đ of the Government Performance Evaluation Law | | |

The time schedule of evaluating these public institutions differs. After performance evaluation on public institutions, supervising agencies must report the results to GPEC. Individual public institutions may use the evaluation results to improve their administrative capacities and to provide incentives for those who have shown excellent performance.

# 5. Local Government's Performance Evaluation

A local autonomous system is conceptually defined as "a form of local government in which local government units have discretion in determining what they do without undue constraint from higher levels of government, and have the means or capacity to do so (Wolman, 2008)." In terms of its functions, it is independent, but closely interrelated to,

higher levels of government. Therefore, in addition to its own affairs, a local autonomous government also carries out affairs delegated by higher levels of government.

Korea's local autonomous system has a short but turbulent history. The Local Autonomy Act was first enacted in 1949, but local elections to establish local councils could not be held for three years, due to the outbreak of Korean War in 1950. Finally, after 4.19 Citizen's Revolution in 1960, both local councils and heads of local governments were elected. However, it was short-lived, as the local autonomous system was dissolved and Local Autonomy Act was suspended by the 5.16 military coup. In 1991, Local Autonomy Act was revived to launch the local autonomous system. Based on the Act, a local council was elected in metropolitan cities, provinces, and counties. Four years later, in 1995, Korea's local autonomous system was officially established when the heads of local autonomous governments were elected by citizens.

In Korea, a local autonomous government is two-tiered: a) metropolitan city and provincial government, and b) local government including municipalities, rural counties, and urban counties. The former is a higher level of government than the latter, as local government is geographically located under a metropolitan city or province. A city local government is placed under the jurisdiction of a provincial government. A rural county is under the jurisdiction of provincial governments. An urban county includes local governments under the jurisdiction of metropolitan cities such as Seoul, Busan, Taegu, Inchon, Daejon, Kwangju, and Ulsan.

Under the government performance evaluation system, MOPAS is in charge of operating these provincial and local governments' performance on affairs delegated by the central government. After the performance evaluation is completed, MOPAS has to forward the evaluation results to GPEC. A local autonomous entity's performance evaluation includes two types: a self-evaluation and a performance evaluation carried out by central ministries. Local governments are required to organize a committee to conduct self-evaluation. Performance evaluation by central governments is not a form of self-evaluation, but a form of evaluation conducted by an outside evaluation agency, including MOPAS and other related central ministries.

Performance evaluation by central ministries concentrates on affairs delegated by the central government. This evaluation is divided into two types: a joint evaluation and individual evaluation. The target evaluation areas of joint evaluation include affairs delegated by the central government, revenue sharing and grants, and key national policies. MOPAS, in cooperation of other ministries, conduct the joint evaluation. The Ministry organizes an evaluation team to effectively conduct this joint evaluation. The evaluation team is a body of evaluation governance, consisting of a group of over 100 experts including college professors, research fellows in research institutes, and NGO activists, and is divided into 9

subgroups including administrative management, social welfare, health and hygiene affairs, regional economy, culture and tourism, environment and forestry, security management, and key public policies.

**Figure 3-5 |** Types of Local Autonomous Government's Performance Evaluation



The evaluation results of this joint evaluation must be submitted to GPEC, since it is the primary institution of government evaluation. MOPAS, as a supervisory agency, prepares a reward program, and awards the local governments that have shown excellent performance in the joint evaluation, in addition to special financial aids.

The purpose of the establishment of joint evaluation was to reduce over-evaluation on local governments. Prior to the enactment of the Government Performance Evaluation Act in 2006, individual central ministries had to evaluate local governments in matters of their delegated affairs. These ministries had evaluation schedules of their own, measures and methods, and evaluation teams. As a result, local governments had to prepare for the evaluations all the year round. Lawmakers originally planned to abolish individual evaluations conducted by individual central ministries to reduce local governments' burden of evaluation preparation. The need to retain individual evaluation was brought up by some central ministries, however, and lawmakers reached a consensus that the primary evaluation type on local governments' performance should now be joint evaluation. However, the 2006 Law still allows individual central ministries to conduct individual evaluations after consulting with GPEC.

Individual ministries, therefore, can still conduct individual evaluation if necessary. The ministry would need to submit their individual evaluation schedule including a time table and methods after consulting with GPEC. Afterwards, they must also submit the results of individual evaluations to the GPEC. Based on the results, central ministries can ask local governments to take corrective action on insufficient implementation. Special incentives also can be given to these local governments.

**Chapter 4**

# Operations of the Government Performance Evaluation System

# Operations of the Government Performance Evaluation System

The GPEC starts performance evaluation by preparing guidelines of evaluation. According to the self-evaluation stipulations, central ministries are required to come up with a long-term strategic plan every five years. They are also required to specify annual short-term administrative goals based on the long-term strategic plan. Individual ministries are also required to organize their own self-evaluation committee to evaluate the agency's annual performance.

The two types of central ministries' performance evaluation have their own operating schedules. The self-evaluation is conducted by individual ministries, whereas top-down evaluation is done by GPEC. The former has to follow individual ministries' schedules, and the latter follows the time table of GPEC. Even in conducting self-evaluation, individual ministries have to comply with GPEC's self-evaluation guidelines.

## 1. Self-Evaluation and its Operating Procedures

### 1.1. Operating Procedures

Central ministries' annual self-evaluation begins with GPEC's activities. The GPEC, working with officers and staffs in the Policy Analysis and Evaluation Office under PMO, prepares, sets, and distributes guidelines of annual performance plan to central ministries in January. GPEC also prepares guidelines of annual performance evaluation plan including self-evaluation and specific evaluation.

In February, individual central ministries prepare an annual performance plan and submit it to GPEC by way of the PMO's Policy Analysis and Evaluation Office. The annual performance plan is written based on target projects along with their performance objectives,

submitted by individual divisions via bureaus and departments. In March, GPEC, along with its staff and officers in the PMO's Policy Analysis and Evaluation Office, holds review sessions to check and refine the annual performance plans submitted by central ministries. If GPEC sees need, it returns the plan to central ministries with revision suggestions. Central ministries then finalize the annual performance plan after revisions.

In April, GPEC prepares operating guidelines of self-evaluation and distributes them to central ministries. Around this time, central ministries set their instructions on the composition, function, and operating rules of their self-evaluation committees. Most ministries re-appoint the self-evaluation committee every two years, usually in April. In April or in May, the self-evaluation committee is regrouped into several subcommittees based on three target self-evaluation areas: policy processes, administrative capacities, and financial capacities. The number of subcommittees depends on the individual ministry's self-evaluation policies. For instance, Ministry of Employment and Labor organizes three subcommittees on policy processes, administrative capacities, and financial capacities. The Ministry of Environment has eight subcommittees.

In May, central ministries prepare annual self-evaluation plans in accordance with the guidelines of annual performance evaluation plan and the operating guidelines of annual self-evaluation. Individual ministries' self-evaluation committees review and finalize their annual plan. In June, central ministries draft the annual performance plan for next year.

In July, self-evaluation committees conduct the performance evaluation of the first half of the year. This evaluation is a form of process evaluation, designed to examine how a program is operating and assess how well it is performing its intended functions. Process evaluation is an ongoing function involving repeated measurements over time, and therefore, can be characterized as program process monitoring.

Sub-evaluation committees play a tangible role in program process evaluation. Subcommittee members usually work with evaluation TF, who consist of deputy directors specializing in particular public policy areas. They collect required data for the subcommittees, and participate in the process evaluation activities.

From August through November, members of self-evaluation committee conduct on-the-spot checks for annual self-evaluation. Individual subcommittees preside over this process, checking how a program is operating, collecting program records and other information on service utilization and organizational functions, and assessing how well it is generally performing its functions. In the site checking sessions, government employees in charge of implementing public policies present what they have done to accomplish planned goals to the subcommittee. Afterwards, they hold a question and answer session with subcommittee members. If necessary, subcommittee members may demand additional information.

In December, self-evaluation activities are divided into three tracks, because the time schedule of three self-evaluation target areas are set differently. The self-evaluations on policy processes are conducted in January after government employees' briefing sessions on their annual performance. In February, the self-evaluation committees have to complete self-evaluation as to what government employees have done in accordance with self-evaluation indicators of policy processes. In March, individual ministries' self-evaluation committees have to report the results of self-evaluation to PMO. As mentioned earlier, PMO is a supervisory agency for self-evaluation on policy processes. PMO's Office of Policy Analysis and Evaluation submits the result to GPEC for approval.

Self-evaluations on administrative capacities are usually conducted in March. Ministry of Public Administration and Security, the supervisory agency of the self-evaluation on administrative capacities, supervises the evaluation implementation, collects the evaluation results, and reports them to GPEC. Self-evaluations on financial performances are usually conducted prior to June. Ministry of Strategy and Finance, as a supervisory agency of self-evaluation on financial performance, supervises the evaluation implementation, collects the evaluation results, and reports them to GPEC.

Table 4-1 | Operating Procedures of Self-Evaluation

| Month | Prime Minister's Office and the GPEC | Central Ministries and their Self-Evaluation Committee |
|---|---|---|
| January | Prepare guidelines of annual performance plan and annual performance evaluation plan | |
| February | | Draft the annual performance plan, and submit it to the Prime Minister's Office |
| March | Review and refine the annual performance plan | Finalize the annual performance plan |
| April | Prepare operating guidelines of self-evaluation | Appoint members of self-evaluation committee, if necessary, and its organize subcommittees |
| May | | Prepare, review and finalize the annual self-evaluation plan |
| June | | Draft the annual performance plan for the next year |
| July | | Conduct the performance evaluation of the first half year |
| August ~ November | | Conduct on-the-spot surveys for the annual self-evaluation |

| Month | Prime Minister's Office and the GPEC | Central Ministries and their Self-Evaluation Committee | |
|---|---|---|---|
| December | | Self-evaluate after briefing sessions on the annual performance | |
| January | Prepare annual evaluation guidelines on the operational status of self-evaluation activities, and deliver to individual ministries | Conduct self-evaluation on the policy process area, and the administrative capacitiesConduct self-evaluation on the policy process area, and the administrative capacities | |
| February | | Conduct self-evaluation on the financial performance | |
| March | Check and evaluate the operational status of individual ministries' self-evaluation activities | The self-evaluation committees submit the evaluation reports to the PMO, MOPAS and MOSF | MOPAS collects the results of self-evaluation on the administrative capacities, and reports the results to GPEC |
| April ~ June | Award excellent ministries for self-evaluation activities | The MOSF collects the results of self-evaluation on the financial capacities, and reports the results to GPEC | |

## 1.2. Self-Evaluation Indicators

### 1.2.1. Features of Self-Evaluation Indicators

A central feature of government performance evaluation system is its reliance on the use of self-evaluation indicators to determine whether policy objectives are being met. These indicators are principally based upon routinely collected data that measure processes, outputs, and outcomes, or special surveys such as for consumer satisfaction surveys. The focus of self-evaluation is not on a minister's leadership, but on government employees in the civil service system and their day-to-day operations.

New Zealand's performance evaluation is different from Korea's. Unlike the Korean system, New Zealand's performance evaluation focuses on the department's chief executive (Trivedi, 2012). Chief executives of various departments are evaluated for delivering results, leadership, and other behavioral qualities. <Table 4-2> summarizes the areas in which a chief executive's performance is being evaluated. New Zealand's system consists of two target areas, including results and behaviors, and six performance elements. Out of the six elements, the greatest weight is given to the output delivery, representing 40 out of 100.

**Table 4-2 |** Target Areas of a Chief Executive's Performance Evaluation, New Zealand

| Target Areas | Performance Element | Description of Measure | Criterion Weight |
|---|---|---|---|
| Results | Strategic Priorities | Results are achieved in areas of strategic priority for the government and the department. | 20 |
| | Ownership Interest | Department's capability is maximized to meet current and future demands efficiently and effectively. | 10 |
| | Output Delivery | The department's agreed outputs are delivered | 40 |
| Behaviors | Relationship with Minister(s) | The Chief Executive maintains professional, productive and effective working relationship(s). | 10 |
| | Leadership | The Chief Executive demonstrates strategic thinking and maintains effective communications and relationships. | 10 |
| | Promotion of the Collective Interest of the Government | The Chief Executive behaves in ways that contribute to the wider interests of government. | 10 |
| Total | | | 100 |

The hierarchical structure of Korean government need to be understood in order to answer the question, "who evaluate what, when and how" in Korea's self-evaluation system. A central ministry in Korea is hierarchically composed of minister, vice-minister, deputy minister of department, director general of bureau, director of division, and chief of subdivision.

Vice-ministers provide aid to ministers and supervise deputy ministers of the department. A deputy minister supervises director generals of bureaus, and a director general supervises division directors. This hierarchy in the Korean government is relatively strict. Self-evaluation focuses on programs in division levels, characterized as short-term annual plans.

Before going into self-evaluation in details, the question raised above needs to be answered. Under the current evaluation system, a self-evaluation committee established in an individual ministry conducts self-evaluation respectively with a set of self-evaluation indicators. Its focus is usually on day-to-day work performance in the division level. As mentioned earlier, self-evaluation consists of three areas: policy processes, financial performance, and administrative capacities. These three self-evaluation areas are not fixed, and can be altered.

### 1.2.2. Self-Evaluation Indicators of Policy Processes

The focus of self-evaluation on policy processes is not on the division director, but on the division's activities. In addition, not all division activities are evaluation targets. Each division selects several projects for self-evaluation, and these projects become target self-evaluation programs. An average score of individual divisions' performance evaluation is counted as the score of the bureau's performance, and an average score of individual bureau's performance evaluation is considered as the score of a department's level of performance evaluation.

For self-evaluation, divisions in the individual ministry submit their target projects with their annual performance objectives to their bureaus. Bureaus collect the target projects from divisions, and submit them to departments, and to the department in charge of the ministry's self-evaluation. This department drafts the ministry's annual performance plan, finalizes it with minister's approval, and submits it to GPEC by the way of the PMO's Policy Analysis and Evaluation Office.

The size of each individual ministry is different, and therefore, the number of target projects for self-evaluation also differs. As seen in <Table 4-3>, the average number of the ministries headed by ministers is more than that of the ministries headed by vice-ministers. These numbers are not fixed, and are altered slightly each year.

For the fiscal year of 2010, the average number of policy processes area of the ministries headed by ministers was about 67, whereas that of the ministries headed by vice-ministers was about 38. Out of 19 ministries headed by ministers, the Ministry of Knowledge Economy was the largest in its number. It had 115 target projects for self-evaluation in the area of policy processes. Four ministries - Ministry of Strategy and Finance, Ministry of Education, Science and Technology, Ministry of Health and Welfare, and Ministry of Environment - were relatively larger in the number of target projects than all other ministries, counting more than 95 projects. Anti-Corruption and Civil Rights Commission was smallest in its number of projects, having only 20 target projects. Anti-Corruption and Civil Rights Commission, along with other three ministries including Fair Trade Commission, Financial Services Commission and Ministry of Gender Equality and Family were the four smallest agencies in its number of target projects, less than 35.

Out of 19 ministries headed by vice-ministers, Defense Acquisition Program Administration was the largest in its number of target projects. It had 99 target projects for self-evaluation in the area of policy processes. Food and Drug Administration was relatively larger in number of target projects than all other ministries, counting 88 target projects. However, Anti-Corruption and Civil Rights Commission was smallest in its number, at only 20. The Ministry of Government Legislation was the smallest agency in its number. It had only 13 target projects for self-evaluation in the policy processes area.

**Table 4-3 |** Number of Target Projects of Policy Processes by Ministries

| Ministries Headed by Ministers | Number of Target Projects | Ministries Headed by Vice-Ministers | Number of Target Projects |
|---|---|---|---|
| Ministry of Strategy and Finance | 97 | National Tax Service | 37 |
| Ministry of Food, Agriculture, Forestry and Fisheries | 73 | Customs Service | 43 |
| Ministry of Knowledge Economy | 115 | Public Procurement Service | 28 |
| Ministry of Land, Transportation, and Maritime Affairs | 54 | Statistics Korea | 38 |
| Korea Communications Commission | 62 | Rural Development Administration | 32 |
| Fair Trade Commission | 31 | Forest Service | 26 |
| Financial Services Commission | 35 | Small and Medium Business Administration | 47 |
| Ministry of Education, Science and Technology | 98 | Intellectual Property Office | 34 |
| Ministry of Culture, Sports and Tourism | 71 | Ministry of Government Legislation | 13 |
| Ministry of Health and Welfare | 99 | Ministry of Patriots and Veterans Affairs | 37 |
| Ministry of Environment | 95 | Military Manpower Administration | 23 |
| Ministry of Employment and Labor | 62 | Defense Acquisition Program Administration | 99 |
| Ministry of Gender Equality and Family | 28 | National Police Agency | 68 |
| Ministry of Unification | 44 | National Emergency Management Agency | 52 |
| Ministry of Foreign Affairs and Trade | 71 | Meteorological Administration | 37 |
| Ministry of Justice | 78 | Cultural Heritage Administration | 24 |
| Ministry of National Defense | 56 | Food and Drug Administration | 88 |
| Ministry of Public Administration and Security | 83 | Multiple Administrative City Construction Agency | 26 |
| Anti-Corruption and Civil Rights Commission | 20 | Coast Guard | 46 |
| Average | 66.9 | Average | 38.4 |

Source: Kang & Lee (2011)

In the ministries headed by ministers, self-evaluation indicators in the policy processes area were mostly based on the four major policy processes: policy formulation, implementation management, performance, and policy effects. As seen in <Table 4-4>, on out of 100 points, 96.3 belonged to the four fields. The performance field took the largest portion, representing 42.3 out of 100 points, whereas the feedback field shared the smallest portion, representing only 0.7 out of 100 points. Planning and implementation process fields made up approximately 20 out of 100 points respectively. Policy effects field represented 12.3 out of 100.

All individual ministries differed in terms of the weight given to individual evaluation fields, except for two ministries, the Ministry of Food, Agriculture, Forestry & Fisheries and the Ministry of Education, Science and Technology. The two ministries gave identical weight to different evaluation fields, giving planning, implementation process, performance and effect weights of 20, 20, 50, and 10 respectively. Out of fifteen ministries, eight ministries focused on the four fields, although they gave different weight to the fields. Three ministries, including Ministry of Knowledge Economy, Ministry of Culture, Sports and Tourism, and Ministry of Unification, focused on only three evaluation fields, including planning, implementation processes, and performance, although giving different weights. Two ministries, the Ministry of Foreign Affairs and Trade, and the Ministry of Justice, concentrated on planning, implementation processes, performance, effects and others. The Ministry of Public Administration and Security concentrated on planning, implementation processes, performance, and others.

Table 4-4 | The Compositions of Self-Evaluation Indicators in the Policy Processes Area, Ministries Headed by Ministers

| Ministries Headed by Ministers | Planning | Implementation Processes | Performance | Effects | Feedback | Others | Total |
|---|---|---|---|---|---|---|---|
| Ministry of Strategy and Finance | 20 | 30 | 30 | 20 | 0 | 0 | 100 |
| Ministry of Food, Agriculture, Forestry & Fisheries | 20 | 20 | 50 | 10 | 0 | 0 | 100 |
| Ministry of Knowledge Economy | 35 | 15 | 50 | 0 | 0 | 0 | 100 |
| Ministry of Land, Transportation, & Maritime Affairs | 30 | 30 | 20 | 20 | 0 | 0 | 100 |
| Korea Communications Commission | | | | | | | |

| Ministries Headed by Ministers | Planning | Implementation Processes | Performance | Effects | Feedback | Others | Total |
|---|---|---|---|---|---|---|---|
| Fair Trade Commission | | | | | | | |
| Financial Services Commission | | | | | | | |
| Ministry of Education, Science and Technology | 20 | 20 | 50 | 10 | 0 | 0 | 100 |
| Ministry of Culture, Sports and Tourism | 40 | 30 | 40 | 0 | 0 | 0 | 100 |
| Ministry of Health and Welfare | 20 | 20 | 40 | 20 | 0 | 0 | 100 |
| Ministry of Environment | 15 | 15 | 30 | 20 | 10 | 10 | 100 |
| Ministry of Employment and Labor | 20 | 10 | 50 | 20 | 0 | 0 | 100 |
| Ministry of Gender Equality and Family | 20 | 40 | 30 | 10 | 0 | 0 | 100 |
| Ministry of Unification | 20 | 20 | 60 | 0 | 0 | 0 | 100 |
| Ministry of Foreign Affairs and Trade | 10 | 10 | 50 | 10 | 0 | 20 | 100 |
| Ministry of Justice | 10 | 20 | 40 | 25 | 0 | 5 | 100 |
| Ministry of National Defense | 20 | 15 | 45 | 20 | 0 | 0 | 100 |
| Ministry of Public Administration & Security | 10 | 20 | 50 | 0 | 0 | 10 | 100 |
| Anti-Corruption and Civil Rights Commission | | | | | | | |
| Average | 20.7 | 21 | 42.3 | 12.3 | 0.7 | 3 | 100 |

Source: Kang & Lee (2011)

In ministries headed by vice-ministers, self-evaluation indicators in the policy processes area are also developed based on the four major policy processes: policy formulation, implementation management, performance, and policy effects. As seen in <Table 4-5>, on the basis of 100 points, 91.6 belonged to the four fields. The performance field took up the largest portion, representing 39.2 out of 100 points, and the feedback field represented the smallest portion, representing only 2.4 out of 100 points. The planning field shared 16.7, whereas the implementation process field came in at 21.6. The policy effects field represented 14.2.

All individual ministries headed by vice ministers show varieties in their weight policies. However, out of nineteen, eight ministries focused on four fields, although the weight given to the fields varied. Both Statistics Korea and Small and Medium Business Administration

concentrated on six fields. Four ministries, including the Forest Service, Ministry of Patriots and Veterans Affairs, National Policy Agency and Meteorological Administration focused on five fields such as planning, implementation, performance, effects and feedback. The Ministry of Government Legislation concentrated on three fields, including planning, performance, and others. Multiple Administration City Construction Agency did not count "planning" as a self-evaluation field. This Agency focused on implementation, performance, and effects.

Table 4-5 | The Compositions of Self-Evaluation Indicators in the Policy Processes Area, Ministries Headed by Vice-Ministers

| Ministries Headed by Vice Ministers | Planning | Implementation Processes | Performance | Effects | Feedback | Others | Total |
|---|---|---|---|---|---|---|---|
| National Tax Service | 20 | 50 | 20 | 10 | 0 | 0 | 100 |
| Custom Service | 20 | 20 | 20 | 20 | 0 | 20 | 100 |
| Public Procurement Service | 20 | 25 | 45 | 10 | 0 | 0 | 100 |
| Statistics Korea | 15 | 18 | 47 | 10 | 5 | 5 | |
| Rural Development Administration | 10 | 15 | 40 | 35 | 0 | 0 | 100 |
| Forest Service | 15 | 10 | 50 | 15 | 10 | 0 | 100 |
| Small & Medium Business Administration | 14.3 | 14.3 | 47.6 | 9.5 | 4.8 | 9.5 | 100 |
| Intellectual Property Office | 20 | 30 | 25 | 0 | 0 | 25 | 100 |
| Ministry of Government Legislation | 20 | 0 | 45 | 0 | 0 | 35 | 100 |
| Ministry of Patriots and Veterans Affairs | 15 | 15 | 45 | 15 | 10 | 0 | 100 |
| Military Manpower Administration | 20 | 20 | 40 | 20 | 0 | 0 | 100 |
| Defense Acquisition Program Administration | 15 | 15 | 50 | 20 | 0 | 0 | 100 |
| National Policy Agency | 30 | 25 | 30 | 5 | 10 | 0 | 100 |
| National Emergency Management Agency | 20 | 20 | 30 | 20 | 0 | 10 | 100 |
| Meteorological Administration | 25 | 25 | 40 | 5 | 5 | 0 | 100 |
| Cultural Heritage Administration | 13.6 | 22.7 | 54.5 | 9.2 | 0 | 0 | 100 |
| Food and Drug Administration | 10 | 35 | 40 | 15 | 0 | 0 | 100 |

| Ministries Headed by Vice Ministers | Planning | Implementation Processes | Performance | Effects | Feedback | Others | Total |
|---|---|---|---|---|---|---|---|
| Multiple Administration City Construction Agency | 0 | 30 | 40 | 30 | 0 | 0 | 100 |
| Coast Guard | 15 | 20 | 35 | 20 | 0 | 10 | 100 |
| Average | 16.7 | 21.6 | 39.2 | 14.1 | 2.4 | 6.0 | |

Source: Kang & Lee (2011)

For the fiscal year of 2011, the Ministry of Health and Welfare employed five self-evaluation indicators. As seen in <Table 4-6>, the greatest weight was given to the performance section, representing 40 out of 100 scores. The policy effectiveness section can be descried as a part of performance from a distal perspective, and was given a weight of 20. The outcome sections, including performance and policy effectiveness, could be considered the most critical one: a weight of 30 was given to the planning section, whereas 10 scores were given to the process section.

Table 4-6 | The Compositions of Self-Evaluation Indicators

| Evaluation Sections | Evaluation Indicators | Weights |
|---|---|---|
| Performance | Appropriateness of performance objectives | 30 |
| | Performance accomplishment | 10 |
| Planning | Specification of implementation process | 30 |
| Process | Specification of implementation schedule | 10 |
| Policy Effectiveness | Range of policy impact | 20 |

### 1.2.3. Self-Evaluation Indicators in the Financial Performance

The financial performance area consists of financial project, research and development (R&D), and information project. Almost all ministries operate both financial projects and information projects, but only a few ministries run R&D. Therefore, the number of the first two projects is larger than that of the last one. The number also differs according to individual ministries and their sizes. The Ministry of Strategy and Finance is in charge of supervising self-evaluation on financial projects; the National Science and Technology Commission is supervising self-evaluation on R&D; and the Korea Communications Commission is in charge of supervising self-evaluation on information projects.

As seen in <Table 4-7>, the number of financial projects selected for self-evaluation varies widely from four to 129 in ministries headed by ministers. The Ministry of Strategy

and Finance selects only four financial projects for self-evaluation, while the Ministry of Health and Welfare has 129. The Ministry of Knowledge Economy and the Ministry of Land, Transportation and Maritime Affairs select more than 100 financial projects for self-evaluation, but the Fair Trade Commission and Ministry of Justice choose only six. The Anti-Corruption and Civil Rights Commission is the only ministry that does not select any financial projects for self-evaluation.

In the ministries headed by ministers, the number of information projects selected for self-evaluation is also varies. Four ministries, including the Ministry of Knowledge Economy, Ministry of Land, Transportation and Maritime Affairs, Ministry of Health and Welfare, and Ministry of Public Administration and Security, select more than ten projects in this evaluation area. However, three ministries, including the Korea Communications Commission, Fair Trade Commission, and Ministry of Gender Equality and Family, select no information projects for self-evaluation. Not many ministries select R&D projects for self-evaluation. Out of 19 ministries headed by ministers, only seven selected these projects for self-evaluation. The Ministry of Knowledge Economy selects 52 R&D projects, while three ministries, including the Ministry of Land, Transportation and Maritime Affairs, Ministry of Culture, Sports and Tourism, and Ministry of Public Administration and Security, select two.

In ministries headed by vice-ministers, the number of financial projects selected for self-evaluation also varies from three to 44. The Small and Medium Business Administration selects 44 financial projects for self-evaluation, while the Military Manpower Administration selects only one. The Food and Drug Administration selects 22 financial projects for self-evaluation, but the Ministry of Government Legislation and the Meteorological Administration selects only three. Information on three ministries including Public Procurement Service, Statistics Korea, and the Defense Acquisition Program Administration was not available.

The number of information projects selected for self-evaluation also varies, but in most cases, the number is less than 10 in all ministries headed by vice-ministers. Five ministries, including Ministry of Patriots and Veterans Affairs, Military Manpower Administration, Drug Administration, Multiple Administration City Construction Agency, and Coast Guard, select only one information project. Not many ministries headed by vice-ministers select R&D projects for self-evaluation, only eight out of 19. The Korea Communications Commission selects 13 R&D projects, while five ministries including Forest Service, National Policy Agency, National Emergency Management Agency, Cultural Heritage Administration, and Food and Drug Administration select only one.

**Table 4-7 |** Number of Target Projects of Financial Performance by Ministries

| Ministries Headed by Ministers | Number of Target Projects | | | Ministries headed by Vice-Ministers | Number of Target Projects | | |
|---|---|---|---|---|---|---|---|
| | F | R&D | I | | F | R&D | I |
| Ministry of Strategy and Finance | 4 | - | 1 | National Tax Service | 16 | - | 4 |
| Ministry of Food, Agriculture, Forestry & Fisheries | 40 | - | 6 | Customs Service | 6 | - | 2 |
| Ministry of Knowledge Economy | 106 | 52 | 13 | Public Procurement Service | | | |
| Ministry of Land, Transportation, & Maritime Affairs | 104 | 2 | 13 | Statistics Korea | | | |
| Korea Communications Commission | 10 | - | - | Rural Development Administration | 16 | 13 | 7 |
| Fair Trade Commission | 6 | - | - | Forest Service | 7 | 1 | - |
| Financial Services Commission | 17 | - | 2 | Small & Medium Business Administration | 44 | 7 | 6 |
| Ministry of Education, Science and Technology | 22 | 15 | 4 | Intellectual Property Office | 5 | - | 2 |
| Ministry of Culture, Sports and Tourism | 36 | 2 | 6 | Ministry of Government Legislation | 3 | - | 3 |
| Ministry of Health and Welfare | 129 | 6 | 12 | Ministry of Patriots and Veterans Affairs | 11 | - | 1 |
| Ministry of Environment | 44 | 9 | 6 | Military Manpower Administration | 1 | - | 1 |
| Ministry of Employment and Labor | 80 | - | 9 | Defense Acquisition Program Administration | | | |
| Ministry of Gender Equality and Family | 14 | - | - | National Police Agency | 19 | 1 | 4 |
| Ministry of Unification | 18 | - | 4 | National Emergency Management Agency | 16 | 1 | 6 |
| Ministry of Foreign Affairs and Trade | 37 | - | 1 | Meteorological Administration | 3 | 5 | - |
| Ministry of Justice | 6 | - | 2 | Cultural Heritage Administration | 8 | 1 | - |
| Ministry of National Defense | 10 | - | 3 | Food and Drug Administration | 22 | 1 | 1 |

| Ministries Headed by Ministers | Number of Target Projects | | | Ministries headed by Vice-Ministers | Number of Target Projects | | |
|---|---|---|---|---|---|---|---|
| | F | R&D | I | | F | R&D | I |
| Ministry of Public Administration &Security | 13 | 2 | 11 | Multiple Administrative City Construction Agency | 11 | – | 1 |
| Anti-Corruption and Civil Rights Commission | – | – | 1 | Coast Guard | 5 | – | 1 |
| Average | | | | Average | | | |

Source: Kang & Lee (2011)

Self-evaluation indicators in the financial performance area have been developed based on the three fields: planning, management, and performance and feedback. As seen in <Table 4-8>, on the basis of 100 points, 50 belong to the performance and feedback field. The planning field shares 20, and the management field 30. On the basis of the three fields, nine indicators are being used, as seen in <Table 4-8>. Self-evaluators have to answer the nine questions by providing relevant data and information, and grade their activities. The self-evaluation indicators are being universally used ministry-wide, regardless of ministries headed by ministers or vice-ministers, so long as the ministries are operating financial projects under the direction of the Ministry of Strategy and Finance.

Table 4-8 | Self-Evaluation Indicators in the Financial Performance

| Fields | Indicators | Weight |
|---|---|---|
| Planning | Were operational plans appropriate? | 15 |
| | Were performance plans appropriate? | 15 |
| Management | Were projects implemented as planned? | 5 |
| | Was a monitoring system effectively operated? | 10 |
| | Was a monitoring evaluation objective and comprehensive? | 5 |
| Performance and Feedback | Were objectives achieved as planned? | 30 |
| | Were projects effectively implemented? | 5 |
| | Was the level of efficiency improved? | 5 |
| | Were remedial actions appropriately taken? | 10 |
| Total | | 100 |

Self-evaluation in financial performance actually starts in January when the Ministry of Strategy and Finance distributes its self-evaluation guideline to individual ministries. The guidelines must be approved by GPEC before its distribution. Individual ministries complete

their self-evaluation on the previous year's financial projects until March, and submit the results to the Ministry of Strategy and Finance for confirmation and check. The self-evaluation team for financial projects under the Ministry of Strategy and Finance conducts the confirmation and check based on the individual ministries' self-evaluation reports in April and May. The Ministry reports self-evaluation results of financial performance to GPEC in the middle of June, and releases it to the public. The Ministry then reflects the self-evaluation results in the appropriation of individual ministries' budget for next year.

A financial project implemented by the National Emergency Management Agency was selected as one of the best performing practices in June, 2012. This Agency conducted its self-evaluation in financial performance based on the 11 evaluation indicators suggested by the Ministry of Strategy and Finance. The 2011 evaluation, composed of three fields and 11 indicators, were universally employed to self-evaluate financial performance of individual ministries.

The National Emergency Management Agency has carried out four financial projects in 2011, including a) disaster prevention infrastructure project, b) natural disaster damage reduction project, c) natural disaster-vulnerable area maintenance project, and d) small river maintenance project. Out of these four, the disaster-vulnerable area maintenance project was shown to be the best performing projects, as confirmed by the Ministry of Strategy and Finance. The Ministry also selected five best practices in the self-evaluation of financial projects. The other four were a) financial support for business incubators supervised by the Small and Medium Business Administration, b) utilization system development for disease research resources supervised by the Ministry of Health and Welfare, c) technology-transfer project for the utilization of agrifood resources supervised by the Rural Development Administration, and d) national park maintenance project supervised by the Ministry of Environment.

According to the self-evaluation documents, the National Emergency Management Agency received a perfect score in the planning field. The Agency self-evaluated the project by answering the 11 individual evaluation questions or evaluation indicators presented in <Table 4-9>. In answering the question 1-1, the Agency presented evidential documents showing that it has a set of clear and specific objectives to protect citizen's lives and properties. According to the documents, the Agency has complied with guidelines outlined in the Countermeasures against Natural Disasters Act to accomplish its objectives. The agency designated national disaster-vulnerable areas in cooperation with local governments, maintained and improved the designated vulnerable areas, and constructed rainwater storage facilities.

Table 4-9 | A Case of National Emergency Management Agency:
Self Evaluation Scores

| Fields | Indicators | | Weight | Self-Evaluation Score |
|---|---|---|---|---|
| Planning | Operational Plan | 1-1. Were objectives clear and specific? | 2 | 2 |
| | | 1-2. Were there any unnecessary overlapping projects? | 3 | 3 |
| | | 1-3. Were operational strategies effective? | 5 | 5 |
| | Performance Plans | 1-4. Was there a direct relationship between project objective and performance target? | 5 | 5 |
| | | 1-5. Were the target performances specific and measurable? | 5 | 5 |
| Project Management | 2-1. Were project budgets executed as planned? | | 15 | 10 |
| | 2-2. Was a monitoring system effectively operated? | | 10 | 10 |
| | 2-3. Was a monitoring evaluation objective and comprehensive? | | 5 | 0 |
| Performance and Feedback | 3-1. Were objectives achieved as planned? | | 30 | 30 |
| | 3-2. Were projects effectively implemented? | | 10 | 5 |
| | 3-3. Were remedial actions appropriately taken? | | 10 | 10 |
| Total | | | 100 | 85 |

The Agency's answer in question 1-2 was no. According to the documents provided by the Agency, the natural disaster-vulnerable area maintenance project did not overlap with any other projects supervised by other central ministries. Although a local river maintenance project is managed by the Ministry of Land, Transportation, and Maritime Affairs, its focus is on small rivers' levee construction, and the natural disaster-vulnerable maintenance project is different from that for the local river maintenance project. The former project has been developed based on the Countermeasures against Natural Disasters Act, whereas the latter project has been established based on the River Act. The geographic areas the two projects focus on are also different. The former includes areas prone to floods, carried-away areas, isolated areas, collapsed areas, and tsunami-dangerous areas, whereas the latter only includes small rivers and their embankments.

For question 1-3, the Agency answered that operational strategies were effective. The Agency has developed two tracks of operational strategies: one was disaster-vulnerable

areas maintenance plan, and the other was rainwater storage facilities construction. For the former plan, a five-step operational strategy was set, as seen in [Figure 4-1]. First, a survey on disaster-vulnerable areas, in cooperation with the Agency and local governments, was conducted by a group of local government employees and professionals. In this step, this group had to identify the disaster-vulnerable areas. Second, local governments had to designate and notify the disaster-vulnerable areas based on the survey. Local governments then had to develop maintenance plans. The plans had to be customized according to individual disaster-vulnerable areas. A multi-year budget planning had to be included in the maintenance plans. The Agency, then, collected individual maintenance plans from local governments, and developed a strategy for securing budgets of maintenance plans. Then, in negotiation with the Ministry of Strategy and Finance, the Agency secured budgets for the maintenance plans. Afterwards, it had to distribute budgets to local governments based on designated disaster-vulnerable areas. Finally, local governments implemented the disaster-vulnerable areas maintenance project under the supervision of the Agency.

Figure 4-1 | Five-Step Operational Strategy



For the rainwater storage facilities construction plan, the Agency set up a six-step operational strategy, illustrated in [Figure 4-2]. First, a feasibility study on rainwater storage facilities construction and their potential location was conducted by a group of local government employees and professionals. This group then drew up a master plan for the storage facilities construction on the basis of the feasibility study. Second, local governments accepted and reviewed applications from local enterprises, prioritized the preferred applicants, and submitted the list to the Agency via higher level of government or provincial government. Third, the Agency reviewed potential project operators that would construct rainwater storage facilities, and selected project operators after a review session. Fifth, the Agency provided government subsidies for the project operators through local governments. Finally, the project operators constructed the storage facilities after going through all these procedures.

Figure 4-2 | Six-Step Operational Strategy

The Agency's answer to question 1-4 was yes. The documents provided by the Agency showed a direct relationship between project objectives and performance targets. Both project objectives and performance targets were quantified so that the accomplishment level of target projects could be easily measured. For instance, the performance target of the year 2011 was 20 percent maintenance rate of disaster-vulnerable areas. The Agency devised the following formula to calculate maintenance rate:

Maintenance Rate = C/T * 100

C: total number of completed areas

T: total number of disaster-vulnerable areas

The 2011 performance target of storage facilities' construction rate was also 20 percent. The construction rate was calculated on the basis of the following formula:

Construction Rate = S/T * 100

S: total number of completed storage facilities

T: total number of completed storage facilities

The answer to the question 1-5 was yes, because the target performance was quantifiable as seen in the two previous formulas. In addition, the Agency kept track of annual statistics of maintenance rate of disaster-vulnerable areas, as shown in <Table 4-10>. The maintenance rate had gone up from 52.7 percent in 2008 to 61.7 percent in 2009, to 69.4 percent in 2010.

Table 4-10 | Maintenance Rates of Disaster-Vulnerable Areas: 2008~2010

| Items | 2008 | 2009 | 2010 |
|---|---|---|---|
| A total number of disaster-vulnerable areas | 1,180 | 1,210 | 1,210 |
| A total number of completed areas | 622 | 747 | 840 |
| Maintenance rate | 52.7% | 61.7% | 69.4% |

For the evaluation indicator 2-1, the Agency marked 10 out of 15 scores. Based on the settlement of accounts at the end of the fiscal year, project budgets had been executed as planned in 2009 and 2010. However, there were some under-implemented budgets in 2011, as shown in <Table 4-11>. The amount of unexecuted budgets was 7 billion won. The Agency re-directed this amount from the disaster-vulnerable area maintenance plan to restoration expenditures of heavy rain damages in July, 2011.

Table 4-11 | Budget-Accounts Rates: 2009~2011

| Year | Specific Plans | Budget (A) | Accounts (B) | Rates (B/A) |
|------|----------------|-----------|--------------|-------------|
| 2009 | Disaster-Vulnerable Area Maintenance | 3,489 | 3,489 | 100% |
| | Rainwater Storage Facilities Construction | 148 | 148 | 100% |
| | Subtotal | 3,637 | 3,637 | 100% |
| 2010 | Disaster-Vulnerable Area Maintenance | 3,083 | 3,083 | 100% |
| | Rainwater Storage Facilities Construction | 383 | 383 | 100% |
| | Subtotal | 3,466 | 3,466 | 100% |
| 2011 | Disaster-Vulnerable Area Maintenance | 3,083 | 3,076 | 99% |
| | Rainwater Storage Facilities Construction | 387 | 387 | 100% |
| | Subtotal | 3,470 | 3,463 | 99% |

The relevant year's actual budget usually refers to the sum of the current year's budget and redirected budgets from previous budgets. For instance, the amount of the Agency's 2009 actual budgets was not 3,637 billion won, but 4,024 billion won. The Agency redirected its budgets to the next year, in the amount of 468 billion won. Therefore, the actual executed rate of budgets in 2009 was 87.3 percent. The rate in 2010 was 88.1 percent, and that in 2011 was 97.3 percent. The executed rate has improved for three years. However, some unexecuted budgets remained in 2011, as can be seen in <Table 4-12>.

## Table 4-12 | Executed Rates of Budgets: 2009~2011

| Year | Agency's Budgets | Redirected Budgets from the Previous Year | Total Budgets (A) | Executed Budget (B) | Budget Redirected to Next Year | Execution Rate (B/A) |
|---|---|---|---|---|---|---|
| 2009 | 3,637 | 387 | 4,024 | 3,514 | 468 | 87.3% |
| 2010 | 3,467 | 468 | 3,935 | 3,489 | 423 | 88.1% |
| 2011 | 3,464 | 423 | 3,887 | 3,781 | 79 | 97.3% |

For evaluation indicator 2-2, the Agency marked 10 out of 10 scores. The Agency showed evidences that it has operated an effective monitoring system. For instance, the Agency conducted process monitoring on the disaster-vulnerable area maintenance three times. For the first quarter, it checked whether local governments had started to work on disaster-vulnerable area maintenance. The Agency found that 192 areas out of 211 had begun to work on the maintenance project. The Agency then conducted its second monitoring for the second quarter, encouraging local governments to complete the maintenance project before the rainy season, which usually begins around the end of June or early July. The Agency found that 114 out of 211 areas had completed some maintenance. For the third quarter, the Agency checked the progress schedule and found 14 areas to be delayed in completion. It thereby organized a counter-delay task force that would encourage the maintenance plans to be completed on time. The Agency also conducted process monitoring two times on rainwater storage facilities construction plan. Whenever the Agency found problems and difficulties in its progress, it took some remedial action.

For evaluation indicator 2-3, the Agency marked 0 out of 5 scores. The Agency admitted that it has not saved any budgets in the execution of the disaster-vulnerable areas project. Therefore, it did not give any credit to this self-evaluation item.

For evaluation indicator 3-1, the Agency self-marked 30 out of 30 scores, meaning it has accomplished its target performance by 100 percent in three major items, as can be seen in <Table 4-13>. First, the planed objective of the recurrence rate was zero percent, and the actual achieved recurrence rate of natural disasters in the maintenance areas was zero. Therefore, it can be said that the objective has been achieved 100 percent. Second, the planed objective of the maintenance rate was 73 percent, and the actual achieved maintenance rate of disaster-vulnerable areas was 75.8 percent. Therefore, the actual achievement rate was over 100 percent. Third, the actual construction rate of the rainwater storage facilities was 37 percent, which was equivalent to the planned objective. Therefore, the Agency self-marked 30 out of 30 in its self-evaluation score card.

#### Table 4-13 | Performance Achievement Rates

| Items | Planned Objective | Achieved Objective | Achievement Rate |
|---|---|---|---|
| Recurrence Rate | 0% | 0% | 100% |
| Maintenance Rate | 73.0% | 75.8% | 103.8% |
| Construction Rate | 37% | 37% | 100% |

For the evaluation indicator 3-2, the Agency self-marked 5 out of 10 scores, meaning the Agency self-evaluated that the projects have been cost-beneficially implemented to some degree. It maintained 918 disaster-vulnerable areas across the nation until 2011. The benefit-cost ratio of this project could hardly be calculated at a monetary value, but it is obvious that some 268 thousand residents living in the disaster-vulnerable areas could benefit by protecting their lives and properties from unexpected natural disasters, and that some 61 thousand houses and buildings in the areas could be secured from the natural disasters. In addition, farmland of seven thousand hectares could be protected from unexpected natural disasters. In terms of a monetary value, these benefits might exceed budgets spent for this project up to 2011. The Agency, however, did not exaggerate its performance. Instead, it self-evaluated the performance at 5 out of 10 scores.

For evaluation indicator 3-2, the Agency self-marked 10 out of 10 scores. The Agency had taken remedial actions as recommended by its self-evaluation committee in the previous year. An early outsourcing contract was completed for project operators to complete their maintenance projects prior to the rainy season. The Agency also conducted process monitoring on whether or not the early outsourcing contract were carried out as scheduled for the first quarter. The Agency also developed a cost benefit analysis model for landslide-dangerous areas in the disaster-vulnerable areas, based on the self-evaluation committee's recommendation.

### 1.2.4. Self-Evaluation Indicators of the Administrative Capacities

Individual ministries do not select individualized target projects for administrative capacities for self-evaluation. Instead, GPEC and the supervisory ministry, the Ministry of Public Administration and Security, jointly suggest three areas for the self-evaluation of administrative capacities. These areas include: organization management, personnel management, and information management. Each area has two indicators, respectively. As can be seen in <Table 4-14>, organization management area includes two indicators, namely, a) organizational resources except for manpower, and b) customer-oriented information disclosure. Personnel management also includes two indicators, including, a) performance-oriented human resource management, and b) effectiveness of the agency's personnel management. Finally, information management area includes two indicators including, a) suitability of national information policies, and b) suitability of national information policies.

**Table 4-14 |** Structure of Administrative Capacities Field

| Evaluation Areas | Number of Indicators | Description of Indicators |
|---|---|---|
| Organization Management | 2 | Organizational resources except for manpower |
| | | Customer-oriented information disclosure |
| Personnel Management | 2 | Performance-oriented human resource management |
| | | Effectiveness of Agency's Personnel Management |
| Information Management | 2 | Suitability of national information policies |
| | | Information protection programs |

Source: Kang & Lee (2011)

Each individual ministry has a set of self-evaluation indicators to evaluate its management activities and their performance. The focus of these self-evaluation indicators is on divisions, division members, and their activities. A set of self-evaluation indicators being used in each ministry is designed to measure division employees' performance. This set was originally developed by GPEC with support from the Office of Policy Analysis and Evaluation, and distributed to individual agencies. Individual ministries then revised it for their own agencies. Under the current self-evaluation system, self-evaluation indicators are focused on three major evaluation areas: policy processes, administrative capacities, and financial performance.

Self-evaluation indicators of administrative capacities consist of three sections: organization management, personnel management, and information management. Organization management shares the largest portion, representing 200 out of 300 points. Personnel management and information management share 100 respectively.

Individual self-evaluators in the three sections are developed on the basis of their evaluation items as seen in <Table 4-15>. This table shows that organization management section includes four items, such as plan, implementation, output/outcome, and utilization. Personnel management section consists of two items, including construction of effective personnel management system, and performance-oriented human resource management. Information management section includes suitability to national information policies and information protection programs.

In organization management section, "implementation" as an evaluation item takes the largest portion, or 44 out of 100. Output/outcome item shares 32 out of 100. Plan and utilization items share 12 respectively. In personnel management section, the two items share 50 respectively. In information management section, the item, "suitability to national

information policies," shares 60 out of 100, whereas the other item, "information protection programs," takes 40 out of 100. Individual self-evaluation indicators developed based on these evaluation items are universally used across different ministries, regardless of whether the ministry is headed by a minister or vice-minister.

Table 4-15 | Self-Evaluation Indicators of the Administrative Capacities Field

| Evaluation Sections | Evaluation Item | Weights |
|---|---|---|
| Organization Management | Plan | 12 |
| | Implementation | 44 |
| | Output/Outcome | 32 |
| | Utilization | 12 |
| Personnel Management | Construction of Effective Personnel Management System | 50 |
| | Performance-oriented human resource management | 50 |
| Information Management | Suitability to national information policies | 60 |
| | Information protection programs | 40 |

Source: 2012 Self-Evaluation Guideline (GPEC, http://www.evaluation.go.kr/)

The Ministry of Public Administration and Security supervises individual central ministries' self-evaluation of administrative capacities. The Ministry prepares and distributes self-evaluation guidelines of administrative capacities to individual central ministries. The guidelines have to be approved by GPEC before distribution. Individual ministries collect their performance information from individual divisions and sections, work on the self-evaluation of the previous year's administrative capacities until January, and submit the results to the Ministry of Public Administration and Security for confirmation. The self-evaluation team for the administrative capacities under the Ministry of Public Administration and Security conducts confirmation and fact-check based on individual ministries' self-evaluation results during February and March. Then, the Ministry reports the self-evaluation results of administrative capacities to GPEC in April, and finally discloses it to the public.

Self-evaluation results are used for various purposes. Individual ministries are required to take remedial action based on the results. Performance of these remedial actions is taken as an evaluation indicator for next year's self-evaluation. The Ministry of Public Administration and Security also encourages individual ministries to reflect the self-evaluation results in individual government employees' performance appraisal.

In the self-evaluation of administrative capacities, the evaluation conducted by the Intellectual Property Office in 2011 was recognized as an exceptionally prepared self-

evaluation case. This Office, in accordance with the guideline prepared by the Ministry of Public Administration and Security, conducted its self-evaluation based on three evaluation sections, including organization management, personnel management, and information management. Each individual evaluation section included its own evaluation items and evaluation indicators, as seen in <Table 4-14> and <Table 4-15>. These evaluation sections, items, and indicators were universally employed to self-evaluate administrative capacities of individual ministries in 2011.

The organization management section consisted of four evaluation items and six evaluation indicators as seen in <Table 4-16>. The plan item had single sub-item and single indicator, and a weight of 12 out of 100 was given. The implementation item was composed of two sub-items and three indicators, and its weight was 44 out of 100. The output/outcome item and utilization item had single indicators respectively. In terms of their weight, the former was given 32 out of 100, whereas the latter was given 12. Among evaluation items, implementation took up the largest weight, 44 out of 100. However, among evaluation indicators, utilization of organization units and their personnel was given the most weight, 32 out of 100.

The Intellectual Property Office's self-evaluation committee also conducted self-evaluation on the organization management section of its administrative capacities. The Office received full scores in four indicators, including delegation and contracting-out of executive authorities, appropriateness of operating government committees, utilization of organization management system, and utilization of evaluation results. The Office lost three points in specification of organization management plan, and two points in the utilization of organization units and their personnel. In total, the Office gained 95 points out of 100.

Its self-evaluation committee concluded that the Office had enacted and operated sunset regulations effectively. Based on the sunset provision, unnecessary committees could be removed, and necessary committees such as the trademark policy advisory committee newly established. The committee also concluded that the Office showed excellent practice in its flexible capacity system when it conducted patent examination based on its organization management system. However, the committee concluded that the Office had failed to conduct continuous business process redesign that would lead the Office to save time on the patent examination.

## Table 4-16 | Self-Evaluation Indicators of Organization Management

| Evaluation Items | Evaluation Sub-Items | Evaluation Indicators | Weight | Score |
|---|---|---|---|---|
| Plan | Organization Management Plan | Specifications of organization management plan | 12 | 9 |
| Implementation | Effectiveness of organization management system | Delegation and contracting-out of executive authorities | 16 | 16 |
| | | Appropriateness of operating government committees | 16 | 16 |
| | Construction of organization management system | Utilization of organization management system | 12 | 12 |
| Output/ Outcome | Redesign of organization structure | Utilization of organization units and their personnel | 32 | 30 |
| Utilization | Utilization of evaluation results | Utilization of evaluation results | 12 | 12 |
| Total | 5 sub-items | 6 indicators | 100 | 95 |

Personnel management section consists of two evaluation items and 18 evaluation indicators, as seen in <Table 4-17>. Construction of effective personnel management system is composed of four sub-items and nine indicators, and it was given a weight of 50 out of 100. The first three sub-items in <Table 4-17> have two evaluation indicators respectively, and the last one has three evaluation indicators. Out of four, professionalism improvement in the operation personnel management sub-item takes the largest share, or 15 out of 15. However, the utilization of "open and competitive" recruitment system from private sector indicator was not available in this Office. Therefore, the actual share of this sub-item is only seven, and the full score of this personnel management section is not 100, but 92.

The performance-oriented human resource management item consists of four sub-items and nine evaluation indicators, and its weight is 50 out of 100. The first two sub-items, the use of career management and appropriateness of performance management practices, consist of three evaluation indicators, respectively. The sub-item, appropriateness of overtime work payment, has a single evaluation indicator. The last one, appropriateness of productive personnel management practices is composed of three evaluation indicators. Out of nine evaluation indicators, appropriateness of overtime work payment shares the largest weight, or 10 out of 50, whereas the actual records of performance management education for the manager level takes up the smallest weight, 2 out of 50.

The Intellectual Property Office's self-evaluation committee conducted self-evaluation on the personnel management section of its administrative capacities. The Office received full scores in 11 evaluation indicators. The score of the specification of personnel management plans indicator was three 3 out of 5, whereas the score of the evaluation indicator, utilization of inter-ministerial personnel exchange was 1 out of 7. The Office gained 9.5 out of 10 in appropriateness of overtime work payment, and 3 out of 4 in actual operation of monthly and yearly paid leave. The Office gained zero in the construction and utilization of substitute worker bank system. The Office gained a total of 70.5 out of 92, which can be recalculated into 76.6 out of 100.

The self-evaluation committee concluded that the Office had successfully accomplished its goal of equal opportunity in personnel management. For instance, the number of handicapped persons and women employed by the Office had reached the number that was originally planned. However, the Office almost failed to accomplish the objective of inter-ministerial personnel exchange, as only one individual took advantage of this exchange program. The self-evaluation committee pointed out that there is some room for inter-ministerial personnel exchange, although most individuals in the Office are too specialized in specific patent fields. For example, the Office could possibly utilize the program to exchange personnel with public institutions, such as government-financed research institutes.

Table 4-17 | Self-Evaluation Indicators of Personnel Management

| Evaluation Items | Evaluation Sub-Items | Evaluation Indicators | Weight | Score |
|---|---|---|---|---|
| Construction of effective personnel management system | Appropriateness of personnel management and operation | Specification of personnel management plans | 5 | 3 |
| | | Utilization of e-personnel management | 5 | 5 |
| | Professionalism improvement in the operation of personnel management | Utilization of inter-ministerial personnel exchange | 7 | 1 |
| | | Utilization of "open and competitive" recruitment system from private sectors | n/a(8) | n/a |
| | Performance of flextime work | Effort level of operating flextime work | 4 | 4 |
| | | Actual operational cases of flextime work | 8 | 4 |
| | Achievement of equal opportunity in personnel management | Appointment level of women at management positions higher than rank 4 | 4 | 4 |
| | | Appointment level of the handicapped | 5 | 5 |
| | | Appointment level of college graduates majoring in engineering | 4 | 4 |

| Evaluation Items | Evaluation Sub-Items | Evaluation Indicators | Weight | Score |
|---|---|---|---|---|
| Performance-oriented human resource management | Use of career management | Actual education cases of civil servants' ethics and green growth values | 5 | 5 |
| | | Participation level of education and training | 8 | 8 |
| | | Performance of overseas education and training | 3 | 3 |
| | Appropriateness of performance management practices | Exaggeration tendency on the performance evaluation of Senior Executive Service members | 5 | 5 |
| | | Appropriateness of the operational procedure of incentive pay | 5 | 5 |
| | | Actual records of performance management education for the manager level | 2 | 2 |
| | Appropriateness of overtime work payment | Appropriateness of overtime work payment | 10 | 9.5 |
| | Appropriateness of productive personnel management practices | Actual operation of monthly and yearly paid leave | 4 | 3 |
| | | Construction and utilization of substitute worker bank system | 8 | 0 |
| Total | 8 sub-items | 18 indicators | 92 (100) | 70.5 |

The Office gained 98.9 out of 100 scores in the self-evaluation of information management section. The information management section consists of two evaluation items and 10 evaluation indicators as seen in <Table 4-18>.

The suitability to national information policies item was composed of three evaluation sub-items and seven evaluation indicators, and its weight was 60 out of 100. The first sub-item in <Table 4-18>, agency information system and its operation, included three evaluation indicators. These evaluation indicators took up the largest shares, 30 out of 60. The second sub-item had two evaluation indicators, and the third had two evaluation indicators. The second sub-item represented 16 out of 60 scores, whereas the third represented 14 out of 60 scores. Information protection program consisted of three sub-items, each of which had a single evaluation indicator. The first evaluation indicator took up 10 out of 40 scores. The second had 20, and the third 10 scores.

The Intellectual Property Office's self-evaluation committee conducted self-evaluation on the information management section of its administrative capacities. Out of ten evaluation

indicators, the Office received full scores in eight evaluation indicators. However, the Office gained 7 out of 8 scores in accessibility of its website, and 7.9 out of 8 scores in website compatibility. An interesting point was that the Office received 40 out of 40 scores in the information protection programs, which includes three evaluation indicators: information protection plan, information protection programs and their operating systems, and establishment of counter cyber-attack system.

The self-evaluation committee of the Intellectual Property Office concluded that the Office had established and operated information protection programs successfully. However, it did not show great performance in operating its website.

Table 4-18 | Self-Evaluation Indicators of the Information Management

| Evaluation Item | Evaluation Sub-Item | Evaluation Indicators | Weight | Score |
|---|---|---|---|---|
| Suitability to national information policies | Agency information system and its operation | Specification of its operation | 8 | 8 |
| | | Actual utilization level | 12 | 12 |
| | | Enterprise architecture level | 10 | 10 |
| | Agency's website and its operation | Accessibility of its website | 8 | 7 |
| | | Compatibility of its website | 8 | 7.9 |
| | Financial support for the promotion of software business in the private sector | Actual operating cases of contract-out | 7 | 7 |
| | | Actual adopting cases of open software | 7 | 7 |
| Information protection programs | Information protection plan | Information protection plan | 10 | 10 |
| | Information protection programs and their operating systems | Information protection programs and their operating systems | 20 | 20 |
| | Counter cyber-attack system and its establishment | The establishment of Counter cyber-attack system | 10 | 10 |
| Total | 6 evaluation sub-items | 10 evaluation indicators | 100 | 98.9 |

## 1.3. Evaluation on the Operational Status of Self-Evaluation Activities

Self-evaluation, when it was first introduced in 2006, was conducted by individual ministries under control of GPEC. Although its title was self-evaluation, its operation was similar to top-down evaluation. Individual ministries were given a standardized set of self-evaluation indicators, and they conducted self-evaluation with the standardized set. The

results produced by the individual ministries were checked and confirmed by GPEC for two reasons: preventing exaggeration of their performance and keeping scores on their performance.

However, the check and confirmation practice was criticized for being some sort of meta-evaluation on the self-evaluation. In spite of the criticism, this type of self-evaluation lasted until 2008, when Roh Moo-hyun administration, which characterized itself as a progressive government, finished its term. Under the new Lee Myung-bak administration, the practice was discarded, and an operational status evaluation on self-evaluation activities was adopted. Since then, the self-evaluation system is being independently conducted by individual ministries.

The GPEC, along with the Office of Policy Analysis and Evaluation under the Prime Minister's Office, currently conducts evaluation on the operational status of central ministries' self-evaluation activities after the central ministries have completed their self-evaluation. All 40 ministries, except for the Supreme Prosecutor's Office, are the target ministries. The goal of this evaluation is to reduce evaluation bias such as exaggeration, to figure out improvements of self-evaluation system, and to strengthen central ministries' managerial capacities on the self-evaluation system.

Evaluation on the operational status of self-evaluation activities starts in January. For this evaluation, the Office of Policy Analysis and Evaluation prepares guidelines of the annual evaluation, and delivers them to individual central ministries after passing the review by GPEC. This evaluation consists of document evaluation and on-the-spot survey evaluation. The two types of evaluations are carried out by well-trained evaluation officers in the Office of Policy Analysis and Evaluation.

Evaluation sections and evaluation indicators are not fixed, but may be altered. For the fiscal year of 2011, the target evaluation sections were: self-evaluation planning, operations, and evaluation results and feedback, as seen in <Table 4-19>. The most weight was given to the results and feedback section, representing 45 out of 100. The weight given to planning was 25, whereas operation was given 30. Each individual evaluation section included three to four evaluation indicators, for a total of ten indicators. The largest weight was given to the reliability indicator, whose weight was 20 out of 100.

**Table 4-19 |** Evaluation on the Operational Status of Self-Evaluation Activities: Evaluation Areas, Indicators, and Weights

| Evaluation Section | Evaluation Indicators | Weight |
|---|---|---|
| Self-Evaluation Planning | Systemicality of planning | 5 |
| | Appropriateness of planning | 5 |
| | Appropriateness of self-evaluation indicators | 15 |
| Self-Evaluation Operation | Faithfulness of self-evaluation committee operations | 10 |
| | Appropriateness of self-evaluation methods | 10 |
| | Efforts on the improvement of agencies' managerial capacities | 5 |
| | Utilization of e-IPSES | 5 |
| Self-Evaluation Results and Feedback | Reliability on self-evaluation results | 20 |
| | Exaggeration on self-evaluation results | 10 |
| | Feedback of evaluation results | 15 |
| Total | | 100 |

In order to improve the level of reliability on the evaluation on the operational status, the Office of Policy Analysis and Evaluation conducted a questionnaire survey to the members of central ministries' self-evaluations. According to the survey completed in January 2012, 76 percent of the members responded to the questionnaire survey. The Prime Minister's Office gives incentive pays to the ministries that have shown excellent performance.

In the performance evaluation of the fiscal year of 2011, three ministries, the Ministry of Justice, the Military Manpower Administration, and the Rural Development Administration, were awarded an incentive pay of 50 million won ($45,000.00), respectively. Seven ministries, Ministry of Public Administration and Security, Ministry of Culture, Sports and Tourism, Ministry of Health and Welfare, Ministry of Environment, Custom Service, Intellectual Property Office, and Coast Guard, won incentive pay of 35 million won ($32,000.00) respectively.

## 2. Top-down Evaluation and its Operating Procedures

Top-down evaluation, known as *teukjung* evaluation or specific evaluation, is not a form of self-evaluation but a form of evaluation carried out by GPEC. The target areas of top-down evaluation are usually determined by key national policies of the particular government. Under the Roh Moo-hyun administration (2003-2008), government innovation was one of the critical target areas of top-down evaluation. Job creation and green growth policies have now become critical target areas of this type of evaluation.

Top-down evaluation in the fiscal year of 2010 consisted of seven target evaluation areas, including key national policies, policy management capacities, job creation policies, green growth policies, etc. Each target evaluation area was operated independently and was described as a type of top-down evaluation. Therefore, each target evaluation area had its own supervising agency, evaluation team, operating procedure, and evaluation indicators.

## 2.1. Top-down Evaluation on Key National Policies

### 2.1.1. Evaluators and Target Evaluation Ministries

The GPEC is an official specific evaluator on key national policies. For this type of top-down evaluation in 2011, GPEC organized an evaluation team composed of members of GPEC, experts from the private sectors including universities, research institutes, and non-governmental organizations, and officers in the Policy Analysis and Evaluation Office. All 40 ministries except the Supreme Prosecutor's Office were target evaluation ministries in this evaluation.

To effectively conduct the evaluation, the team was divided into five subcommittees, including economic subcommittee 1, economic subcommittee 2, social and cultural subcommittee, administrative subcommittee, and diplomacy, unification, and national security subcommittee (Appendix 1). For target policies of this top-down evaluation, the ministry headed by a minister had to select three key policies, and the ministry headed by a vice-minister had to select two key national policies. The total number of individual target policies was 98.

### 2.1.2. Evaluation Procedures

Top-down evaluation on key national policies consisted of a mid-term evaluation for the first half of the year and a final term evaluation for the second half of the year. The mid-term evaluation began at the end of June, and individual ministries had to submit performance reports to the Prime Minister's Office and GPEC by the end of June. The Prime Minister's Office held a workshop to discuss the performance reports with officials from individual ministries during the first ten days of July.

After the workshop, five evaluation subcommittees conducted top-down evaluations on their target ministries. They had to complete the evaluation tasks and write evaluation reports in July. The GPEC put together all five evaluation reports, and finalized the mid-term specific evaluation by the end of July. The GPEC then presented the results of the mid-term evaluation to the Cabinet meeting in August.

Final term evaluation for the second half of the year's performance began in October. Individual ministries had to prepare and hand in their performance reports to GPEC in November, their performance in this case referring to the cumulative performance from January through October. The Prime Minister's Office then held a workshop to discuss the performance reports with officials from individual ministries in November.

After the workshop, five evaluation subcommittees again conducted top-down evaluation on their own target ministries. They completed their evaluation tasks and wrote evaluation reports in November. The GPEC compiled all five evaluation reports and finalized the specific evaluation for the second term by the end of November. The GPEC, then, presented the results of the final term evaluation to the Cabinet meeting in December. The GPEC occasionally held a conference on specific evaluation on key national policies, instead of presenting the evaluation results to the Cabinet meeting.

### 2.1.3. Evaluation Indicators

Specific evaluation on key national policies consisted of three evaluation sections, nine evaluation items, and 15 evaluation indicators. Out of three evaluation sections, the greatest weight, 50 out of 100, was given to policy performance. Out of 100, 20 weights were given to policy formulation, and 30 to policy implementation.

Policy formulation section was composed of three evaluation items and seven evaluation indicators. Out of three evaluation items, policy analysis and opinion-gathering item was the most critical one, since its weight was the greatest, eight out of 20. Out of 20 scores, policy objectives and policy instruments were given a weight of six, respectively.

Policy implementation section consisted of three evaluation items and four evaluation indicators. Out of three evaluation items, the greatest weight was given to the responsiveness to the change of policy environment, representing 15 out of 30 scores. Out of 30, nine were given to time management in policy implementation, and six to the construction of implementation governance.

Policy performance section was composed of three evaluation items and four evaluation indicators. Out of three, the greatest weight was given to achievement of policy objectives, representing 25 out of 50 scores. Out of 50, 15 scores were given to policy effectiveness, and 10 to policy satisfaction.

Out of 11 evaluation indicators, the greatest weight was given to achievement of policy objectives as planned, representing 20 out of 100 scores. Achievement of policy effectiveness as intended was also considered one of the most critical indicators, with a weight of 15 out of 100 scores. GPEC also emphasized monitoring on policy implementation, since 12 out of 100 scores were given to responsiveness to the results of policy monitoring. However,

evaluation indicators related to setting policy objectives was not considered critical. There were three evaluation indicators under the policy objective item, but only two points each were assigned to these indicators.

**Table 4-20 |** Evaluation Indicators of Top-down Evaluation on Key National Policies

| Evaluation Sections | Evaluation Items | Evaluation Indicators | Weight |
|---|---|---|---|
| Policy Formulation (20) | Policy objectives | Specifications of policy objectives | 2 |
| | | Planned performance indicators | 2 |
| | | Representativeness of performance indicators | 2 |
| | Policy instruments | Appropriateness of policy instrument as a performance indicator | 4 |
| | | Appropriateness of policy instrument as a practical term | 2 |
| | Policy analysis and opinion-gathering | Policy formulation based on the results of policy analysis | 4 |
| | | Appropriateness of opinion-gathering processes | 4 |
| Policy Implementation (30) | Time management in policy implementation | Compliance with the time schedule of policy implementation | 9 |
| | Responsiveness to the change of policy environment | Responsiveness to the results of policy monitoring | 12 |
| | | Effectiveness of policy PR | 3 |
| | Construction of implementation governance | Effectiveness of implementation governance | 6 |
| Policy Performance (50) | Achievement of policy objectives | Achievement of policy objectives as planned | 20 |
| | | Achievement of performance indicators as planned | 5 |
| | Policy effectiveness | Achievement of policy effectiveness as intended | 15 |
| | Policy satisfaction | Policy satisfaction (reflecting satisfaction survey) | 10 |
| Total | 9 items | 15 indicators | 100 |

### 2.1.4. Evaluation Methods

Top-down evaluation used a set of structured evaluation indicators as the evaluation method. For this type of evaluation, evaluators were given a set of evaluation indicators. The evaluation process was relatively simple. A group of evaluators were assembled, and they discussed target agencies' performance reports and gave scores based on individual evaluation indicators. They also conducted on-the-spot inspection, if they found any doubtful points.

The GPEC was the primary institution of top-down evaluation on key national policies. For this evaluation, GPEC was divided into five evaluation subcommittees. These subcommittees conducted evaluations on target ministries with 15 evaluation indicators, based on the performance reports submitted by individual ministries. The GPEC usually held a workshop for both subcommittee members and target evaluation ministries to discuss the performance reports. If necessary, the subcommittee conducted on-the-spot inspection based on the performance reports.

## 2.2. Top-down Evaluation on Job Creation

### 2.2.1. Evaluators and Target Evaluation Ministries

The GPEC is the official evaluator of specific evaluation on job creation policies. For this top-down evaluations in 2011, GPEC organized an evaluation team composed of members of GPEC, experts from the private sectors including universities, research institutes, and non-governmental organizations, and officers in the Policy Analysis and Evaluation Office. The target evaluation ministries of this top-down evaluation were 11 ministries in total (Appendix 1).

For the target policies for this top-down evaluation, a ministry headed by a minister had to select three key policies, and a ministry headed by a vice-minister had to select two key national policies. A total of 32 individual target programs were evaluated under this evaluation.

To effectively conduct this evaluation, GPEC organized an evaluation TF, and let the TF carry out the evaluation. The TF consisted of members of GPEC, deputy directors specializing in policy analysis and evaluation in PMO, and experts from the private sector. Four TFs were operated, including youth employment, open employment and human resources development, social enterprise employment for the disadvantaged, and labor market improvement.

### 2.2.2. Evaluation Procedures

Top-down evaluation on job creation policies consisted of mid-term evaluation for the first half of the year and a final term evaluation for the second half of the year. The mid-term evaluation for the first half year's performance began at the end of June. Individual

ministries had to submit performance reports to the Prime Minister's Office and GPEC by the end of June. The Prime Minister's Office held a workshop to discuss the performance reports with officials from individual ministries within first ten days of July.

After the workshop, four evaluation TFs conducted specific evaluations on their own target policies. They had to complete their evaluation tasks and write evaluation reports in July. The GPEC put together all four evaluation reports and finalized the mid-term specific evaluation by the end of July. The GPEC, then, presented the results of the mid-term evaluation to the Cabinet meeting in August.

Final term evaluation for the second half year's performance began in October. Target ministries had to prepare and submit performance reports to GPEC in November. Their performance in this case refers to the cumulative performance from January through October. The Prime Minister's Office held a workshop to discuss the performance reports with officials from individual ministries in November.

After the workshop, four evaluation teams again conducted specific evaluations on their own target policies. They completed their evaluation tasks and wrote evaluation reports in November. The GPEC put together all five evaluation reports and finalized the final term specific evaluation by the end of November. Then GPEC presented the results of the final term evaluation to the Cabinet meeting in December. The GPEC occasionally held a conference on this top-down evaluation concerning key national policies, instead of presenting the evaluation results to the Cabinet meeting.

### 2.2.3. Evaluation Indicators

Top-down evaluation on job creation policies consisted of three evaluation sections, six evaluation items, and nine evaluation indicators. Out of three evaluation sections, the greatest weight was given to the policy performance, representing 50 out of 100. Out of 100, 25 scores are given to policy formulation, and 30 scores to policy implementation.

Policy formulation section was composed of two evaluation items including policy design and resources mobilization strategies, and three evaluation indicators. Policy design item consisted of two indicators including a) specification of policy objectives and performance measurement, and b) specification of individual programs' implementation plan. The resources mobilization strategies item was composed of a single evaluation indicator, resource allocation and delivery system. Out of three evaluation indicators, ten scores were given to indicators respectively, and five scores were given to the rest.

Policy implementation section consisted of one evaluation item and three evaluation indicators. Out of three evaluation indicators, the greatest weight was given to compliance with program implementation progress plan, representing 12 out of 30 scores. Out of 30, ten

scores were given to inter-agency cooperation indicator, and eight were given to program process monitoring.

Policy performance section was composed of three evaluation items and three evaluation indicators. Each individual evaluation item had a single evaluation indicator. Out of three evaluation indicators, the greatest weight was given to achievement of policy objectives, representing 20 out of 45 scores. Out of 50, 15 were given to policy effectiveness, and ten to policy satisfaction.

**Table 4-21 |** Evaluation Indicators of Top-down Evaluation on Job Creation

| Evaluation Sections | Evaluation Items | Evaluation Indicators | Weight |
|---|---|---|---|
| Policy Formulation (25) | Policy design | Specifications of policy objectives and performance measurement | 10 |
| | | Specification of individual programs' implementation plan | 5 |
| | Resources mobilization strategies | Resource allocation and delivery system | 10 |
| Policy Implementation (30) | Implementation management strategies | Compliance with program implementation progress plan | 12 |
| | | Inter-agency cooperation | 10 |
| | | Program process monitoring | 8 |
| Policy Performance (35) | Achievement of policy objectives | Achievement of policy objectives | 20 |
| | Policy effectiveness | Program's social impact | 15 |
| | Policy Satisfaction | Policy satisfaction | 10 |
| Total | 6 items | 9 indicators | 100 |

## 2.2.4. Evaluation Methods

Top-down evaluation, as in the evaluation of key national policies, did not employ a sophisticated evaluation method, but a set of structured evaluation indicators and simple quantification formulas were used. Evaluators worked with these evaluation indicators, and the evaluation process was relatively simple. A group of evaluators were assembled, and they discussed target agencies' performance reports and gave scores based on individual evaluation indicators. They also conducted on-the-spot inspection, if they found any doubtful points.

The GPEC was the official evaluator on job creation policies. For this evaluation, GPEC was divided into four evaluation teams. These teams conducted specific evaluations on their target programs with the nine evaluation indicators based on the performance reports submitted by individual ministries. GPEC usually holds a workshop for subcommittee members and target evaluation ministries to discuss performance reports. The team members, if necessary, also conduct on-the-spot inspection on the performance reports.

## 2.3. Top-down Evaluation on Green Growth

### 2.3.1. Evaluators and Target Evaluation Ministries

Green growth is one of the critical public policies that Lee Myung-bak administration has put emphasis on. This policy is representative of the administration's ideology. GPEC is the official evaluator of specific evaluation on green growth policies, but the Presidential Advisory Committee of Green Growth supervises this specific evaluation.

To evaluate green growth performance in year 2011, the Committee organized a working group composed of experts in green growth policies. This working group was put in charge of evaluating individual ministries' green growth policies, and reporting the results to the Committee and GPEC.

Members of the working group had diverse backgrounds. Some were from GPEC and PMO's Policy Analysis and Evaluation Office, and the others were from the private sector, such as universities, research institutes, and non-governmental organizations. The working group was divided into four sub-groups, namely, greenhouse gas reduction subgroup, green growth industry and technology subgroup, citizen's green life practices subgroup, and green life adoption subgroup.

A total of 24 ministries became the target ministries of this evaluation, as seen in Appendix 1. In selecting the target policies of this specific evaluation, four ministries including the Ministry of Environment, Ministry of Knowledge Economy, Ministry of Food, Agriculture, Forestry and Fisheries, and Ministry of Land, Transportation and Maritime Affairs had to select two to five target policies, and 20 other ministries had to select one to two green growth policies.

### 2.3.2. Evaluation Procedures

The specific evaluation on green growth policies consisted of a mid-term process monitoring for the first half of the year and a final term evaluation for the second half of the year. For this specific evaluation, target ministries had to select their target policies in February. The Presidential Advisory Committee of Green Growth prepared evaluation

guidelines and submitted the guidelines to GPEC for review and decision in March. The mid-term process monitoring for the first half year's performance was conducted in July.

Individual ministries had to submit performance reports to the evaluation working group by the end of October. In November, the working group conducted specific evaluation based on the performance reports with a set of evaluation indicators, as seen in <Table 4-22>. The working group, then, put together all evaluation reports, finalized them, and submitted them to the GPEC for review and decision in December.

### 2.3.3. Evaluation Indicators

Top-down evaluation on green growth policies for the performance of the 2011 fiscal year consisted of three evaluation sections, four evaluation items, and nine evaluation indicators. Out of the three evaluation sections, the greatest weight was given to the policy performance, representing 50 out of 100. Out of 100, 25 scores were given to planning, and 30 scores to policy implementation.

Planning section was composed of a single evaluation item and three evaluation indicators, including clarification of policy objectives, appropriateness of policy programs, and appropriateness of performance objectives. Out of the three evaluation indicators, ten scores were given to the evaluation indicator, appropriateness of performance objectives, and five scores were given to the rest of two indicators, respectively.

Implementation section consisted of two evaluation items and four evaluation indicators. For the program progress management item, ten scores out of 25 scores were given respectively to compliance with implementation schedule and cooperation with relevant agencies, and five were given to efficiency of implementation. The policy PR item had a single evaluation indicator, and was given a weight of five.

Outputs/outcomes section was composed of a single evaluation item and two evaluation indicators, which were achievement of performance objectives and policy effectiveness. The greater weight was given to achievement of policy objectives, representing 30 out of 50 scores, whereas 20 scores were given to policy effectiveness.

**Table 4-22 |** Evaluation Indicators of Top-down Evaluation on Green Growth Policies

| Evaluation Sections | Evaluation Items | Evaluation Indicators | Weight |
|---|---|---|---|
| Planning (20) | Appropriateness of planning | Clarification of policy objectives | 5 |
| | | Appropriateness of policy programs | 5 |
| | | Appropriateness of performance objectives | 10 |
| Implementation (30) | Program progress management | Efficiency of implementation process | 5 |
| | | Compliance with implementation schedule | 10 |
| | | Cooperation with relevant agencies | 10 |
| | Policy PR | Policy PR and education | 5 |
| Outputs/ Outcomes (50) | Performance achievement as planned | Achievement of performance objectives | 30 |
| | | Policy effectiveness | 20 |
| Total | 4 items | 9 indicator | 100 |

## 2.3.4. Evaluation Methods

Members of the evaluation working group conducted specific evaluation with the evaluation indicators. A group of evaluators were assembled, and they discussed target agencies' performance reports and assigned scores on individual evaluation indicators. They conducted on-the-spot inspection if they found doubtful points.

## 2.4. Top-down Evaluation on Policy Management Capacities

### 2.4.1. Evaluators and Target Evaluation Ministries

The GPEC, as in top-down evaluation of key national policies, played an active role in the evaluation of policy management capacities. Of course, GPEC is the official evaluator of specific evaluation on job creation policies.

For this top-down evaluation on the 2011 fiscal year's performance, GPEC organized an evaluation team composed of members of GPEC, experts from the private sectors including universities, research institutes, and non-governmental organizations, and officers in the Policy Analysis and Evaluation Office. All 40 ministries except the Supreme Prosecutor's Office were the target evaluation ministries of this evaluation.

To effectively conduct this top-down evaluation, the team was divided into five subcommittees including economic subcommittee 1, economic subcommittee 2, social and cultural subcommittee, administrative subcommittee, and diplomacy, unification, and national security subcommittee (Appendix 1).

This top-down evaluation was not intended for particular target policies, but for policy management capacities. Therefore, target evaluation ministries did not have to select target evaluation policies. Instead, the specific evaluation concentrated on four policy management capacities, including a) policy issue management, b) policy coordination management, c) implementation management of specific policy measures, and d) implementation management of key ministerial policies.

### 2.4.2. Evaluation Procedures

The evaluation procedure on policy management capacities was identical with that on key national policies. This specific evaluation consisted of a mid-term evaluation for the first half of the year and a final term evaluation for the second half of the year. The mid-term evaluation for the first half year's performance began at the end of June. Individual ministries had to submit performance reports to the Prime Minister's Office and GPEC by the end of June. The Prime Minister's Office held a workshop to discuss the performance reports with officials from individual ministries within first ten days of July.

After the workshop, five evaluation teams conducted the specific evaluation on their target ministries. They had to complete their evaluation tasks and write evaluation reports in July. The GPEC put together all five evaluation reports and finalized the mid-term specific evaluation by the end of July. The GPEC, then, presented the results of the mid-term evaluation to the Cabinet meeting in August.

Final term evaluation for the second half year's performance began in October. Target ministries had to prepare and submit their performance reports to GPEC in November. Their performance in this case refers the cumulative performance from January through October. The Prime Minister's Office held a workshop to discuss the performance reports with officials from individual ministries in November.

After the workshop, five evaluation teams again conducted the specific evaluation on their target policies. They completed their evaluation tasks and wrote evaluation reports in November. GPEC put together all five evaluation reports and finalized the final term specific evaluation by the end of November. GPEC, then, presented the results of the final term evaluation to the Cabinet meeting in December. GPEC occasionally held a conference on the specific evaluation on key national policies, instead of presenting the evaluation results to the Cabinet meeting.

## 2.4.3. Evaluation Indicators

Specific evaluation on policy management capacities consisted of four evaluation sections and eight evaluation indicators. Out of the four evaluation sections, the greatest weight was given to the policy coordination management section, representing 40 out of 100. Fifteen scores were given to the policy issue management section, 35 scores to implementation management of specific policy measure, and 10 to implementation management of key ministerial policies.

Policy issue management section consisted of a single evaluation indicator, and its weight was 15 out of 100 scores. Policy coordination management section had three evaluation indicators. Out of the three, the greatest weight was given to the inter-ministerial cooperation indicator, representing 20 out of 40 scores. 10 scores were given to the rest of the two evaluation indicators.

Implementation management of specific policy measure section was composed of three indicators. Out of 35, 15 scores each were given to the first two indicators in the section in <Table 4-23>. Five scores were given to activities for statistics-based policy management. Implementation management of key ministerial policies section consisted of a single indicator and its weight was 10.

Table 4-23 | Evaluation Indicators of Top-down Evaluation
on Policy Management Capacities

| Evaluation Sections | Evaluation Indicators | Weight |
|---|---|---|
| Policy Issue Management (15) | Response to policy issues | 15 |
| Policy Coordination Management (40) | Inter-ministerial cooperation | 20 |
| | Activities to gain support from the National Assembly | 10 |
| | Activities to gain support from policy stakeholders | 10 |
| Implementation Management of Specific Policy Measures (35) | Policy implementation activities related to share and care | 15 |
| | Activities for public office discipline | 15 |
| | Activities for statistics-based policy management | 5 |
| Implementation Management of Key Ministerial Policies (10) | Activities of implementation management | 10 |
| Total | 8 indicators | 100 |

### 2.4.3. Evaluation Methods

Top-down evaluation, as in specific evaluation on key national policies, did not employ a sophisticated evaluation method, but used a set of structured evaluation indicators and simple quantification formulas as its evaluation method. Evaluators worked with evaluation indicators, and the evaluation process was relatively simple. A group of evaluators were assembled, and they discussed target agencies' performance reports and assigned scores on individual evaluation indicators based on the review results of performance reports. They conducted on-the-spot inspection if they found any doubtful points.

The GPEC is the official evaluator of the specific evaluation on policy management capacities. For this evaluation, GPEC was divided into five evaluation teams. These teams actually conducted specific evaluations on their target management capacities with the eight evaluation indicators based on the performance reports submitted by individual ministries. The GPEC usually held a workshop for both team members and target evaluation ministries to have a discussion on performance reports. The team members, if necessary, conducted on-the-spot inspection on the performance reports.

## 2.5. Top-down Evaluation on Policy PR

### 2.5.1. Evaluators and Target Evaluation Ministries

The GPEC is the official evaluator of the top-down evaluation on policy PR, but the Ministry of Culture, Sports, and Tourism supervises this specific evaluation. The GPEC is the primary evaluation of this top-down evaluation, whereas the Ministry is an acting evaluator.

For this specific evaluation in the 2011 fiscal year, the Ministry organized an evaluation team composed of officials from the Ministry and experts from the private sectors including universities, research institutes, and non-governmental organizations. All 41 ministries became the target evaluation ministries of this specific evaluation. The evaluation team with the Public Communication Office under the Ministry actually conducted this specific evaluation.

### 2.5.2. Evaluation Procedures

Top-down evaluation on policy PR was actually conducted by the evaluation team with officials from the Public Communication Office in November. For the first half of the year, the evaluation team had to prepare evaluation guidelines and submit them to GPEC, the official evaluator, who reviewed and decided on the guidelines.

For this evaluation, the team used policy PR performance records collected from e-IPSES (electronic Integrated Public Service Evaluation System). All 41 ministries were required to

provide information on their policy PR activities for the evaluation through e-IPSES. The evaluation team collected the information on PR activities in November, completed their evaluation tasks by the end of November, and submitted the evaluation results to GPEC. The GPEC usually reviews and decides on the evaluation results in December.

### 2.5.3. Evaluation Indicators

Specific evaluation on policy PR consisted of three evaluation sections, and ten evaluation indicators. Out of three evaluation sections, the greatest weight was given to the policy communication activities section, representing 48 out of 100. Out of 100, 10 scores were given to the planning section, and 42 scores were given to the performance diffusion section.

Planning section consisted of a single evaluation indicator, and its weight was 10 out of 100 scores. Policy communication activities section had five evaluation indicators. Out of the five, the greatest weight was given to the online communication indicator, representing 20 out of 48 scores. Ten scores were given to response to false report, representing 10 out of 48 scores.

Performance diffusion section was composed of four evaluation indicators. Out of 42, 20 scores were given to generation of excellent practices of policy PR. Ten scores were given to PR activities of agencies' head. The lowest weight was given to citizen's evaluation on policy branding, which represented 5 out of 42 scores.

Table 4-24 | Evaluation Indicators of Top-down Evaluation on Policy PR

| Evaluation Sections | Evaluation Indicators | Weight |
|---|---|---|
| Planning (10) | PR plans of key policies | 10 |
| Communication Activities (48) | Cross-ministerial cooperative PR activities | 5 |
| | On-line communication | 20 |
| | Utilization of government-support media | 8 |
| | Response to false report | 10 |
| | PR activities in media overseas | 5 |
| Performance Diffusion (42) | Generation of excellent practices of Policy PR | 20 |
| | Citizen's evaluation on policy branding | 5 |
| | Record-keeping of policy performance such as the publication of white paper | 7 |
| | PR activities of agencies' head | 10 |
| Total | 10 indicators | 100 |

### 2.5.4. Evaluation Methods

This top-down evaluation employed a set of structured evaluation indicators and simple quantification formulas for the indicators as its evaluation method. Evaluators worked with a set of evaluation indicators, and its evaluation process was relatively simple. A group of evaluators were assembled, and they discussed target agencies' performance reports and assigned scores on individual evaluation indicators based on the review results of performance reports. They were able to conduct on-the-spot inspection if they found any doubtful points.

## 2.6. Top-down Evaluation on Regulatory Reform

### 2.6.1. Evaluators and Target Evaluation Ministries

Regulation reform concerns improvements to the quality of government regulations. It focuses on the alleviation of unnecessary obstacles to competition, innovation and growth. The GPEC is the official evaluator of specific evaluation on regulatory reform, but PMO supervises this specific evaluation. To carry out this evaluation task, Deputy Minister's Office for Regulatory Reform under PMO organizes an evaluation team composed of the Regulatory Reform Committee members and experts in regulatory reform. This evaluation team is put in charge of evaluating individual ministries' regulatory reform. The evaluation team then reports the evaluation results to the Committee and GPEC.

The target ministries, in order to be evaluated for the 2011 fiscal year's performance for this evaluation, were required to have at least six registered regulations. These registered regulations also had to have evaluability. Out of 41, 28 ministries were qualified for this specific evaluation (Appendix 1). Originally, 32 ministries out of 41 had more than six registered regulations, but six ministries were ruled out for this specific evaluation due to a lack of evaluability.

The term "evaluability" refers to minimal preconditions for evaluation (Wholey, 1979; Rossi, Lipsey, & Freeman, 2004). In the top-down evaluation on regulatory reform, this minimal precondition can be summarized as the number of registered regulations, which was six for the 2011 fiscal year. Theoretically, availability assessment involves three primary activities: a) description of the program model with attention to defining the program goals and objectives, b) assessment of how well defined and evaluable that model is, and c) identification of stakeholder interest (Rossi, Lipsey, & Freeman, 2004, 136).

### 2.6.2. Evaluation Procedures

The evaluation procedure on regulatory reform was relatively simple. The target ministries were asked to submit performance reports of regulatory reform in November, which were collected and reviewed by the Deputy Minister's Office for Regulatory Reform under PMO.

An evaluation team organized by the Deputy Minister's Office and the Regulatory Reform Committee conducted specific evaluation on regulatory reform based on the review results in November. The evaluation team finalized and submitted the evaluation results to GPEC for review and decision in December.

The GPEC, then, presented the evaluation results to the Cabinet meeting in December. GPEC may occasionally hold a special conference on the specific evaluation on regulatory reform, instead of presenting the evaluation results to the Cabinet meeting.

### 2.6.3. Evaluation Indicators

Top-down evaluation on regulatory reform usually consists of comprehensive evaluation and concentrated evaluation. The comprehensive evaluation is intended for all target regulations, whereas concentrated evaluation is intended for individual ministries' critical regulations. For the concentrated evaluation, the Deputy Minister's Office of Regulatory Reform categorizes the target ministries into three groups. Ministries with over 200 registered regulations belong to Group 1; ministries with between 200 and 100 registered regulations belong to Group 2; and ministries with between 100 and 6 registered regulations belong to Group 3. For the concentrated evaluation, Group 1 has to select four regulations, Group 2 chooses two, and Group 3 selects just one.

For the 2011 fiscal year, top-down evaluation on regulatory reform had two sets of evaluation indicators. One was for the comprehensive evaluation, and the other was for the concentrated evaluation. The comprehensive evaluation consisted of three evaluation sections, seven evaluation items, and 13 evaluation indicators. Comprehensive evaluation made up 70 percent of the evaluation, whereas that of the concentrated evaluation was 30 percent.

In the comprehensive evaluation, the planning section was composed of a single evaluation and three evaluation indicators, including a) analysis of citizen's needs; b) relevance of target reform regulations to citizen's needs, and c) target regulation search rates. Out of 30, ten scores each were given to the three evaluation indicators. The target regulation search rate was calculated by dividing new regulations by the total number of registered regulation. If a strategic new regulation was discovered, the ministry received five extra scores. Strategic regulations referred to a lump of regulations.

Implementation section consisted of four evaluation items and seven evaluation indicators. The regulatory reform implementation capacities item consisted of two evaluation indicators. Out of 40, ten scores were given to regulatory reform committee's recommendation and regulatory reform education. Active implementation of regulatory reform item had just one evaluation indicator. Five scores were given to this evaluation indicator. Compliance with legislative proceedings item had two evaluation indicators

including a) attachment rate of regulation impact analysis reports, and b) completeness of regulation impact analysis reports. Out of 40, two scores are given to the former, and three to the latter. Regulatory reform PR item consisted of two evaluation indicators including a) PR such as press release, briefing, meeting, newsletter, etc., and b) PR such as contribution to newspaper, TV or radio interviews, etc. Out of 40, five scores were given to the former indicator, whereas ten scores are given to the latter.

Performance of regulatory reform section consisted of two evaluation items. The performance of regulatory reform item was composed of two evaluation indicators including a) accomplishment of regulatory reform, and b) inclusion of critical regulatory reform. Out of 50, five scores are given to the two indicators, respectively. The effectiveness of regulatory reform had a single evaluation indicator, and was given 20 scores, out of 30.

**Table 4-25 |** Evaluation Indicators of Top-down Evaluation on Regulatory Reform: Comprehensive Evaluation

| Evaluation Sections | Evaluation Items | Evaluation Indicators | Weight |
|---|---|---|---|
| Planning (30) | Regulatory reform plan | Analysis citizen's reform needs | 10 |
| | | Relevance of target reform regulations to citizen's needs | 10 |
| | | Target regulation search rates | 10, ±5 |
| Implementation (40) | Regulatory reform implementation capacities | Regulatory reform committee's recommendation | 10 |
| | | Regulation reform education | 5 |
| | Active implementation of regulatory reform | Acceptance of civil petition for regulatory reforms and grievance | 5 |
| | Compliance with legislative proceedings | Attachment rate of regulation impact analysis reports | 2 |
| | | Completeness of regulation impact analysis reports | 3 |
| | Regulatory reform PR | PR such as press release, briefing, meeting, newsletter, etc | 5 |
| | | PR such as contribution to newspaper, TV or radio interviews, etc. | 10, ±5 |
| Performance of Regulatory Reform (30) | Performance of regulatory reform | Accomplishment of regulatory reform | 10 |
| | | Inclusion of critical regulatory reform | 5, ±5 |
| | Effectiveness of regulatory reform | Survey on customer dissatisfaction | 20 |
| Total | 7 items | 13 indicators | 100 |

Two evaluation sections were employed in the concentrated evaluation. One was the planning section, and the other was the performance of regulatory reform section. The Planning section consisted of a single evaluation item and three evaluation indicators. Ten scores were given to each indicator, respectively. The performance of regulatory reform section was composed of a single evaluation item and five evaluation indicators. The greatest weight was given to two evaluation indicators, a) effectiveness of regulatory reform PR: socio-economic benefits, and b) customer satisfaction of regulatory reform. Out of 70, 20 scores were given to the two, respectively. The lowest weight was given to the evaluation indicator, regulatory reform PR: press release, briefing, meeting, interview, etc., and was given a weight of 5 out of 70 scores.

Table 4-26 | Evaluation Indicators of Top-down Evaluation on Regulatory Reform: Concentrated Evaluation

| Evaluation Sections | Evaluation Items | Evaluation Indicators | Weight |
|---|---|---|---|
| Planning (30, ±3) | Appropriateness of planning | Are concentrated evaluation's target regulations critical or not? | 10 |
| | | Are concentrated evaluation's target regulations large or not? | 10 |
| | | Coverage of the concentrated evaluation's target regulations | 10 |
| Performance of Regulatory Reform (70) | Effectiveness of regulatory reform | Regulatory reform PR: press release, briefing, meeting, interview, etc. | 5 |
| | | Regulatory reform PR: contribution to newspaper, TV or radio interviews, etc. | 10 |
| | | Effectiveness of regulatory reform PR: socio-economic benefits | 20 |
| | | Effectiveness of regulatory reform PR: number of beneficiaries | 15 |
| | | Customer satisfaction of regulatory reform | 20 |

## 2.6.4. Evaluation Methods

This specific evaluation does not use a sophisticated evaluation method, but used a set of structured evaluation indicators and simple quantification formulas for the indicators as its evaluation method. Evaluators conducted this specific evaluation with evaluation indicators both in the comprehensive evaluation and concentrated evaluation. A group of

evaluators got together, discussed target agencies' performance reports, and assigned scores on individual evaluation indicators based on the review results of performance reports. They can also conduct on-the-spot inspection, if they found doubtful points.

In addition to evaluation processes with evaluation indicators, the Deputy Minister's Office for Regulatory Reform under PMO conducts surveys on customer satisfaction of regulatory reform. The surveys consist of the customer dissatisfaction analysis on the target regulations of comprehensive evaluation and customer satisfaction on the target regulations of concentrated evaluation.

## 2.7. Top-down Evaluation on Public Satisfaction

### 2.7.1. Evaluators and Target Evaluation Ministries

The GPEC is the official evaluator of specific evaluation on public satisfaction, but it delegates the evaluation to the Korea Institute of Public Administration to conduct analysis on public satisfaction and reports the results back to GPEC. The Institute is financed by the Korean central government. Korea Institute of Public Administration does not actually conduct the survey by itself, but hires a social survey agency to conduct the survey.

The public satisfaction survey consists of two parts: one is policy satisfaction, and the other is public satisfaction of civil affairs administration. Civil affairs in this case refer to the administrative response given to civil complaints and grievances. For the 2011 fiscal year, all 41 ministries under the Korean central government were target evaluation ministries. These target ministries were divided into two groups: ministries headed by ministers and ministries headed by vice-ministers. The first group, headed by ministers, was split again into three sub-groups, including: economic area, social/cultural area, and diplomacy/national security/public administration area. The second group, headed by vice-ministers, was split into two groups: economic area and public administration area. Individual ministries were given ranks within their sub-group, meaning that ministries were competing with each other within the subgroup for public satisfaction.

### 2.7.2. Target Population and Sampling

Public satisfaction is divided into two categories: one is policy satisfaction, and the other is public satisfaction of civil affairs administration. Each category has its own target policies and services. For the policy satisfaction survey, individual ministries selected their target policies. Ministries headed by ministers selected three individual target policies, and ministries headed by vice-ministers chose two target policies. In the policy satisfaction survey, the target population was asked whether they were satisfied with these target policies of particular

ministries. Although the selection criteria of target policies have not changed for seven years, the rule may be altered. For the 2011 fiscal year, the abovementioned selection rule was used.

Individuals asked to answer the questions on policy satisfaction may be either familiar with the particular target public policies or not. Generally speaking, professionals better understand public policies than citizens. Therefore, for the survey on policy satisfaction, the target population is usually divided into two groups: one group consists of professionals including college professors, researchers in research institutes, activists in non-governmental organizations, etc., and the other group is composed of stakeholders and general citizens. For the 2011 fiscal year, such was the selection rule of the target population. The sample size of the policy satisfaction survey had to be at least 345 per ministry, including 45 professionals and 300 citizens.

The target population of public satisfaction of civil affairs administration includes all individuals who have received civil services either online or offline in the particular year. Individual ministries make a list of these individuals and submit it to the social survey agency. The Korea Institute of Public Administration and its contractor social survey agency use the random sampling method. The sample size of the public satisfaction of civil affairs administration depends on the individual ministries' population size. The sample size of the ministries whose population size is less than 999 should be 250 cases. If the population size is between 1,000 and 4,999, the sample size is 300 cases. When the population size is in between 5,000 and 9,999, the sample size is 350 cases. The sample size is 400 cases when population size is between 10,000 and 49,999. The size is 450 cases when population size is over 50000. For the 2011 fiscal year, this rule of sample size was employed.

### 2.7.3. Evaluation Procedures

The survey on policy satisfaction is usually conducted once a year in December, whereas survey on public satisfaction of civil affairs administration is carried out twice a year in June and December. Individual ministries have to submit descriptions of target policies, lists of civil service recipients, and other relevant information to the social survey agency via the Korea Institute of Public Administration one month before conducting the survey. In 2011, the survey on policy satisfaction was conducted as scheduled.

### 2.7.4. Satisfaction Indicators

The public satisfaction survey consists of two parts: one is policy satisfaction, and the other is public satisfaction of civil affairs administration. Each category has its own satisfaction indicators. Policy satisfaction is evaluated by two items and five indicators. The satisfaction item includes four indicators: democratic process, specification, and responsiveness. Overall sensory satisfaction has a single indicator.

Democratic process indicator refers to the level of responsiveness to policy customers' opinion, release of relative public information, and communication with stakeholders in policy processes. Specification indicator indicates the level of detailing strategic goals, performance objectives, and relevant policy instruments in policy processes. The responsiveness indicators refer to the level of actively reflecting the change of policy environments and target population's needs, whereas the effectiveness indicator refers to the level of achieving intended performance and spillover effects as planned. Overall satisfaction refers to the level of meeting overall satisfaction in regard to particular ministries' public policies. The more weight is given to item of satisfaction, representing 70 out of 100 percent. The rest of 30 percent is given to overall satisfaction.

**Table 4-27 |** Policy Satisfaction and its Indicators

| Satisfaction Items | Satisfaction Indicators | Evaluation Indicators | Weight |
|---|---|---|---|
| Item Satisfaction | Democratic Process | Level of responsiveness to policy customers' opinion, release of relative public information, and communication with stakeholders in policy processes | 70% |
| | Specification | Level of detailing strategic goals, performance objectives, and relevant policy instruments in policy processes | |
| | Responsiveness | Level of reflecting the change of policy environments, and target population's needs | |
| | Effectiveness | Level of achieving intended performance and spillover effects as planned | |
| Overall Satisfaction | | Level of meeting overall satisfaction with particular ministries' public policies | 30% |

Public satisfaction of civil affairs administration also consists of two items and five indicators, as seen in <Table 4-28>. The item satisfaction includes four indicators: accessibility, speediness, responsiveness, and fairness. Only one indicator, responsiveness, occurs in both policy satisfaction and public satisfaction of civil affairs administration. Overall satisfaction has a single indicator, as with policy satisfaction.

The accessibility indicator refers to the level of reflecting policy customers' opinion, releasing relative public information, and communicating stakeholders in policy processes. Speediness indicator refers to the timely processing of citizens' claims. Responsiveness indicator refers to the level of actively reflecting the change of policy environments, and target population's needs. Fairness indicator refers to the level of equitably treating citizen's claims.

Overall satisfaction refers to the level of meeting overall satisfaction with particular ministries' civil affairs administration. In this public satisfaction, the larger weight also is given to item satisfaction, representing 70 out of 100 percent. The rest of 30 percent is given to the overall satisfaction.

**Table 4-28 |** Public Satisfaction of Civil Affairs Administration and its Indicators

| Satisfaction Items | Satisfaction Indicators | Evaluation Indicators | Weight |
|---|---|---|---|
| Item Satisfaction | Accessibility | Level of reflecting policy customers' opinion, releasing relative public information, and communicating stakeholders in policy processes | 70% |
| | Speediness | Level of timely processing of citizen's claims | |
| | Responsiveness | Level of reflecting the change of policy environments, and target population's needs | |
| | Fairness | Level of equitably treating citizen's claims | |
| Overall Satisfaction | | Level of experiencing overall satisfaction with particular ministries' public policies | 30% |

## 2.7.5. Evaluation Methods

For the 2011 fiscal year, a set of eleven-point scale was employed to measure the level of individual satisfaction indicators. The scale ranged from zero, the lowest level of satisfaction, to ten, the highest level. The scale used to be a seven-point scale ranged from one to seven under the Roh Moo-hyun administration, but it was inconvenient to transform into 100 point scores. In the Lee Myung-bak administration, the scale was replaced by an eleven-point scale.

The quantification method of public satisfaction on civil affairs administration is relatively simple, compared to that of public satisfaction on public policy. The average score of the four satisfaction indicators refers to the level of item satisfaction, and the average score of the overall satisfaction is the level of the overall satisfaction. Out of 100 scores, 70 are given to the item satisfaction (Si), and 30 to the overall sensory satisfaction (So). Therefore, the public satisfaction level can be calculated by the following formula:

Public Satisfaction of Civil Affairs Administration = {(Si * 0.7) + (So*0.3)} * 10

For public policy satisfaction, both professionals' satisfaction and citizen's satisfaction have to be calculated separately in the first step. For professionals, 50 out of 100 scores are equally distributed to the item satisfaction (Si) and the overall satisfaction (So) respectively. Their policy satisfaction is calculated by the following formula:

Policy Satisfaction (Professionals) = {(Si * 0.5) + (So*0.5)} * 10

For general citizens, 70 out of 100 scores are given to the item satisfaction (Si), and 30 to the overall satisfaction (So). Therefore, the public satisfaction level is calculated by the following formula:

Policy Satisfaction (Citizen) = {(Si * 0.7) + (So*0.3)} * 10

One final step has to be employed to calculate the final policy satisfaction. Now, the average of the item satisfaction (Sia) of the professional' and citizen' individual scores has to be calculated. The average of the overall satisfaction (Soa) of the two groups has to be calculated in the same manner. The final policy satisfaction level is generated by the following formula:

Policy satisfaction = (Sia * 0.7) + (Soa*0.3)

## 2.8. Evaluation Results

For the 2011 fiscal year, individual top-down evaluations were conducted in accordance with their own schedules mentioned previously, and the presentation of their evaluation results were not made by individual evaluation teams or task forces. Instead, GPEC, as the primary evaluation institution, put together the evaluation results and made a public announcement in December.

The GPEC made a public announcement on the evaluation results of 2011 government performance in December 2011, as seen in <Table 4-29>. Four types of specific evaluation were graded S, A, B, and C except the specific evaluation on job creation. Job creation was rated A, B, and C.

In the specific evaluation on key national policies, both Fair Trade Commission and Forest Service were rated as grade S. Ten agencies, including the Ministry of Food, Agriculture, Forestry and Fisheries and Meteorological Administration, received grade A. Twenty agencies, including the Ministry of Strategy and Finance, received a grade B. Six agencies, such as Ministry of Education, Science and Technology and Cultural Heritage Administration received grade C.

In the specific evaluation on job creation, three agencies received grade A. Grade B was given to six agencies such as Ministry of Strategy and Finance and Ministry of Knowledge Economy. Two agencies, including the Ministry of Foreign Affairs and Trade, were given grade C.

In the specific evaluation on policy management capacities, both the Ministry of Public Administration and Security, and Military Manpower Administration were designated

as excellent. Eight agencies including Ministry of Employment and Labor and Customs Service were marked as grade A. Eighteen agencies such as Ministry of Strategy and Finance, Ministry of Unification, Public Procurement Service were marked as grade B. Grade C was given to eight agencies such as Ministry of Foreign Affairs & Trade; Ministry of Culture, Sports & Tourism, and Korea Communications Commission.

In the specific evaluation on policy PR, the Ministry of Public Administration and Security, and Small and Medium Business Administration received a grade S. Six agencies such as Ministry of Food, Agriculture, Forestry and Fisheries, Ministry of Health and Welfare, National Emergency Management Agency were marked as a grade A. A grade C was given to 25 agencies such as Ministry of Strategy and Finance, Ministry of Justice, and National Tax Service. Six agencies such as Ministry of Knowledge Economy and Ministry of environment received a grade C.

In the specific evaluation on regulatory reform, the Ministry of Land, Transport and Maritime Affairs, and Customs Services received a grade S. A grade A was given to five agencies such as Ministry of Environment, Ministry of Health and Welfare, and Small and Medium Business Administration. A grade B was given to 17 agencies such as Ministry of Education, Science, and Technology, Ministry of Public Administration, and National Policy Agency. Grade C was given to the six agencies such as Ministry of Foreign Affairs and Trade and Ministry of Unification.

#### Table 4-29 | Evaluation Results of Top-down Evaluation

| Types | Grade S | Grade C |
|---|---|---|
| Key National Policies | Fair Trade Commission; Forest Service | Ministry of Education, Science & Technology; Korea Communications Commission; Anti-Corruption & Civil Rights Commission; National Tax Service; Defense Acquisition Program Administration; Cultural Heritage Administration |
| Job Creation* | Ministry of Health & Welfare; Ministry of Gender Equality and Family; Small & Medium Business Administration | Ministry of Foreign Affairs & Trade; Forest Service |
| Green Growth | n/a | n/a |

| Types | Grade S | Grade C |
|---|---|---|
| Policy Management Capacities | Ministry of Public Administration and Security; Military Manpower Administration | Ministry of Foreign Affairs & Trade; Ministry of Culture, Sports & Tourism; Korea Communications Commission; Financial Services Commission; Ministry of Government Legislation; Ministry of Patriots & Veterans Affairs; Defense Acquisition Program Administration; Multiple Administration City Construction Agency |
| Policy PR | Ministry of Public Administration and Security; Small & Medium Business Administration | Ministry of Knowledge Economy; Ministry of environment; Financial Services Commission; Ministry of Government Legislation; Supreme Prosecutor's Office; Defense Acquisition Program Administration |
| Regulatory Reform | Ministry of Land, Transport, & Maritime Affairs; Customs Service | Ministry of Foreign Affairs & Trade; Ministry of Unification; Ministry of Defense; Financial Services Commission; Ministry of Patriots & Veterans Affairs; National Tax Services; Rural Development Administration |

\* The type of specific evaluation of which evaluation results are marked as A, B, and C.

Public satisfaction consists of two sections, policy satisfaction and satisfaction with civil affairs administration, and therefore, top ranking agencies or low ranking agencies are separately rated in the two sections.

In the specific evaluation on policy satisfaction, eight agencies such as Ministry of Knowledge Economy and Ministry of Environment were rated as a grade A, while seven agencies such as Ministry of Strategy and Finance and Defense Acquisition Program Administration were marked as a grade C, as seen in <Table 4-30>. No specific reward plans were developed for the agencies that received a grade A.

In the specific evaluation on the satisfaction with civil affairs administration, eight agencies such as Ministry of Unification and Ministry of Justice were marked as a grade A, while eight agencies such as Ministry of Strategy and Finance and Ministry of Gender Equality & Family were marked as a grade C, as seen in <Table 4-30>. For this specific evaluation, no specific reward plans were developed for the agencies that received a grade A.

**Table 4-30 |** Results of Public Satisfaction Survey

| Types | Grade A | Grade C |
|---|---|---|
| Policy Satisfaction | Ministry of Knowledge Economy; Ministry of Environment; Ministry of Gender Equality and Family; Anti-Corruption and Civil Rights Commission; Military Manpower Administration; Rural Development Administration; Meteorological Administration; Coast Guard | Ministry of Strategy and Finance; Ministry of Education, Science & Technology; Ministry of Unification, Ministry of Land, Transport & Maritime Affairs; Ministry of Government Legislation; Ministry of Patriots, Veterans Affairs; Defense Acquisition Program Administration; Small & Medium Business Administration |
| Civil Affairs | Ministry of Unification; Ministry of Justice; Ministry of Public Administration & Security; Ministry of Employment & Labor; Customs Service; Military Manpower Administration; Meteorological Administration; Coast Guard | Ministry of Strategy and Finance; Ministry of Gender Equality & Family; Financial Service Commission; Anti-Corruption & Civil Rights Commission; Ministry of Government Legislation; Ministry of Patriots & Veterans Affairs; Supreme Prosecutor's Office; National Policy Agency |

# 3. Local Government's Performance Evaluation and its Operating Procedures

## 3.1. Local Governments' Performance Evaluation

### 3.1.1. Evaluators and Target Local Governments

The GPEC is the primary institution of local government's performance evaluation, but it authorizes the Ministry of Public Administration and Security to supervise this type of evaluation and report the evaluation results back to GPEC. The Ministry organizes a joint evaluation committee and delegates the evaluating task to the committee to carry out the actual evaluation on the affairs delegated to the local governments by the central government.

The target local governments include six metropolitan cities and nine provinces. The local autonomous entity in Korea consists of two-tiered local governments: a) metropolitan cities and provinces, and b) local governments including municipalities, rural counties, and urban counties. Urban counties are usually under the jurisdiction of metropolitan cities,

and municipalities and rural counties are under the jurisdiction of provinces. In a few exceptional cases, some rural counties are under the jurisdiction of metropolitan cities.

### 3.1.2. Target Evaluation Programs

Target evaluation programs are the local governments affairs delegated to them by the central ministries. All delegated affairs must become target programs of local government's performance evaluation. Some are target programs of the joint evaluation, and others are part of individual evaluation. The former is conducted by the joint evaluation committee, while the latter is conducted by individual central ministries that have delegated their affairs to the local governments. Individual central ministries have their own evaluation schedules for these evaluations. In this section, local government's performance evaluation refers to the first type of evaluation carried out by the joint evaluation committee.

The number of target evaluation programs is not usually fixed but is annually altered. The total number of programs for 2011 was 40, but the number for 2012 is 38. These 38 programs are categorized into nine policy areas, as seen in <Table 4-31>. Under the policy area of public administration, six target programs were selected for the joint evaluation. Three programs, including organization and personnel management, local tax and taxation management, and civil affairs and information disclosure, were delegated affairs by the Ministry of Public Administration and Security. Regulatory reform/law and order was one of the delegated affairs by the Ministry of Justice and two other ministries. Public employee's asset/transparency was one of the delegated affairs operated by the Anti-Corruption and Civil Rights Commission. Information and record management was one of the delegated affairs by the Ministry of Public Administration and Security and two other ministries.

Under the policy area of social welfare, four target programs were selected for the joint evaluation. Two programs were from the Ministry of Health and Welfare, one was from the Ministry of Health and Welfare and two other ministries, and one was from the Ministry of Gender Equality and Family and three other ministries.

Under the policy area of health and sanitation, five target programs were selected for the joint evaluation. Out of the five, four programs were under the jurisdiction of the Ministry of Health and Welfare, and one was under the Food and Drug Administration and two other ministries.

Under the policy area of regional economy, three target programs including promotion of regional industry, national property management and support for low income population were chosen for the joint evaluation. Promotion of regional industry was supervised by the Ministry of Knowledge Economy and five other ministries. National property management was supervised by the Ministry of Strategy and Finance. Support for low income population was under the jurisdiction of Statistics Korea and four other ministries.

Under the policy area of regional development, three target programs were selected for the joint evaluation. These programs were delegated by the Ministry of Public Administration and Security, Ministry of Land, Transportation, and Maritime Affairs, and Ministry of Food, Agriculture, Forestry and Fisheries. Under the policy area of culture and tourism, three programs were selected for the joint evaluation. All three programs are delegated by Ministry of Culture, Sports and Tourism.

Under the policy area of environment and forestry, six target programs were selected for the joint evaluation. Out of the six, four programs were delegated affairs by the Ministry of Environment, and the other two programs were delegated affairs by Forestry Services. Under the policy area of safety management, three target programs were selected for the joint program. They were delegated affairs by the Ministry of Public Administration and Security, National Emergency Management Agency, and two other ministries.

Under the policy area of concentrated programs, four target programs were selected for the joint evaluation. They include a) program for fair society, b) program for safe society, job creation, and low incomer's livelihood support.

**Table 4-31 |** Target Policy Areas, Target Programs, and Ministries in Charge

| Policy Areas | Target Programs | Ministries |
|---|---|---|
| Public Administration | Organization/Personnel Management | MOPAS |
| | Local Tax/Taxation Management | |
| | Civil Affairs/Information Disclosure | |
| | Regulatory Reform/Law and Order | Ministry of Justice and 2 others |
| | Public Employee's Asset/Transparency | Anti-Corruption & Civil Rights Commission |
| | Information and Record Management | MOPAS and 2 others |
| Social Welfare | Social Welfare Infrastructure | MHW |
| | National Minimum Livelihood Protection | |
| | Social Welfare Services | MHW and 2 others |
| | Women and Family Welfare | MOGEF and 3 others |
| Health and Sanitation | Emergency Medical Services | MHW |
| | Health Promotion | |
| | Disease Control Management | |
| | Infection Control Management | |
| | Food, Drug, and Public Health Management | Food & Drug Administration, and 2 others |

| Policy Areas | Target Programs | Ministries |
|---|---|---|
| Regional Economy | Promotion of Regional Industry | Ministry of Knowledge Economy and 5 others |
| | National Property Management | Ministry of Strategy & Finance |
| | Support for Low Income Population | Statistics for Korea and 4 others |
| Regional Development | Green Growth Infrastructure | MOPAS and 2 others |
| | Regional Equality Infrastructure | Ministry of Land, Transportation, & Maritime Affairs |
| | Veterinary Inspection | Ministry of Food, Agriculture, Forestry & Fisheries |
| Culture and Tourism | Regional Culture Infrastructure | MCST and 2 others |
| | Public Library and its Operation | MCST |
| | Inducement of Tourists | |
| | Sports Facilities and their Operation | |
| Environment and Forestry | Environment Management | Ministry of Environment |
| | Clean Air Management | |
| | Water Pollution Control | |
| | Natural Circulation Management | |
| | Forestry Promotion and Utilization | Forest Service |
| | Forestry Conservation & Disaster Protection | |
| Safety Management | Fire Fight Safety | NEMA |
| | Disaster & Security Management | NEMA and 2 others |
| | Emergency Stand-by | MOPAS and 2 others |
| Other Concentrated Programs | Programs for Fair Society | MOPAS and 4 others |
| | Programs for Secure Society | MOPAS and 2 others |
| | Job Creation | Ministry of Employment & Labor |
| | Low Incomer's Livelihood Support | Small & Medium Business Administration and 4 others |

MOPAS: Ministry of Public Administration and Security; NEMA: National Emergency Management Agency; MCST: Ministry of Culture, Sports, and Tourism; MHW: Ministry of Health & Welfare; MOGEF: Ministry of Gender Equality and Family

### 3.1.3. Evaluation Procedures

The Ministry of Public Administration and Security initiates next year's joint evaluation for local governments in December of every year by asking relevant central ministries to select target delegated affairs for the joint evaluation. The Ministry prepares guidelines for developing evaluation items and evaluation indicators. Individual central ministries

draft the evaluation items and indicators for the joint evaluation in accordance with the guidelines and submit them by the end of December.

Meanwhile, the Ministry of Public Administration and Security organizes a joint evaluation committee for evaluating local government's performance. In 2012, the committee consisted of 129 professionals. The Ministry also contacts Korea Research Institute for Local Administration to develop evaluation items and evaluation indicators. The Research Institute collects and puts together the target delegated affairs for the joint evaluation, and the evaluation items and evaluation indicators, and finalizes them by the end of April.

Before finalizing the evaluation items and indicators, the Research Institute organizes a task force to conduct an in-depth review on them. The review is carried out on the nine policy areas mentioned above. The Research Institute also holds a workshop on the development of evaluation indicators. Participants of this workshop include central government employees from the Ministry of Public Administration and Security, employees from relevant ministries that have delegated their affairs to local governments, local government employees, and members of the joint evaluation. The Research Institute assigns a weight on each evaluation indicator by the end of October. The total weight of each policy is identically set at 100 scores. The Research Institute then submits the report on evaluation items and indicators to the Ministry.

The Ministry of Public Administration and Security finalizes the evaluation items and evaluation indicators, publishes a manual on the joint evaluation on local government's performance, and delivers it to relevant central ministries and local governments by the end of November. The Ministry also submits the manual to the GPEC for approval in December.

The joint evaluation on local government's performance is actually conducted from March through July. The actual evaluator is the joint evaluation committee. In addition, the citizen satisfaction survey is conducted under the supervision of the joint evaluation committee in May. After completing the evaluation report, the joint evaluation committee submits it to GPEC for approval.

### 3.1.4. Evaluation Indicators

Joint evaluation on local government's performance consists of nine policy areas in 2012. Each policy area has its own set of evaluation items and indicators. Public administration as a policy area for the joint evaluation is composed of six target programs, 16 evaluation items, and 40 evaluation indicators. Out of the six target programs, the largest weight is given to civil affairs/information disclosure, representing 22.6, and the smallest weight is given to information and record management, representing 14.8 out of 100 scores.

Social welfare policy area consists of four target programs, 11 evaluation items, and 36 evaluation indicators. Out of four target programs, the largest weight is given to women and family welfare, representing 27.8, and the smallest weight is given to social welfare infrastructure. Health and sanitation policy area is composed of five target programs, 13 evaluation items, and 42 evaluation indicators. Out of the five target programs, the largest weight is given to health promotion, representing 27.8 scores, and the smallest weight is given to emergency medical services, representing 11.9 out of 100 scores.

Regional economy policy area includes three target programs, 10 evaluation items, and 32 evaluation indicators. Out of the three target programs, the largest weight is given to support for low income population, representing 45.8 scores, and the smallest weight is given to national property management, representing 14.5 out of 100 scores. The policy area of regional development also consists of three target programs, 10 evaluation items, and 23 evaluation indicators. Out of the three target programs, the largest weight is given to green growth infrastructure, representing 54.7, and the smallest weight is given to regional equality infrastructure, representing 15.2 out of 100 scores.

Culture and tourism policy area is composed of four target programs, 8 evaluation items, and 15 evaluation indicators. Out of the four target programs, the largest weight is given to regional culture infrastructure representing 53.9, and the smallest weight is given to inducement of tourists representing 14.7 out of 100 scores. For local governments operating support facilities, the smallest weight is given to sports facilities and their operation, representing 11.4 out of 100 scores. Environment and forestry area consists of six target programs, 12 evaluation items, and 28 evaluation indicators. Out of the six target programs, the largest weight is given to natural circulation management, representing 25.6, and the smallest weight is given to water pollution control, representing 7.2 out of 100 scores.

Safety management policy area includes three target programs, 11 evaluation items, and 22 evaluation indicators. Out of the three target programs, the largest weight is given to disaster and security management, representing 50.3, and the smallest weight is given to fire fight safety, representing 19.8 out of 100 scores. Other concentrated programs areas consist of four target programs, 15 evaluation items, and 44 evaluation indicators. Out of four target programs, the largest weight is given to job creation, representing 32.3, and the smallest weight to programs for secure society representing 20.1 out of 100 scores.

**Table 4-32 | Target Policy Areas, Evaluation Indicators and their Weight**

| Policy Areas | Target Programs | Items | Indicators | Weight | Sub-total |
|---|---|---|---|---|---|
| Public Administration | Organization/Personnel Management | 3 | 10 | 15.6 | 100 |
| | Local Tax/Taxation Management | 2 | 4 | 12.7 | |
| | Civil Affairs/Information Disclosure | 4 | 9 | 22.6 | |
| | Regulatory Reform/Law and Order | 2 | 7 | 19.2 | |
| | Public Employee's Asset/Transparency | 2 | 3 | 15.1 | |
| | Information and Record Management | 3 | 10 | 14.8 | |
| Social Welfare | Social Welfare Infrastructure | 2 | 5 | 15.2 | 100 |
| | National Minimum Livelihood Protection | 3 | 12 | 22.9 | |
| | Social Welfare Services | 2 | 8 | 27.0 | |
| | Women and Family Welfare | 4 | 11 | 34.9 | |
| Health and Sanitation | Emergency Medical Services | 2 | 5 | 11.9 | 100 |
| | Health Promotion | 3 | 10 | 27.8 | |
| | Disease Control Management | 2 | 13 | 21.9 | |
| | Infection Control Management | 2 | 8 | 18.1 | |
| | Food, Drug, & Public Health Management | 2 | 6 | 20.3 | |
| Regional Economy | Promotion of Regional Industry | 5 | 19 | 39.7 | 100 |
| | National Property Management | 1 | 3 | 14.5 | |
| | Support for Low Income Population | 4 | 10 | 45.8 | |
| Regional Development | Green Growth Infrastructure | 3 | 8 | 54.7 | 100 |
| | Regional Equality Infrastructure | 2 | 3 | 15.2 | |
| | Veterinary Inspection | 5 | 12 | 30.1 | |
| Culture and Tourism | Regional Culture Infrastructure | 4 | 8 | 53.9 | 100 |
| | Public Library and its Operation | 2 | 3 | 20.0 | |
| | Inducement of Tourists | 1 | 1 | 14.7 | |
| | Sports Facilities and their Operation | 1 | 3 | (11.4) | |
| Environment and Forestry | Environment Management | 2 | 4 | 14.1 | 100 |
| | Clean Air Management | 2 | 3 | 12.9 | |
| | Water Pollution Control | 1 | 2 | 7.2 | |
| | Natural Circulation Management | 2 | 5 | 25.6 | |
| | Forestry Promotion and Utilization | 2 | 8 | 18.8 | |
| | Forestry Conservation & Disaster Protection | 3 | 5 | 21.4 | |

| Policy Areas | Target Programs | Items | Indicators | Weight | Sub-total |
|---|---|---|---|---|---|
| Safety Management | Fire Fight Safety | 2 | 3 | 19.8 | 100 |
| | Disaster & Security Management | 5 | 13 | 50.3 | |
| | Emergency Stand-by | 4 | 7 | 29.9 | |
| Other Concentrated Programs | Programs for Fair Society | 4 | 14 | 22.7 | 100 |
| | Programs for Secure Society | 1 | 10 | 20.1 | |
| | Job Creation | 4 | 10 | 32.3 | |
| | Low Incomer's Livelihood Support | 1 | 10 | 24.9 | |
| Total | | 106 | 282 | | 900 |

( ): This target program does not apply for all local governments, but for some local governments

### 3.1.5. Evaluation Methods

The joint evaluation committee employs three types of evaluation methods: online performance evaluation, on-the-spot review/evaluation, and final review on performance.

For online performance evaluation, local governments have to input their performance records into a virtual policy studio developed for the joint evaluation. Local governments may check and review other local governments' performance after they have completed putting in their own records. They can file an objection on other local governments' performance records to the joint evaluation committee, or accept the records without objection.

The joint evaluation committee then conducts an online performance evaluation on local governments' performance records based on the set of evaluation indicators. The joint evaluation committee organizes subcommittees based on policy areas. The online performance evaluation is usually carried out by the subcommittees, based on performance records filed by individual local governments, various statistics developed by the central government, and objection records filed by local governments. Local governments also can file an objection to the results of online performance evaluation in the joint evaluation committee.

On-spot-review/evaluation is conducted only if an objection is filed by a local government. The number of objection cases for the 2010 performance evaluation was 3,226, whereas in 2011 the number was 1,964. The number has decreased to 1,460 in 2012. The joint evaluation committee establishes acceptance guidelines for the individual objections. The objections can be overruled or accepted based on the guidelines. On-the-spot review and evaluation is usually carried out for two weeks in May.

The joint evaluation committee finalizes local governments' performance evaluation during two weeks in July. The committee organizes a general evaluation task force and asks the task force to carry out confirmation and check for the results of performance evaluation.

## 3.1.6. Evaluation Results

Individual evaluation results of the nine policy areas are usually graded into three scales, A, B and C, based on the evaluation results. For the year of 2012 performance evaluation, the joint evaluation committee selected two As out of seven metropolitan cities, and three As from nine provinces respectively from nine individual policy areas. In terms of policy areas, five local governments, including two metropolitan cities and three provinces, received a grade A from one out of nine policy areas, as seen in <Table 4-33>.

Out of seven metropolitan cities, Ulsan received grade A in five policy areas including social welfare, regional economy, regional development, environment and forestry, and safety management. Three metropolitan cities including Busan, Incheon, and Daejon received a grade A in three policy areas. Busan received As from public administration, culture and tourism, and other concentrated programs, Incheon from health and sanitation, regional development, and other concentrated programs, and Daejon from health and sanitation, environment and forestry, and safety management. Daegu received a grade A from two policies including social welfare, and culture and tourism. Both Seoul and Gwangju respectively received a grade A from one policy area, Seoul in public administration and Gwangju in regional economy.

Out of nine provinces, Chungbuk and Gyeongbuk received grade A from five policy areas, Chungbuk received from public administration, social welfare, regional economy, regional development, and culture and tourism, and Gyeongbuk from social welfare, health and sanitation, regional development, environment and forestry, and other concentrated programs. Jeonbuk received four As from social welfare, health and sanitation, environment and forestry, and safety management. Gyeongnam and Jeju received As from three policy areas, Gyeongnam received from public administration, environment and forestry, and other concentrated programs, and Jeju from regional economy, regional development, and culture and tourism. Three provinces, including Gangwon, Gyeonggi, and Jeonnam received As from two policies. Chungnam received an A from health and sanitation only.

**Table 4-33 |** Local Governments Receiving Grade A in 2012

| Policy Areas | Metropolitan Cities | Provinces |
|---|---|---|
| Public Administration | Seoul, and Busan | Gyeonggi, Chungbuk, and Gyeongnam |
| Social Welfare | Daegu, and Ulsan | Chungbuk, Jeonbuk, and Gyeongbuk |
| Health and Sanitation | Incheon, and Daejon | Chungnam, Jeonbuk, Gyeongbuk |
| Regional Economy | Gwangju, and Ulsan | Chungbuk, Jeonnam, and Jeju |
| Regional Development | Incheon, Ulsan | Chungbuk, Gyeongbuk, and Jeju |
| Culture and Tourism | Busan, Daegu | Gyeonggi, Chungbuk, and Jeju |
| Environment and Forestry | Daejon, and Ulsan | Jeonbuk, Gyeongbuk, and Gyeongnam |
| Safety Management | Daejon, and Ulsan | Gangwon, Jeonbuk, Jeonnam |
| Other Concentrated Programs | Busan, and Incheon | Gangwon, Gyeongbuk, and Gyeongnam |

## 3.2. Citizen Satisfaction

Korea Research Institute for Local Administration, as an evaluating agency of local governments' performance, hires a social survey agency to survey citizen satisfaction. The survey agency conducts the survey on citizen satisfaction on local government affairs delegated by the central government, in accordance with survey guidelines established by the Research Institute. The survey guidelines, including target programs, survey methods, and satisfaction indicators, may be revised annually based on the policy direction of the central government.

### 3.2.1. Target Programs

The target programs of citizen satisfaction on local government performance are not fixed, but may be altered in accordance with central government's policy directions. For the year 2012, ten programs were the target programs. The Ministry of Public Administration and Security was supervising five out of 10 programs. The rest of the five programs were supervised by five ministries including Anti-Corruption and Civil Rights Commission, Food and Drug Administration, Ministry of Knowledge Economy, Rural Development Administration, and Ministry of Employment and Labor.

For the citizen satisfaction survey, the Ministry of Public Administration and Security selected five programs: civil affairs, fair society, safe society, job creation, and low incomer's security. The Ministry intended to measure the level of citizen satisfaction with these five programs of the local government.

The Anti-Corruption and Civil Rights Commission measured the citizen satisfaction level of transparency and integrity in local governments and their employees. The Food and Drug Administration selected the level of food safety, and the Ministry of Knowledge Economy selected the satisfaction level of foreign-invested enterprises. The Rural Development Administration intended to measure citizen satisfaction level on local government's agricultural extension, whereas the Ministry of Employment and Labor tried to measure the citizen satisfaction level of labor-management-citizen-government cooperation.

Table 4-34 | Citizen Satisfaction of Local Government's Performance:
Target Programs, Sample Size, and Survey Methods

| Target Programs | Sample Size | Survey Methods | Supervising Ministry |
|---|---|---|---|
| Civil Affairs | A total of 6,900 = 30 cases from 230 counties & cities across country | Phone survey | Ministry of Public Administration |
| Fair Society | A total of 8,000 = 500 cases from 16 metropolitan cities & provinces | | |
| Safe Society | A total of 8,000 = 500 cases from 16 metropolitan cities & provinces | | |
| Job Creation | A total of 8,000 = 500 cases from 16 metropolitan cities & provinces | | |
| Low Incomer's Security | A total of 8,000 = 500 cases from 16 metropolitan cities & provinces | | |
| Transparency & Integrity | A total of 10,790 = 8,255 from citizen and 2535 from local government employees | Phone survey & online survey | Anti-Corruption & Civil Rights Commission |
| Food Safety | A total of 2,500 | Phone survey | Food & Drug Administration |
| Foreign-Invested Enterprise | A total of 1,187 | Phone survey & Fax survey | Ministry of Knowledge Economy |
| Agricultural Extension | A total of 3,400 | Phone survey | Rural Development Administration |
| Labor-Management-Citizen-Government Cooperation | A total of 5,400 | Phone survey | Ministry of Employment & Labor |

### 3.2.2. Population and Sampling

The target population of the citizen satisfaction survey includes all residents living in the jurisdiction of the particular local government delivering the services related to the target programs listed in <Table 4-35>.

Each target program has its own sampling rules and sample size. For the satisfaction survey of civil affairs administration, 30 cases have to be selected from 230 counties and cities across the country. The total sample size is 6,900 cases. As of 2012, Korea has 230 primary local authorities including counties and cities.

For the satisfaction survey of the other four target programs, including fair society, safe society, job creation, and lower incomer's security, the sampling rules and sample sizes were identical, as seen in <Table 4-35>. For these four target programs, the basic jurisdiction for sampling is not the primary local authorities, but metropolitan cities and provinces. Korea has seven metropolitan cities and nine provinces. Out of these 16 larger units of the local governments, 500 cases are selected for the satisfaction survey. The sample size of each individual target programs reaches a total of 8,000 cases.

The satisfaction survey of transparency and integrity consists of inside-organization unit and outside-organization unit. For the satisfaction survey of the inside-organization unit, the target population is local government employees, whereas for the survey of outside-organization unit, the target population is residents who live in the jurisdiction of particular local governments. For the year 2012, a total of 2,535 cases were used for the survey of the former unit, while a total of 8,255 cases were employed for the latter.

Sample sizes of the other four target programs varied in 2012. For the citizen satisfaction of food safety, a total of 2,500 cases were selected across the country. The sample of the satisfaction of foreign-invested enterprises had a total of 1,187 cases, whereas that of the agricultural extension had a total of 3,400 cases. For the satisfaction survey of labor-management-citizen-government cooperation, a total of 5,400 cases were used.

### 3.2.3. Survey Methods

Phone survey was used for all the nine target programs. However, in addition to the phone survey, an online survey was used for surveying citizen satisfaction in transparency and integrity, and fax survey was used for the survey of citizen satisfaction of foreign-invested enterprises.

### 3.2.4. Results of Citizen Satisfaction

Individual citizen satisfaction results are usually graded on the basis of 100 scores. For the year citizen satisfaction survey in 2012, the joint evaluation committee categorized local

governments into metropolitan cities and provinces, and gave separate scores, as seen in <Table 4-35>.

Out of seven metropolitan cities, Ulsan received the best score in three out of ten target programs. Three local governments including Seoul, Gwangju and Daegu obtained the best scores twice out of ten programs. Daejon and Incheon received the best score once. Incheon received the worst score five times out of ten target programs, Busan three times, Seoul twice, and Gwangju once.

Out of the nine provinces, the best score was given to Jeonnam six times, Jeonbuk twice, Gyeonggi and Jeju once. The worst score was given to Gyeonggi six times, and Jeonnam, Jeju, Gangwon, and Jeonbuk once.

Table 4-35 | Citizen Satisfaction Results of Local Government's Performance by Metropolitan Cities and Provinces

| Target Programs | Metropolitan Cities | | Provinces | |
|---|---|---|---|---|
| | Best | Worst | Best | Worst |
| Civil Affairs | Seoul (87.3) | Incheon & Gwangju (84.5) | Jeonnam (88.6) | Gyeonggi (83.2) |
| Fair Society | Ulsan (51.2) | Incheon (47.1) | Jeonnam (57.6) | Gyeonggi (48.2) |
| Safe Society | Daegu (52.8) | Incheon (49.5) | Jeonnam (58.9) | Gyeonggi (46.7) |
| Job Creation | Seoul (48.9) | Busan (45.6) | Jeonnam (55.2) | Gyeonggi (46.8) |
| Low Incomer's Security | Ulsan (49.0) | Incheon (43.3) | Jeonnam (56.2) | Gyeonggi (44.2) |
| Transparency & Integrity | Daejon (86.3) | Busan (81.0) | Gyeonggi (87.3) | Jeonnam (83.2) |
| Food Safety | Gwangju (67.6) | Busan (65.0) | Jeonbuk (70.0) | Gyeonggi (66.5) |
| Foreign-Invested Enterprise | Gwangju (74.1) | Incheon (57.6) | Jeonbuk (71.5) | Jeju (55.7) |
| Agricultural Extension | Daegu & Ulsan (89.9) | Seoul (83.9) | Jeonnam (90.3) | Gangwon (82.1) |
| Labor-Management-Citizen-Government Cooperation | Incheon (57.4) | Seoul (50.2) | Jeju (59.5) | Jeonbuk (53.2) |

# 4. Public Institution's Performance Evaluation and its Operating Procedures

## 4.1. Meanings of Public Institutions

### 4.1.1. Definition

A public institution, or public sector institution, is an entity backed through public funds and controlled by the state. It carries out public functions such as the management of a state's economic and social resources (World Bank, 2000). The primary institution of public institution's performance evaluation is GPEC. The GPEC does not directly conduct evaluation on public institution's performance, but rather authorizes relevant agencies to operate the evaluation tasks and report evaluation results back to GPEC. The Government Performance Evaluation Act has a provision on public institution's performance evaluation. Operating agencies differ in accordance with the type of public institutions.

Public institutions, in theory, are categorized into four types according to their function: public enterprises, quasi-governmental agencies, government fund management agencies, and research institutes. A public enterprise refers to a business organization wholly or partly owned by the state and controlled through a public authority. It is a hybrid organization whose understanding requires a multidisciplinary perspective. As an enterprise it sells its products, but as a public organization, it is owned and controlled by the government or its agents (Jones, 1982).

A quasi-governmental agency is a hybrid organization with legal characteristics of both the government and private sector (Kosar, 2011). It is supported by the government but managed privately. Unlikely a public enterprise, it usually does not sell its products but carry out what tasks of the government.

A government fund management agency refers to a hybrid entity whose function is to carry out overall strategic investment regulations established and controlled by the government or its agents. The agency has to meet investment restrictions on the funds.

A research institute refers to a government-supported research organization. It is usually established and controlled by the government or its agents in terms of its operation. A research institute conducts a variety of researches required by the government. Sometimes it includes think-tanks in the public sector.

## 4.1.2. Types of Public Institutions

Korea's public institutions include various types: public enterprises, quasi-governmental agencies, pension and fund operating agencies, research institutes, and local public institutions. The first four types are identical with those mentioned previously in terms of definition.

Local public institutions include local public enterprises and local research institutes. A local public enterprise is a business organization wholly or partly owned by the local government. As an enterprise, it also sells its local products. As a public organization, it is owned and controlled by the local government or its agents.

A local research institute includes local government funded research organizations. In Korea, the local autonomous entity consists of two-tiered local governments: a) a metropolitan city and province, and b) local government including municipalities, rural counties, and urban counties. Both types of local governments can establish research institutes.

The Ministry of Strategy and Finance is authorized to evaluate public enterprises, quasi-governmental agencies, and government funds. There are currently 27 public enterprises, 87 quasi-governmental agencies and 64 government funds, and are under the supervision of the Ministry of Strategy and Finance. The Ministry conducts evaluation on public enterprises and quasi-governmental agencies with identical evaluation indicators, since their functions are identical. However, government funds are evaluated with a different set of evaluation indicators.

Research institutes, as a type of public institution, can be categorized into two groups in terms of their research areas: one is the science group, and the other is the economics, humanities and social sciences group. The former group may have a variety of supervisory agencies, whereas the latter group has just one supervisory agency, the National Research Council for Economics, Humanities and Social Sciences.

The National Research Council conducts evaluation on the performance of 26 institutes under its supervision. However, science-related research institutes have six supervisory agencies. As seen in <Table 4-36>, the Korea Research Council of Fundamental Science and Technology is in charge of conducting evaluation on 13 research institutes under its supervision. The Korea Research Council for Industrial Science and Technology conducts evaluation on 14 research institutes under its supervision. The Ministry of Education, Science and Technology is in charge of conducting evaluation on 16 institutions under its supervision. The other three central government agencies, including Defense Acquisition Program Administration, Nuclear Safety and Security Commission, and National Science and Technology Commission, each conduct evaluation on one institute under their supervision.

Both local public enterprises and local research institutes are under the supervision of the Ministry of Public Administration and Security. There are currently 227 local public enterprises and 17 local research institutes. The Ministry is in charge of evaluating the two groups' performance.

**Table 4-36 |** Types of Korea's Public Institutes

| Types | | Number of Institutions | Operating Agency |
|---|---|---|---|
| Public Enterprises | | 27 | Ministry of Strategy and Finance |
| Quasi-Governmental Agencies | | 82 | |
| Government Funds | | 64 | |
| Research Institutes | Research Institutes under the supervision of the Korea Research Council of Fundamental Science and Technology | 13 | Korea Research Council of Fundamental Science and Technology |
| | Research Institute under the supervision of the Korea Research Council for Industrial Science and Technology | 14 | Korea Research Council for Industrial Science and Technology |
| | Government-Funded Research Institutes of Science and Technology | 16 | Ministry of Education, Science, and Technology |
| | Government-Funded Research Institutes of Science and Technology | 1 | Defense Acquisition Program Administration |
| | Government-Funded Research Institutes of Science and Technology | 1 | Nuclear Safety and Security Commission |
| | Government-Funded Research Institutes of Science and Technology | 1 | National Science and Technology Commission |
| | Research Institutes under the supervision of the National Research Council for Economics, Humanities and Social Sciences | 26 | National Research Council for Economics, Humanities and Social Sciences |
| Local Public Institutions | Local Public Enterprises | 224 | Ministry of Public Administration &Security |
| | Local Research Institutes | 17 | |

## 4.2. Public Enterprises and Quasi-Government Agencies

### 4.2.1. Evaluators and Supervisory Ministries

The GPEC is the primary institution of evaluating public enterprises and quasi-governmental agencies. However, the Ministry of Strategy and Finance is in actual charge of conducting evaluation on these two group's performance, as the Ministry organizes both the legislative organ and executive organ for effectively conducting the evaluation.

The steering committee for public institution management, as the legislative organ, consists of a group of 11 members from the legal circle, business communities, academia, and the labor communities. Members are appointed with three years terms. The chairperson of the steering committee is the Minister of Strategy and Finance. This steering committee votes on a variety of schemes evaluating the performance of public enterprises and quasi-governmental agencies. The evaluation board for public institutions' performance management is the executive organ, and is composed of 150 professionals. These professionals specialize in evaluation methods in specific policy areas, and are appointed with one year terms.

To effectively conduct this evaluation, the evaluation task force is divided into six evaluation teams: leadership evaluation, key business programs evaluation, management efficiency evaluation, quantitative evaluation, labor management relations evaluation, and standing auditor evaluation. Each individual evaluation team is supervised by the head of the task force.

### 4.2.2. Target Public Enterprises and Quasi-Governmental Agencies

Target public institutions under the category of public enterprises and quasi-governmental agencies can be divided into five types: market-oriented public enterprises, other public enterprises, fund management quasi-governmental agencies, fund management entrusted quasi-governmental agencies, and medium/small size quasi-governmental agencies, as seen in <Table 4-37>.

Target public institutions are categorized into the six types outlined above in order to compare their evaluation scores within their group, although it may be unfair to compare market-oriented public institutions with quasi-market-oriented public enterprises based on the same set of evaluation indicators. The evaluation task force rates individual public institutions' performance within the group in which they belong.

A total of ten individual public enterprises, such as Incheon International Airport Corporation, Korea Gas Corporation, and Korea Expressway Corporation, belong to the market-oriented type. A total of 17 public enterprises, such as Korea Coal Corporation,

Korea Housing Guarantee, and Busan Port Authority are under the category of quasi-market-oriented type.

A total of 18 quasi-governmental agencies, including Korea Transportation Safety Authority, Korea Cadastral Survey Corporation, and Korea Gas Safety Corporation, belong to the fund management type. A total of 17 quasi-governmental agencies including Government Employee Pension Service, National Pension Service, and Korea Sports Promotion Foundation are under the category of the fund management entrusted type. A total of 47 quasi-governmental authorities such as Korea Ship Safety Technology Authority, and Korea Testing Laboratory belong to the medium/small size type.

Table 4-37 | The Types of Public Enterprises and Quasi-Governmental Agencies

| Type | | Description | Number of Public Institutions |
|---|---|---|---|
| Public Enterprises | Type I, or Market-Oriented Type | Large-scale public enterprises whose assets are over 2 trillion won | 10 |
| | Type II, or Quasi-Market-Oriented Type | Public enterprises that do not belong to Type 1 | 17 |
| Quasi-Governmental Agencies | Fund Management Type | Quasi-governmental agencies that operate government funds | 18 |
| | Fund Management Entrusted Type | Quasi-governmental agencies that do not belong to the fund management type, and that are entrusted to manage government funds | 17 |
| | Medium/Small Size | Quasi-governmental agencies that belong to the fund management entrusted type, but their scales are smaller than the type | 47 |

### 4.2.3. Evaluation Procedures

Evaluation for public institutions under the supervision of the Ministry of Strategy and Finance usually launches in December when the Ministry prepares its evaluation manual. The evaluation manual is drafted by the evaluation task force, approved by the steering committee for public institution management, and confirmed by the Minister of Strategy and Finance.

This evaluation manual includes evaluation methods and evaluation indicators in detail, and is distributed to individual public institutions. The institutions prepare for the performance evaluation conducted in March, collecting relevant data and information for the evaluation.

The Ministry of Strategy and Finance prepares the evaluation plan on public institution's performance and distributes it to individual public institutions. This plan includes a detailed evaluation schedule. Public institutions have to prepare their evaluation reports and submit them to the Ministry by March 29.

The evaluation task force conducts evaluation on public institution's performance based on the evaluation reports submitted by individual public institutions for three months from March through June. The Ministry of Strategy and Finance submits the evaluation result to the President and the National Assembly in June.

### 4.2.4. Evaluation Indicators

Evaluation indicators were developed on the basis of three evaluation sections, including leadership/responsibility management, management efficiency, and key business programs. Out of the three evaluation sections, the greatest weight is given to key business programs. Its weight is 45 out of 100 scores. The weight given to management efficiency is 35, and that of leadership/responsibility management is 20.

Leadership/responsibility management section consists of four evaluation indicators. The greatest weight of seven is given to the corporate social responsibility indicator. However, this indicator is divided into two sub-indicators, social contribution and government recommended programs. The greater weight is given to the latter, or five. The smallest weight is given to the responsibility management indicator with a weight of three.

Leadership/responsibility management section includes both qualitative indicators and quantitative indicators. Two indicators, leadership and responsibility management, are measured with a qualitative scale, whereas the public assessment indicator is measured with a qualitative scale. Corporate social responsibility and social contribution is evaluated with qualitative scale, and government recommended programs are evaluated with a quantitative scale. The weight in this evaluation section is evenly distributed among qualitative indicators and quantitative indicators.

Management efficiency section is composed of five evaluation indicators. The greatest weight is given to the financial budget management and performance indicator, which is composed of three sub-indicators including financial budget management, financial budget performance, and business budget management. The indicator was given a weight of 12 scores. Two indicators, work efficiency, and compensation and performance management,

are each given 8 scores. Compensation and performance management indicator is composed two sub-indicators: compensation and performance management and personnel expenses increase. The weight of four is respectively given to the two sub-indicators. The smallest weight of three is given to labor management relations indicator. For this evaluation section, the total weight of quantitative indicators is greater than that of the qualitative indicators. The former was given 20 scores, whereas the latter received 15.

Key business section had a total weight of 45 scores. This evaluation section consists of four evaluation indicators, including airport business, airport management, future growth management, hub-infrastructure business. <Table 4-38> illustrates the case of Incheon International Airport Corporation. Individual public enterprises and quasi-governmental agencies have to select four key businesses for evaluation, as the Airport Corporation shows.

Table 4-38 | Evaluation Indicators of Public Enterprises and Quasi-Governmental Agencies (Incheon International Airport Corporation)

| Evaluation Sections | Evaluation Indicators | | Weight | |
|---|---|---|---|---|
| | | | Qualitative Indicators | Quantitative Indicators |
| Leadership· Responsibility Management (20) | Leadership | | 5 | |
| | Responsibility Management | | 3 | |
| | Public Assessment | | | 5 |
| | Corporate Social Responsibility | Social Contribution | 2 | |
| | | Government-Recommended Programs | | 5 |
| | Subtotal | | 10 | 10 |
| Management Efficiency (35) | Work Efficiency | | | 8 |
| | Organization·Human Resource Management | | 4 | |
| | Financial Budget Management & Performance | Financial Budget Management | 4 | |
| | | Financial Budget Performance | | 6 |
| | | Business Budget Management | | 2 |
| | Compensation & Performance Management | Compensation & Performance Management | 4 | |
| | | Personnel Expenses Increase | | 4 |
| | Labor Management Relations | | 3 | |
| | Subtotal | | 15 | 20 |

| Evaluation Sections | Evaluation Indicators | Weight | |
|---|---|---|---|
| | | Qualitative Indicators | Quantitative Indicators |
| Key Business Program (45) | Air Transport Business | 4 | 12 |
| | Airport Management | 5 | 10 |
| | Future Growth Business | 3 | 6 |
| | Hub-Infrastructure Business | 3 | 2 |
| | Subtotal | 15 | 30 |
| Total | | 40 | 60 |

## 4.2.5. Evaluation Methods

The evaluation task force employs three types of evaluation methods: written evaluation, on-the-spot evaluation, and evaluation meeting. As stated previously, the evaluation task force is divided into six evaluation teams: leadership evaluation, key business programs evaluation, management efficiency evaluation, quantitative evaluation, labor management relations evaluation, and standing auditor evaluation.

Written evaluation is conducted by individual evaluation teams based on the guidelines provided by the evaluation indicators. For instance, the leadership evaluation team focuses on the evaluation of leadership/responsibility management section, where as the key business program team concentrates on the evaluation of the key business programs. Evaluation teams have to conduct evaluation based on the evaluation reports submitted by individual public institutions.

Written evaluation is usually completed in March. Members of individual evaluation teams have to prepare a set of evaluation questions for on-the-spot evaluation. On-the-spot evaluation is also conducted by individual evaluation teams. Members of individual evaluation teams visit individual public institutions, and check and confirm whether or not public institutions have provided truthful data and information for them. On-the-spot evaluation is usually carried out in April.

Evaluation results, once checked and confirmed by on-the-spot evaluation, are finalized in the evaluation meeting. The evaluation meeting is held twice: one is for the evaluation results conducted based on quantitative indicators, and the other is for evaluation results based on qualitative indicators.

In May, the evaluation task force completes the evaluation report and submits it to the steering committee for public institutions management for approval. The evaluation report is open for all public enterprises and quasi-governmental agencies to see. The evaluation task force, if any, takes objections. These objections can be overruled or accepted. The

evaluation task force holds a meeting to decide whether or not the relevant evaluation result has to be corrected, if the objection is accepted. In most cases, the evaluation report passes without any objections.

## 4.2.6. Evaluation Results

Based on the evaluation result, public enterprises and quasi-governmental agencies are given one of six grades: S, A, B, C, D, and E within their institution type. The target public enterprises and quasi-governmental agencies are categorized into five types: market-oriented public enterprises, other public enterprises, fund management quasi-governmental agencies, fund management entrusted quasi-governmental agencies, and medium/small size quasi-governmental agencies. However, they are graded under group of three, as listed in <Table 4-39>.

In 2011, only one institution out of 109 received grade S on its performance evaluation, Incheon International Airport Corporation. Only one public institution, Korea Water Resources Corporation, received grade E. None received grade S in quasi-governmental agencies.

Out of 27 public enterprises, five enterprises received a grade A, making up 18.5 percent. Out of 35 quasi-governmental agencies, five agencies, or 14.3 percent, received grade A. The number of agencies who received grade A among medium/small size quasi-governmental agencies was 8, representing 17.0 percent.

The public enterprise group showed relatively better performance than the other two groups. The medium/small size quasi-governmental agencies group received relatively worse scores than other groups.

Table 4-39 | The Evaluation Results of Public Enterprises
and Quasi-Experimental Agencies

| Types | | S | A | B | C | D | E | Total |
|---|---|---|---|---|---|---|---|---|
| Public Enterprises | | 1 | 5 | 14 | 5 | 2 | 0 | 27* |
| Quasi-Governmental Agencies | | - | 5 | 16 | 11 | 4 | 0 | 35 |
| Medium/Small Size Quasi-Governmental Agencies | | - | 8 | 20 | 11 | 7 | 1 | 47 |
| Total | Number | 1 | 17 | 50 | 27 | 13 | 1 | 109 |
| | Percentage | 0.9% | 15.6% | 45.9% | 24.8% | 11.9% | 0.9% | 100.0% |

* total of market-oriented type and quasi-market-oriented type

### 4.2.7. Utilization of Evaluation Results

Public enterprises who received grade S, A, or B received maximum 300 percent of performance evaluation bonuses, and quasi-governmental agencies who received grade S, A, or B received 100 percent of performance evaluation bonuses. Public enterprises received higher bonuses than quasi-governmental agencies because public enterprises are market-oriented and profit-generated agencies. In contrast, quasi-governmental agencies are more of authorities in implementing delegated affairs of government agencies.

Public enterprises and quasi-experimental agencies may be subjected to penalties. The evaluation task force may recommend the removal of relevant institutions' CEO from office if their evaluation results receive grade D or E.

The evaluation results influence public institutions' budgets for next year. Institutions with grade S or A usually receive a one percent rise in next year's budget, whereas those marked as a grade D or E usually receive a one percent cut in the budget.

## 4.3. Government Funds Management

### 4.3.1. Evaluators and Target Evaluation Ministries

The GPEC is the primary institution of evaluating government fund management agencies. However, the Ministry of Strategy and Finance is in charge of the actual evaluation on government fund management. Evaluation on government fund management does not evaluate public institutions operating government funds, but the activities of central government ministries authorized to operate government funds.

Public institutions operating government funds are evaluated separately under fund management type of public enterprises and quasi-government agencies. As stated earlier, a total of 18 quasi-governmental agencies, such as Korea Transportation Safety Authority, Korea Cadastral Survey Corporation, and Korea Gas Safety Corporation belong to the fund management type.

Evaluation of government fund management is divided into two areas: fund operation management and fund asset management. Evaluation on fund operation management is directly conducted by the Bureau of Finance Management under the Ministry of Strategy and Strategy. Evaluation on fund asset management is conducted by a group of outside members appointed by the Minister of Strategy and Finance. This group, titled the fund asset management evaluation task force, is composed of 15 professionals.

### 4.3.2. Target Government Funds

Some central ministries are in charge of managing government funds, meaning that the target government funds are under the supervision of some 20 ministries. As seen in <Table 4-40>, nine government funds out of 64 are under the supervision of the Financial Service Commission, eight under the Ministry of Food, Agriculture, Forestry & Fisheries, and six under the Ministry of Culture, Sports & Tourism. Four ministries, including the Ministry of Strategy and Finance, Ministry of Knowledge Economy, Ministry of Environment, and Ministry of Labor & Employment are supervising five government funds respectively.

Government funds are raised not only in the economic sectors, but also in the social and cultural sectors. Out of 64, 30 government funds are supervised by ministries in the economic sector. Some examples of these funds are: Public Capital Management Fund under the Ministry of Strategy and Finance, Farm-Product Prices Stability Fund under the Ministry of Food, Agriculture, Forestry and Fisheries, Radioactive Waste Management Fund under the Ministry of Knowledge Economy, and so on. Out of 64, 34 government funds are under the supervision of non-economic sectors. Some examples of these funds include: International Exchange Fund under the Ministry of Foreign Affairs and Trade, Inter-Korean Cooperation Fund under the Ministry of Unification, Women's Development Fund under the Ministry of Gender Equality &Family, etc.

The number of target government funds is not fixed but can be altered. Therefore, not all government funds are evaluated annually, but approximately one third of 64 funds are evaluated in a given year, meaning that the rest will be evaluated in the next year or the following year. <Table 4-40> shows all the 64 funds currently being managed by central government ministries.

In 2012, 30 government funds out of 64 were evaluated under the area of fund operation management, and 43 funds were evaluated under the area of fund asset management. A single individual government fund may be related to various government programs, and a total of 30 government funds were related to 121 individual government programs. Therefore, 121 individual government programs, implemented by 30 government funds, were evaluated in 2012.

**Table 4-40 |** Target Government Funds and their Operating Ministries

| Ministries in Charge | Government Funds | Number of Funds |
|---|---|---|
| Ministry of Strategy & Finance | Public Capital Management Fund, Foreign Economic Cooperation Fund, and 3 other funds | 5 |
| Ministry of Education, Science & Technology | Science and Technology Promotion Fund, and 3 other funds | 4 |
| Ministry of Foreign Affairs & Trade | International Exchange Fund | 1 |
| Ministry of Unification | Inter-Korean Cooperation Fund | 1 |
| Ministry of National Defense | Military Welfare Fund, and Military Pension Fund | 2 |
| Ministry of Public Administration & Security | Government Employees Pension Fund | 1 |
| Ministry of Justice | Crime Victim Protection Fund | 1 |
| Ministry of Culture, Sports & Tourism | Tourism Promotion and Development Fund, Korea Sports Promotion Fund, and 4 others | 6 |
| Ministry of Food, Agriculture, Forestry & Fisheries | Farm-Product Prices Stability Fund, Agricultural and Fisheries Disaster Insurance Fund, and 6 others | 8 |
| Ministry of Knowledge Economy | Radioactive Waste Management Fund, Trade Protection Fund, and 3 other | 5 |
| Ministry of Health & Welfare | National Health Promotion Fund, National Pension Fund, and Emergency Medical Service Fund | 3 |
| Ministry of Environment | Kumgang Riverside Management Fund, and 4 others | 5 |
| Ministry of Labor & Employment | Employment Insurance Fund, and 4 others | 5 |
| Ministry of Gender Equality &Family | Women's Development Fund, and Junior Achievement Fund | 2 |
| Ministry of Land, Transportation, & Maritime Affairs | National Housing Fund | 1 |
| Financial Service Commission | Public Capital Redemption Fund, Korea Technology Finance Fund, and 7 others | 9 |
| Korea Communications Commission | Communication Development Fund | 1 |
| Small & Medium Business Administration | Small and Medium Enterprise Establishment and Promotion Fund | 1 |
| Cultural Heritage Administration | Cultural Heritage Protection Fund | 1 |
| Ministry of Patriots and Veterans Affairs | Patriots and Veterans Funds, and I other | 2 |
| Total | | 64 |

### 4.3.3. Evaluation Procedures

Evaluation on government fund management is divided into two areas: fund operation management and fund asset management. The former evaluation is conducted as a type of self-evaluation by ministries in charge of operating the government funds. This evaluation is usually launched in December when the Ministry of Strategy and Finance prepares and distributes its evaluation guidelines to relevant ministries. The Bureau of Finance Management under the Ministry of Strategy and Strategy is in charge of evaluating fund operation management.

Relevant ministries prepare self-evaluation reports on fund operation management and submit them to the Ministry of Strategy and Finance in February. The Bureau of Finance Management checks and confirms the self-evaluation reports during March and April. The Bureau finalizes the evaluation reports in April and submits them to the Cabinet Meeting and the National Assembly in May.

Fund asset management evaluation is also launched in December when the Ministry of Strategy and Finance prepares and distributes evaluation guidelines to relevant ministries. Fund asset management evaluation is not directly conducted by the Bureau of Finance Management, but by a group of outside members. These members are appointed by the Minister of Strategy and Finance in January. This group, called the fund asset management evaluation task force, is composed of 15 professionals.

Based on the evaluation guidelines, relevant ministries prepare the evaluation reports collecting data, records, and information and submit the results to the evaluation task force by the end of February. The evaluation task force reviews them and may ask for supplementary documents in March, usually in the first two weeks.

The evaluation task force holds a face-to-face review to check and confirm the evaluation reports by mid-April. By the end of April, the task force finalizes the evaluation.

The evaluation manual is drafted by the evaluation task force, approved by the steering committee for public institutions management, and confirmed by the Minister of Strategy and Finance. The Ministry of Strategy and Finance submits them to the Cabinet Meeting and the National Assembly in May.

### 4.3.4. Evaluation Indicators

For evaluation of government funds, two sets of evaluation indicators have been developed: one for fund operation management, and the other for fund asset management.

Fund operation management consists of three evaluation sections, four evaluation items, and 13 evaluation indicators, as seen in <Table 4-41>. The greatest weight is given to performance/

feedback section, with a weight of 50 out of 100 scores. Plan section is given the lowest weight, with a weight of only 20 out of 100. A weight of 30 is given to the management section.

The plan section is composed of two evaluation items and five evaluation indictors. Equal weight is given to the two items: appropriateness of business plans, and appropriateness of performance plans. Weight is again separated into two categories of receiving equal weight, finance in general and information, for all five evaluation indicators.

The management section consists of a single item and five evaluation indicators. The greatest weight is given to the evaluation indicator, "were budget implemented as planned?" Out of 30 weights given under this section, 15 were given to the finance in general category, and 12 to information category. Under the evaluation indicator related to the monitoring system, ten scores are given to the finance in general line, and five scores to the information. The same score, five, is given to the two lines in the evaluation indicator related to efficiency. Eight scores are given to the information line under the information system related indicator, but none to the finance line. The evaluation indicator related to trading order is a supplementary indicator. Three scores would be added at maximum under the information line if the information system has been appropriately managed.

The performance/feedback section consists of a single evaluation item and three evaluation indicators. The greatest weight is given to the evaluation indicator of business goal achievement, given weight of 30 scores. Ten scores are evenly distributed to the rest of two evaluation indicators. The weight distribution of the finance in general line is identical with that of information line.

**Table 4-41 |** Evaluation Indicators of Fund Operation Management, and their Weights

| Evaluation Section | Evaluation Items | Evaluation Indicators | Weight | |
|---|---|---|---|---|
| | | | I* | II** |
| Plan (20) | Appropriateness of Business Plans (10) | Were business goals clear, and relevant to the achievement of performance objectives? | 2.00 | 2.00 |
| | | Were there any unnecessary and overlapped business with other businesses? | 3.00 | 3.00 |
| | | Were business details appropriate, and their operating strategies efficient? | 5.00 | 5.00 |
| | Appropriateness of Performance Plans (10) | Were performance indicators directly related to the business goals? | 5.00 | 5.00 |
| | | Were the objectives of individual performance indicators set scientifically and appropriately detailed? | 5.00 | 5.00 |

| Evaluation Section | Evaluation Items | Evaluation Indicators | Weight | |
|---|---|---|---|---|
| | | | I* | II** |
| Management (30) | Appropriateness of Business Management (30) | Were budgets implemented as planned? | 15.0 | 12.0 |
| | | Were monitoring systems operated to resolve operational problems? | 10.0 | 5.0 |
| | | Were the efficiency level improved? | 5.0 | 5.0 |
| | | Was the information system appropriately managed? | - | 8.0 |
| | | Was the information system managed to comply with fair trading order? | | (+3) |
| Performance/ Feedback (50) | Achievement of Performance Objectives and its Feedback (50) | Were business goals achieved as planned? | 30 | 30 |
| | | Were business goals effectively achieved? | 10 | 10 |
| | | Were there any appropriate remedial actions? | 10 | 10 |
| Total | | | 100 | 100 |

\* Finance in General

\*\* Information

Evaluation on fund asset management consists of three sections: plans, implementation, and performance. The greatest weight is given to the performance section, with weight of 50 scores out of 100. The same weight is evenly distributed to the other two items.

The plan section includes three evaluation items and nine evaluation indicators. Out of three items, the greatest weight is given to the appropriateness of fund capital operation plans. Among evaluation indicators, the greatest weight is given to balance between the planned rate of return and the ratio of risk.

The implementation section also consists of three evaluation items and nine evaluation indicators. Out of three items, the greatest weight is given to the efficiency of asset operation management, with weight of 10. Out of nine indicators, the greatest weight is given to activities of committees relevant to asset operations, with a weight of 4.5.

The performance section is composed of three evaluation items and nine evaluation indicators. The first two, return of short-term asset operation and medium and long-term asset operation, are optional evaluation items. If fund asset management is evaluated with the first item, the second is not used, and vice versa.

**Table 4-42 |** Evaluation Indicators of Fund Asset Management, and their Weights

| Evaluation Section | Evaluation Items | Evaluation Indicators | Weights |
|---|---|---|---|
| Plan (Asset Operation Policies) 25 | Appropriate-ness of Asset Operation System (8) | Construction of decision-making system for fund asset operation | 4.5 |
| | | Separation and check system between various fund asset operation programs | 1.5 |
| | | Appropriateness of fund asset operation entrusted system | 2.0 |
| | Appropriate-ness of Fund Capital Operation Plans (10) | Estimation of appropriate fund capital liquidity | 4.0 |
| | | Minimization of cashable fund capital | 1.0 |
| | | Balance between the planned rate of return and the ratio of risk | 5.0 |
| | Appropriate-ness of Asset investment Distribution (7) | Appropriateness of selection of asset investment items | 4.0 |
| | | Appropriateness of distribution between medium and long term assets | 2.0 |
| | | Appropriateness of selection of overseas asset investment and alternative investment item | 1.0 |
| Implementation (Asset Operation Management) 25 | Efficiency of Asset Operation Management (10) | Activities of committees relevant to asset operations | 4.5 |
| | | Specialties of asset operation organizations | 4.0 |
| | | Effectiveness of operation asset evaluation system | 1.5 |
| | Efficiency of Risk Management (8) | Efficiency of risk management processes | 3.5 |
| | | Efficiency of total integrated risk management | 3.5 |
| | | Efficiency of distressed assets management | 1.0 |
| | Efficiency of performance Management (7) | Difference between operating profits, cut-off rate and planned rate | 3.5 |
| | | Performance analysis against risks | 1.0 |
| | | Performance evaluation of asset operation, and its public announcement | 2.5 |

| Evaluation Section | Evaluation Items | Evaluation Indicators | Weights |
|---|---|---|---|
| Performance (Asset Operation Performance) 50 | Return of short-term asset operation (40) | Absolute return rate of short-term assets | 10 |
| | | Relative return rate of short-term assets | 20 |
| | | Retention of cashable capitals | 10 |
| | Medium and Long-Term Asset Operation (40) | Cumulative return rate of med/long term asset for the last three years | 10 |
| | | Relative return rate of med/long term assets | 20 |
| | | Sharp ratio for the last three years | 10 |
| | Investment Concentration | Investment institutions concentration | 2 |
| | | Investment items concentration | 3 |
| | Return Rate Improvement | Improvement of return rate | 5 |
| Total | | | 100 |

### 4.3.5. Evaluation Methods

Evaluation on government fund management is conducted based on the evaluation indicators outlined above, regardless of the evaluation areas: fund operation management or fund asset management. However, their evaluation method is slightly different. The evaluation methods of fund operation management are self-evaluation and check and confirmation. Self-evaluation is conducted by the ministries in charge of managing government funds. The self-evaluation reports are then submitted to the Ministry of Strategy and Finance to be checked and confirmed by members of the Bureau of Finance Management.

On the other hand, the evaluation methods of fund asset management consist of written evaluation and face-to-face review. Written evaluation is conducted by the members of evaluation task force composed of 15 outside members. Face-to-face review is similar to on-the-spot review: evaluators compare the results of the written evaluation with the actual data, records, or documents kept in individual ministries.

Evaluation results from fund operation management are given one of five grades: S, A, B, C, and D, while evaluation results from fund asset management are given one of six grades: S, A, B, C, D, and E. These grades are used later for deciding on incentives or disincentives

### 4.3.6. Evaluation Results

In fund operation management area, out of 121 government programs executed by government funds, none of the programs received grade S in 2012. Four programs were given grade A. Out of the four, one was a program related to economics such as Small and

Medium Enterprise Establishment and Promotion Fund, and three were from the socio-cultural area, such as the National Sports Promotion Fund. Twelve programs, representing 9.9 percent, were given grade D.

A strong central tendency was shown in the evaluation of fund operation management. Out of 121 programs, 74.4 percent received grade B.

Table 4-43 | Evaluation Results of the Fund Operation Management Area

| Items | | S | A | B | C | D | Total |
|---|---|---|---|---|---|---|---|
| Government Funds | Number | 0 | 4 | 90 | 15 | 12 | 121 |
| | E/S* | 0 | 1/3 | 16/ 76 | 3/12 | 4/8 | 24/97 |
| | Percent | 0.0 | 3.3 | 74.4 | 12.4 | 9.9 | 100.0 |

*E/S: E refers to economic programs and S to social and cultural programs

In the area of the fund asset management, six funds out of 43 received grade S, representing 14 percent. Eight funds were graded E. National Pension Fund, Trust Guarantee Fund, and National Health Promotion Fund were marked grade S, and International Exchange Fund, Patriots and Veterans Fund, Local Newspaper Promotion Fund received grade E.

Unlike the evaluation results of fund operation management, a central tendency did not exist for fund asset management. Out of 43, ten funds, representing 23.2 percent, received grade B, and seven were graded C, at 16.2 percent.

Table 4-44 | Evaluation Results of the Fund Asset Management Area

| Items | | S | A | B | C | D | E | Total |
|---|---|---|---|---|---|---|---|---|
| Government Funds | Number | 6 | 6 | 10 | 7 | 6 | 8 | 43 |
| | Percent | 14.0 | 14.0 | 23.2 | 16.2 | 14.0 | 18.6 | 100.0 |

## Chapter 5

# Feedback Management of the Government Performance Evaluation

1. Feedback Management System

2. Feedback Management for Organizational Performance

# Feedback Management of the Government Performance Evaluation

## 1. Feedback Management System

### 1.1. Definitions

Evaluation, regardless of its type, is not only about demonstrating success or failure, but also about learning about the reasons of failure. As such, identifying and learning from mistake is a key part of any evaluation. Evaluation does not aim to find out about everything, but about matters of worth. Evaluation goes beyond comparing performance measures to expectation, but incorporates matters of style and effectiveness (Burns, 1992).

Feedback is a part of continuous performance management processes (London & Smither, 2002) accompanied with performance evaluation. From the evaluation-feedback interaction perspective, feedback follows evaluation, meaning that feedback is the last step of performance management. An improved set of performance management is then followed by feedback, meaning that feedback also becomes the first step of performance management.

Performance management includes a set of activities which ensure that goals are consistently being met in an effective and efficient manner. Feedback management as a part of performance management focuses on remedial activities of the organization, employee, or even the processes, to improve the quality of public policies and services as well as many other areas (Daniels & Daniels, 2004). These remedial activities are usually done based on the results of performance evaluation.

## 1.2. The Framework of Feedback Management System

Korea's government performance evaluation system stresses self-evaluation. In most evaluation activities under this system, government agencies and public institutions self-evaluate their own activities in the first step. Their self-evaluation reports are checked and confirmed by self-evaluation committees or evaluation teams composed of outside professionals in the second step.

The evaluation system aims to not only self-evaluate what agencies have done, but also to understand and learn what they will have to do in order to enhance their organizational effectiveness and public satisfaction. Thus, feedback is considered a crucial part of evaluation.

Under the current evaluation system, feedback is not an ongoing activity, but an annual occurrence that happens once a year after performance evaluation. Ongoing feedback activity is possible, but such is not easily obtained in day-to-day operations. Therefore, the feedback management system in this section refers to the reflective activities based on the results of the Korean government performance evaluation. It also refers to a variety of incentives provided for organizations and individuals on the basis of these evaluation results. Incentives are intended to motivate better performance, and may include recognition, pay raise, or promotion to positions of greater responsibility and authority (Burns, 1992).

The feedback management system, including various incentives, is scattered under various agencies. Its role is limited for some individual evaluation types, as GPEC is the primary institution of government performance evaluation. Agencies in charge of supervising individual evaluation types usually have their own feedback and incentive system.

In terms of feedback and incentive system, the role of the Prime Minister's Office and GPEC is limited to three sections, as seen in <Table 5-1>. Self-evaluation is divided into three fields: policy processes, financial performance, and administrative capacities. The Prime Minister's Office with GPEC is in charge of operating the incentive system of the policy processes field only. Incentive system of the financial performance field is administered by the Ministry of Strategy and Finance, and the administrative capacities field by the Ministry of Public Administration and Security.

The Prime Minister's Office administers the incentive system of the operational status evaluation of self-evaluation activities. The Prime Minister's Office provides incentives for the central government ministries that have shown excellent performance.

The Prime Minister's Office also administers the incentive system of specific evaluation. Specific evaluation is composed of seven types. Each type has its own supervising agency. For instance, five types - key national policies, job creation policies, policy management capacities, regulatory reform, and public satisfaction - are operated by the Prime Minister's

Office, and therefore, their incentive systems are administered by the Office. On the other hand, the Presidential Advisory Committee of Green Growth plays a key role in the evaluation of green growth policies. Although GPEC is the primary institution of the evaluation of policy PR, the Ministry of Culture, Sports, and Tourism is also a working evaluator. However, the Prime Minister's Office and GPEC administer incentive systems even in the case of the latter two specific evaluation types.

Incentive systems of some other evaluation types, such as the financial performance field of self-evaluation, and performance evaluation of public enterprise, quasi-governmental agencies and government funds management, are administered by the Ministry of Strategy and Finance.

Some incentives are administered by the Ministry of Public Administration and Security. The administrative capacities of self-evaluation, local governments' performance evaluation, and performance evaluation on local public enterprises and local research institutes, are under this category. Research institutes financed by the central government are supervised by a variety of agencies that are in charge of operating incentive systems.

Korea's government performance evaluation system is oriented toward integrated evaluation. However, incentive systems following performance evaluation is not integrated but fragmented.

**Table 5-1 |** Evaluation Types and Agencies in Charge of Operating Incentive Systems

| Types of Evaluation | | | Agencies in Charge of Operating Incentive Systems |
|---|---|---|---|
| Self-Evaluation | Self-Evaluation | Policy Processes | Prime Minister's Office with GPEC |
| | | Financial Performance | Ministry of Strategy and Finance |
| | | Administrative Capacities | Ministry of Public Administration and Security |
| | Operational Status Evaluation of Self-Evaluation Activities | | Prime Minister's Office with GPEC |
| Specific Evaluation | Key National Policies | | Prime Minister's Office with GPEC |
| | Job Creation | | |
| | Green Growth | | |
| | Policy Management Capacities | | |
| | Policy PR | | |
| | Regulatory Reform | | |
| | Public Satisfaction | | |

| Types of Evaluation | | Agencies in Charge of Operating Incentive Systems |
|---|---|---|
| Local Governments' Performance Evaluation | Public Administration | Ministry of Public Administration and Security with the joint evaluation committee |
| | Social Welfare | |
| | Health and Sanitation | |
| | Regional Economy | |
| | Regional Development | |
| | Culture and Tourism | |
| | Environment and Forestry | |
| | Safety Management | |
| | Other Concentrated Programs | |
| Public Institution's Performance Evaluation | Public Enterprises | Ministry of Strategy and Finance |
| | Quasi-Governmental Agencies | |
| | Government Funds Management | |
| | Research Institutes* | Agencies in Charge |
| | Local Public Enterprises | Ministry of Public Administration and Security |
| | Local Research Institutes | |

\* Seven types of research institutes were identified: a) Research Institutes under the supervision of the Korea Research Council of Fundamental Science and Technology; b) Research Institute under the supervision of the Korea Research Council for Industrial Science and Technology; c) Government-Funded Research Institutes of Science and Technology; d) Government-Funded Research Institutes of Science and Technology; e) Government-Funded Research Institutes of Science and Technology; f) Government-Funded Research Institutes of Science and Technology, and g) Research Institutes under the supervision of the National Research Council for Economics, Humanities and Social Sciences

# 2. Feedback Management for Organizational Performance

## 2.1. Self-Evaluation

### 2.1.1. Self-Evaluation System

Korea's self-evaluation is designed to allow individual agencies to continuously improve their policies, during its implementation and with the beginning of new projects.

The three target areas of self-evaluation have their own feedback systems. Self-evaluation on policy processes is linked to performance management system so that the evaluation results are automatically reflected in individual employees' performance. Self-evaluation on administrative capacities is linked to work appraisal system so that individual ministries

can use the evaluation results for promoting employees to higher positions. Self-evaluation on financial performance is reflected in next year's budget appropriations.

Incentive systems include recognition, pay, or promotion to positions of greater responsibility and authority (Burns, 1992). Korea's self evaluation system has established a close link between system measurements and incentives. All ministries actively participate in the incentive system based on the results of self-evaluation. Approximately half of the 40 ministries have established their own incentive systems based on the results of self-evaluation. Across 40 target ministries, 34 percent of senior executive officers are affected through incentive pay. Some 31 percent of director-level officers are under the incentive pay system, and 21 percent of government employees are under incentive pay system.

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The incentive system based on the evaluation on the operational status of self-evaluation activities shares a large part of self-evaluation-based incentive systems. Ministries that have shown excellent performance receive incentive pays. In 2012, three ministries, including the Ministry of Justice, the Military Manpower Administration, and the Rural Development Administration, were awarded an incentive pay of 50 million won ($45,000.00) each, and seven ministries received incentive pay of 35 million won ($32,000.00) each (Ministry of Public Administration and Security, Ministry of Culture, Sports and Tourism, Ministry of Health and Welfare, Ministry of Environment, Custom Service, Intellectual Property Office, and Coast Guard).

### 2.1.2. Operational Status Evaluation of Self-Evaluation Activities

The incentive system based on the evaluation on the operational status of self-evaluation activities shares a large part of self-evaluation-based incentive systems. Ministries that have shown excellent performance receive incentive pays. In 2012, three ministries, including the Ministry of Justice, the Military Manpower Administration, and the Rural Development Administration, were awarded an incentive pay of 50 million won ($45,000.00) each, and seven ministries received incentive pay of 35 million won ($32,000.00) each (Ministry of Public Administration and Security, Ministry of Culture, Sports and Tourism, Ministry of Health and Welfare, Ministry of Environment, Custom Service, Intellectual Property Office, and Coast Guard).

## 2.2. Top-down Evaluation

Individual top-down evaluation, or specific evaluation, is conducted in accordance with the ministries' own schedule, but their feedback and incentive programs are integrated under the same reward system under GPEC, which implements feedback and incentive programs as the primary institution of government performance evaluation.

Evaluation results of top-down evaluations are used in three ways. First, they are used for policy improvement. The GPEC usually notifies the evaluation results to individual agencies, and asks them to reflect the results in the next year's operational plans. For instance, Cultural Heritage Administration received grade C in the evaluation of 2011 government performance. The GPEC recommended the Administration to establish a disaster prevention system for cultural heritages as a response to the evaluation. The Administration had to devise the system, which will be reviewed in next year's performance evaluation.

Second, the evaluation results are used to improve specific evaluation frameworks. For instance, the specific evaluation on job creation was not included in the specific evaluation on 2012 government performance, although this type was included in the 2011 evaluation. Evaluation methods can be modified according to the suggestion of target evaluation ministries.

Third, the evaluation results are used for giving rewards. Specifically, agencies are awarded a prescribed amount of reward money, while their employees are awarded a medal with a prescribed amount of prize money.

The GPEC made a public announcement on the evaluation results of 2011 government performance in December 2011, as seen in <Table 5-2>. Four types of specific evaluation were graded S, A, B, and C, except for the specific evaluation on job creation, which was rated A, B, and C.

In the specific evaluation on key national policies, Fair Trade Commission and Forest Service received grade S. Rewards were given to the two agencies. Two agencies received grade A. A reward also was given to the two agencies, the Ministry of Food, Agriculture, Forestry and Fisheries and Meteorological Administration.

In the specific evaluation on job creation, three agencies have received grade A. However, only two agencies, the Ministry of Health and Welfare, and Ministry of Gender Equality and Family, were qualified to receive a reward. Small and Medium Business Administration also received grade A, but its score were relatively lower than the other two.

In the specific evaluation on policy management capacities, the Ministry of Public Administration and Security, and Military Manpower Administration showed excellent performance. A reward was given to the two agencies. Eight agencies received grade A, out of which two agencies, the Ministry of Employment and Labor, and the Ministry of Customs Service, were given awards.

In the specific evaluation on policy PR, the Ministry of Public Administration and Security, and Small and Medium Business Administration received grade S. A reward was given to the two agencies. Six agencies, Ministry of Food, Agriculture, Forestry and Fisheries, Ministry of Health and Welfare, National Emergency Management Agency, were given grade A. Out of six, the Ministry of Food, Agriculture, Forestry and Fisheries, and National Emergency Management Agency received reward money.

In the specific evaluation on regulatory reform, the Ministry of Land, Transport and Maritime Affairs, and Customs Services received grade S. Prize money was given to the two agencies. Six agencies were marked grade A. Out of six, two agencies, Ministry of Environment and Small and Medium Business Administration, were rewarded.

A reward or prize money given to the agencies rated as a grade S or a grade A was not given to individual government employees, but to the agencies. The head of these agencies, together with their employees, may decide how to use the reward. In 2011 top-down evaluation, the Ministry of Public Administration received ₩2.7 million from the PMO as incentive pay, because it received grade S in two sections, policy management capacities and policy PR. The Ministry decided to use ₩2.5 million to provide scholarship for children from disadvantaged families.

**Table 5-2 |** Agencies Qualified for Reward in the Specific Evaluation

| Types | Grade S | Grade A |
|---|---|---|
| Key National Policies | Fair Trade Commission; Forest Service | Ministry of Food, Agriculture, Forestry and Fisheries; Meteorological Administration |
| Job Creation | n/a | *Ministry of Health & Welfare; Ministry of Gender Equality and Family*; Small & Medium Business Administration |
| Green Growth | n/a | n/a |
| Policy Management Capacities | Ministry of Public Administration and Security; Military Manpower Administration | Ministry of Employment and Labor; Customs Service |
| Policy PR | Ministry of Public Administration and Security; Small & Medium Business Administration | Ministry of Food, Agriculture, Forestry and Fisheries; National Emergency Management Agency |
| Regulatory Reform | Ministry of Land, Transport, & Maritime Affairs; Customs Services | Ministry of Environment; Small and Medium Business Administration |

## 2.3. Local Governments' Performance Evaluation

Evaluation results are used to provide encouragement to local governments who excel in nine respective policy areas, and to provide management consulting to the local governments that receive lower grades.

The Ministry of Public Administration and Security and the joint evaluation committee holds an annual conference on local governments' performance evaluation to present best practices in the implementation of delegated affairs. A collection of best practices is published for the benefit of participants.

The Ministry provides special revenue sharing for the local governments that receive grade A. For individuals who have shown excellent achievements in the process of the joint evaluation, a special incentive bonus is given as well as a certificate of merit.

## 2.4. Public Institutions' Evaluation

The evaluation results are reflected in the budget of the next fiscal year, but not in the individual performance. The evaluation results are used for budget cuts or budget increases. A budget cut or budget increase is determined by the Ministry of Strategy and Finance.

Under the area of fund operation management, ten percent of budget cut, at a minimum, is imposed on government programs with a grade of C or a D. For instance, National Housing Fund and Public Capital Management Fund were graded as a D in the 2012 performance evaluation, and their budget for the 2013 fiscal year will be cut by at least 10 percent accordingly.

In the area of fund asset management, 0.5 percent budget cut is imposed on the lowest ranking third, and one third of the highest ranking funds will receive a 0.5 percent budget increase. In the 2012 performance evaluation, International Exchange Fund and Patriots and Veterans Fund were graded E. Therefore, their fund operating budget of the 2013 fiscal year will be cut by 0.5 percent. On the other hand, National Pension Fund and National Health Promotion Fund will receive 0.5 percent budget increases in the 2013 fiscal year.

Recognition is used as an instrument of feedback management. In the area of fund operation management, several funds, such as National Health Promotion Fund, Labor Health Promotion Fund, etc. were recognized as excellent and showing best practices in professionalism of operation. Some other funds, such as the National Pension Fund and Movie Promotion Fund were recognized as being excellent and showing best practices in the promotion of public image.

In addition to recognition, contracting-out as an instrument to improve fund operation practices was recommended for several funds such as Employment Pension Fund and National Housing Fund. Several funds such as Emergency Medical Service Fund and Military Welfare Fund kept in the long-term Treasury deposits were recommended for the improvement of fund management operation.

**Chapter 6**

# Government Performance Evaluation System: Performance and Prospective

# Government Performance Evaluation System: Performance and Prospective

## 1. Performance and Prospective

Korea's government performance evaluation system has been in practice for about seven years since its enactment in 2006. Since then, two ideologically different governments have put it into practice, and its system has been refined. Self-evaluation system has diffused even to local governments and public institutions. Now, the system seems to be successfully settled in as an integral part of policy practice in the public sector.

Self-evaluation, at first, was conducted by individual ministries under the control of GPEC. The self-evaluation results produced by individual ministries were checked and confirmed by GPEC for two reasons: preventing overestimation of their performance and keeping scores on their performance. However, the check and confirmation practice was criticized as a sort of meta-evaluation on self-evaluation. In spite of the criticism, it lasted until 2008, when the Roh Moo-hyun administration, characterized as a progressive government, finished its term. Under the Lee Myung-bak administration, the practice was discarded. Instead, the operational status evaluation on self-evaluation activities was adopted. The self-evaluation system is now being conducted by individual ministries, and their evaluation results are being used for their own incentive systems.

The evaluation system has not only shown some fruitful outcomes, but also some problems. According to the review on operating experiences of the evaluation system in previous chapters, the most critical outcome can be summarized as the internalization of self-evaluation, and the most critical problem is an attempt to include all evaluation activities in the public sector under one umbrella.

When Korea's evaluation system was first introduced in the 1960s, the system contributed to Korea's rapid economic growth. Due to the vigorous evaluation activities of the

Government Policy Evaluation Board, composed of a group of 90 university professors, the Korean government, when the market forces changed, was able to readily alter the planned targets with appropriate adjustments in the budgetary priorities and financial facilities, so that the private sector could make better use of the new market opportunities. As a result, Korea's achieved economic growth exceeded its planned growth for 15 years since 1962.

Korea's government performance evaluation system was a change-oriented evaluation instrument. Changes were especially connected to individual attitudes. Self-evaluation practices let government employees change their attitude at work from rule-of-thumb estimates to a rational judgment style based on analysis. Their learning mechanism changed from learning by rote to self-learning, and their decision-making mechanism was changed from individual-based to the team-based.

## 1.1. Performance

Korea's government performance evaluation system is a framework of evaluating all evaluation activities occurring in the public sector. This system includes not only central government's evaluation activities such as self-evaluation and top-down evaluation, but also those of local governments and public institutions. In the last seven years, the evaluation has accomplished the following.

First, Korean style self-evaluation system has settled in form in the last seven years. Central government agencies are now accustomed to producing long-term strategic plans and annual performance plans. They understand how to prepare the annual performance report, conduct a self-review on a successful performance, and to describe the reasons for an unsuccessful performance. Above all, they are able to undertake detailed remedial action for policy improvement.

Self-evaluation in central governments has diffused to other public sectors. Self-evaluation system is now being employed not only in central government agencies, but also in local governments and public institutions. Both local governments and public institutions are able to make long-term strategic plans and annual performance plans. They also prepare annual performance reports and take remedial actions for unsuccessful performance.

Second, one of the most conspicuous outcomes of this evaluation system is that it reflects the entire process of policy activity in the public sectors. Understanding the evaluation system actually means understanding the whole mechanism of policy activities in the public sectors. From a longitudinal view, Korea's self-evaluation is an evaluation system not only intended reviewing annual performance, but also for setting long-term strategic goals. From a horizontal view, it is not only for central government, but also for local governments and public institutions. As the primary institution of government performance evaluation,

The GPEC is in charge of coordinating various performance evaluations under the government performance evaluation.

Third, a critical outcome of the evaluation system is that government officials can learn how to monitor their own activities to determine how they are meeting their goals. During the last seven years, all ministries voluntarily made long-term strategic plans, and specified annual short-term administrative goals. Being able to compare progress to these goals by self-evaluation has afforded to be a valuable learning process for government officials.

According to Wildavsky, an individual in the self-evaluation organization has to become an evaluative man. He has to be a problem seeker as well as a maximum intelligence utilizer. In addition, he should be a problem solver. Korea's government employees have yet to be changed into an evaluation man. However, it is clear that the self-evaluation practices let government employees change their attitudes at work from a rule-of-thumb estimate to a rational judgment style on the basis of analysis, their learning mechanism from individual to collective learning, and their decision-making style from the individual-based to the team-based (Hur, 2009).

Fourth, self-evaluation in the arena of policy evaluation in Korea is not just an evaluation system, but also a starting point of incentive systems. The system was designed and practiced to allow individual agencies to continuously improve their policies, both during its implementation, and with the beginning of new projects. Self-evaluation on policy processes are linked to performance management system so that the evaluation results are automatically reflected in individual employees' performance. Self-evaluation on administrative capacities is linked to work appraisal system so that individual ministries can use the evaluation results for promotions. Self-evaluation on financial performance can be reflected in the next year's budget appropriations.

Fifth, self-evaluation can be considered as an instrument of prospective policy evaluation. Prospective policy evaluation refers to policymaker's attempt to access the effect of a policy or program before it is put in place (Mossberger and Wolman, 2003). Under the self-evaluation system, government employees can work together to set performance objectives, and these objectives are reviewed and updated to determine how effectively the objectives are progressing and what additional support is needed. This internal process of self-evaluation can be utilized as a self-assessment practice of a policy or program before it is actualized.

## 1.2. Problems

A perfect system without flaw does not exist in the real world. Some problems were also identified in Korea's government performance evaluation system in the seven years it was in practice. Most of these problems originated from the multi-tasking function of the system, or all-inclusive evaluation practices under the government performance evaluation system. The system in its appearance seems to be integrated, but is seriously fragmented in its operation. The problems can be described as follows.

First, Korea's government performance evaluation system attempts to cover almost all evaluation activities occurring in the public sectors. This evaluation system includes not only central government's evaluation activities such as self-evaluation and top-down evaluation, but also those of local governments and public institutions. Although the primary institution of government performance evaluation system is the GPEC, the supervising agencies of these individual performance evaluations differ. To make matters worse, these supervising agencies are conducting evaluations independently of GPEC, so that the GPEC faces difficulty coordinating individual evaluation types.

The GPEC administers self-evaluation activities on policy processes, top-down evaluation activities, and supervises central government ministries' self-evaluation activities by using an evaluation instrument such as operational status evaluation on self-evaluation, as seen in <Table 6-1>. However, GPEC delegates supervising agencies to operate evaluation systems such as performance evaluations on local government and public institutions. Therefore, the role of the Prime Minister's Office and GPEC is limited, despite the fact GPEC is the primary evaluation institution. GPEC's coordinating role is also limited, although the government performance evaluation system is aims for integrated evaluation under the umbrella of GPEC.

Second, GPEC is the primary institution of government performance evaluation system, but it is a deliberative assembly that does not hold actual executive power. It is a master institution of public policies, but it is featured as a legislative body. GPEC is given authority to make decisions on evaluation activities, but it is not given the power to spend budget and to take follow-up actions, meaning that its lack of administrative instrument limits the ability to achieve evaluation goals.

The GPEC also faces personnel shortage. It is a master institution of public policies, but currently consists of only 14 members. Three out of these 14 members are ex officio members, and the rest of 11 members consist of professionals from colleges, non-governmental organizations, and mass media. Three ex officio members include the Prime Minister, Minister of Strategy and Finance, Minister of Public Administration and Security. Civilian members composed of 11 professionals cannot administer all types of policy evaluations.

In addition, while GPEC is a standing committee, the members are not full time members. They participate in the committee meeting once a week, or once every other week. Therefore, they cannot exercise actual control over evaluation activities under the current system. Participation in committee meetings is not enough to understand the whole process of performance evaluation in the variety of areas in the public sector. Their term in office is limited to two years, with possibility of one consecutive term. However, most members serve only one term, and therefore, they do not have enough time to understand the mechanism of government performance evaluation system.

Third, the Office of Policy Analysis and Evaluation under the Prime Minister's Office supports GPEC, but this Office is composed of only 35 government officials. Out of 35 officials, approximately one third is dispatched from other ministries such as the Ministry of Health and Welfare and National Tax Services in order to reinforce professionalism in target policy areas. Moreover, government officials in the Office of Policy Analysis and Evaluation are not well-trained in social science research methods, because only a few hold advanced degrees. To become an effective evaluator, he or she must have training in social science research techniques and target program areas (Rossi, Lipsey, and Freeman, 2004). Therefore, a personnel shortage applies to almost all evaluation activities in the public sectors.

Fourth, self-evaluation consists of three fields such as policy processes, financial performance, and administrative capacities. The Prime Minister's Office and GPEC is in charge of operating the policy processes field. Evaluation of the financial performance field is administered by the Ministry of Strategy and Finance, and the administrative capacities field by the Ministry of Public Administration and Security. GPEC with the Prime Minister's Office directly operates the operational status evaluation of self-evaluation activities and specific evaluation activities, but its role in the other evaluation is limited, because supervising agencies operate evaluation activities with their own personnel independently. The supervising agencies, except for the Prime Minister's Office, even operate with their own evaluation schedules, evaluation methods, and incentive systems. Evaluation activities on local government's performance are administered by the Ministry of Public Administration and Security, and those on public institution's performance by the Ministry of Strategy and Finance. In conclusion, Korea's government performance evaluation system is not integrated, but fragmented.

**Table 6-1 |** Evaluation Types and Agencies in Charge of Operating Incentive Systems

| Types of Evaluation | | | Agencies in Charge of Administrating Evaluation Activities |
|---|---|---|---|
| Self-Evaluation | Self-Evaluation | Policy Processes | Prime Minister's Office with GPEC |
| | | Financial Performance | Ministry of Strategy and Finance |
| | | Administrative Capacities | Ministry of Public Administration and Security |
| | Operational Status Evaluation of Self-Evaluation Activities | | Prime Minister's Office with GPEC |
| Specific Evaluation | Key National Policies | | Prime Minister's Office with GPEC |
| | Job Creation | | |
| | Green Growth | | |
| | Policy Management Capacities | | |
| | Policy PR | | |
| | Regulatory Reform | | |
| | Public Satisfaction | | |
| Local Governments' Performance Evaluation | Public Administration | | Ministry of Public Administration and Security with the joint evaluation committee |
| | Social Welfare | | |
| | Health and Sanitation | | |
| | Regional Economy | | |
| | Regional Development | | |
| | Culture and Tourism | | |
| | Environment and Forestry | | |
| | Safety Management | | |
| | Other Concentrated Programs | | |
| Public Institution's Performance Evaluation | Public Enterprises | | Ministry of Strategy and Finance |
| | Quasi-Governmental Agencies | | |
| | Government Funds Management | | |
| | Research Institutes* | | Agencies in Charge |
| | Local Public Enterprises | | Ministry of Public Administration and Security |
| | Local Research Institutes | | |

\* Seven types of research institutes were identified: a) Research Institutes under the supervision of the Korea Research Council of Fundamental Science and Technology; b) Research Institute under the supervision of the Korea Research Council for Industrial Science and Technology; c) Government-Funded Research Institutes of Science and Technology; d) Government-Funded Research Institutes of Science and Technology; e) Government-Funded Research Institutes of Science and Technology; f) Government-Funded Research Institutes of Science and Technology, and g) Research Institutes under the supervision of the National Research Council for Economics, Humanities and Social Sciences

Fifth, Korea's self-evaluation system is centered on annual performance evaluation, not long-term performance evaluation. All individual ministries are required to make long-term strategic planning, but the strategic planning is not systematically reviewed under the framework of self-evaluation. Self-evaluation has focused on annual performance evaluation, and no report on long-term performance evaluation has been produced for the last seven years. No self-evaluation indicator directly indicated toward the achievement of long-term performance goals. Moreover, long-term goals have not been assessed even as a form of top-down evaluation in the last seven years.

## 2. A Model for Better Evaluation Practices

Korea's government performance evaluation system, by and large, appears to be working successfully. However, room for improvement still exists in this evaluation system. The first step is to build an effective coordination mechanism between various evaluation bodies, and the second is to establish an instrument for evaluating long-term strategic programs.

Coordination is a critical issue for the betterment of Korea's government performance evaluation system. While GPEC exerts an important influence on many performance evaluation matters, it is considered only one of many powerful policy evaluation actors in the arena of evaluation practice. The GPEC is in the position of primary evaluation institution, but other actors, such as supervising agencies in charge of operating local governments and public institutions performance evaluation, are in more dominant positions than GPEC in their own target evaluation areas. This is especially true in the case of self-evaluation of financial performance and public institutions.

Korea's government performance evaluation system appears to be centralized under GPEC, but in practice, it is highly fragmented in the operation. In this fragmented setting, a conventional evaluation governance structure such as GPEC – based on a centralized, committee-oriented authority – is not adequate in effectively turning out a holistic evaluation in a systematic way. GPEC is the primary institution of government performance evaluation in appearance, but it has little official or unofficial relationship with committees in charge of actually conducting local governments' and public institutions' performance evaluation.

A new form of evaluation governance is required to more effectively coordinate various evaluation types under GPEC, and to respond to various performance evaluation stakeholders. This evaluation governance may consist of three major evaluation bodies, including GPEC, Joint Evaluation Committee on Local Government's Performance, and Evaluation Board for Public Institutions' Performance Management. As stated earlier, the Joint Evaluation Committee is in charge of conducting local governments' performance evaluation, and the Ministry of Public Administration and Security supervises the Joint

Evaluation Committee's evaluation activities. The Ministry of Strategy and Finance is supervising the Evaluation Board's evaluation activities.

Activities of the evaluation governance can be summarized as twofold: one consists of meetings, and the other is an annual symposium. Official and unofficial meetings can be held to promote a collaborative relationship between the three main evaluation bodies. The president of GPEC may preside over the meetings of the governance as the primary evaluation institution. Representatives from the three evaluation bodies participate in the meetings. Relevant senior officers in PMO, Ministry of Public Administration and Security, and Ministry of Strategy and Finance may be invited to participate in these meetings. By holding these meetings, GPEC can assume the place of coordinating the government performance evaluation system. Official and regular meetings are strongly recommended. Unofficial meetings can be hold for special evaluation issues.

In addition to the meetings, a symposium can be held once a year to discuss improvements to the evaluation system and to form a collaborative relationship between main evaluation bodies. All members from the three evaluation bodies, and government officials preparing annual performance evaluation for the three bodies, and professionals in the field of policy evaluation can be invited to participate in the symposium.

For the betterment of Korea's government performance evaluation system, an evaluation type for long-term strategic program needs to be developed. According to the 2006 GPRA, all ministries are required to draft long-term strategic planning. They also have to specify annual short-term administrative goals. Individual ministries are also required to organize self-evaluation committees to evaluate that agency's annual performance. The ministries' annual performance is evaluated every year by the self-evaluation committee. However, long-term strategic programs are not being evaluated.

Top-down evaluation, known as *teukjung* evaluation, is currently being used to evaluate key national policies such as green growth policies and job creation policies from a long-term perspective. However, these key national policies do not reflect individual ministries' long-term strategic programs. Top-down evaluation seems to be the best-fit evaluation type for long-term strategic programs. Therefore, this study recommends that GPEC and PMO's Office of Policy Analysis and Evaluation conduct evaluation on individual ministries' long-term strategic programs. This evaluation may be conducted every other year.

# 3. Suggestions for Countries Wishing to Adopt Korea's Evaluation System

Some suggestions can be made for countries wishing to adopt Korea's government performance evaluation. Self-evaluation is considered as a main framework of government performance evaluation in both developing countries and developed countries. Top-down evaluation may be adopted as a supplementary evaluation framework for self-evaluation. Finally, a systematic incentive system needs to be developed in order to turn the results into policy improvement and personnel motivation.

First, a mode of self-evaluation needs to be adopted as an official policy evaluation instrument. Self-evaluation is especially useful in evaluating annual government performance. It can also be used as a self-learning practice by the adopters. Government employees are able to learn how to set annual performance objectives based on long-term strategic performance goals, and how to achieve their performance objectives. They will also realize that achieving their performance objectives means receiving incentive pay in compensation for their accomplishment. Self-evaluation can be most successfully institutionalized under the condition that its evaluation results are being fed back into various incentive systems.

Self-evaluation provides government employees with analytic skills that can be used for their daily duties. Under the conventional way of evaluation, government employees simply prepared the data and documents relevant to the evaluation and submitted them to the given evaluation institution. Under the self-evaluation system, the employees must be familiar with various analytic skills to evaluate their own achievements.

Second, top-down evaluation needs to be adopted as a supplementary tool for self-evaluation. In case of Korea, self-evaluation was not useful in the evaluation of long-term strategic programs, compared to annual performance objectives. Self-evaluation has limitations on the evaluation of long-term strategic programs of individual ministries. The purpose of top-down evaluation would be to conduct a continuous appraisal of progress and effectiveness for long-term strategic programs, and to fill the gap between planned and the achieved targets and accomplishments. Results from such evaluations should be fed back into the long-term strategic program.

When top-down evaluation is adopted, a mix of instruments, rather than a single instrument, needs to be carefully employed. There are a number of arguments for using a mix of instruments to evaluate policy performance in the public sectors, one of which is that policy performance is multi-faceted in its nature. Self-evaluation is a proven effective evaluation tool for annual performance in the public sectors, as top-down evaluation is

an effective tool for measuring performance on key national policies and long programs. Therefore, both of these instruments, self-evaluation and top-down evaluation, must to be employed in such a way that they complement each other.

Third, a variety of incentive systems needs to be adopted. Evaluation is not the last step but the first step of policy process. The results from policy evaluation need to be fed back into reformulation for policy improvement. A variety of incentive systems have been developed and utilized in the arena of government performance evaluation. Since self-evaluation consists of three target areas, including policy processes, administrative capacities, and financial performance, each target area has its own incentive practices. Top-down evaluation also operates its own incentive schemes. A mix of instruments should also be employed in the adoption and operation of these incentive systems.

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## Appendix 1. Subcommittees and their Relevant Ministries for the Specific Evaluation

### 1. Target Evaluation Ministries of Key National Policies

| Subcommittees | | Ministries | |
|---|---|---|---|
| | | Ministries headed by Ministers | Ministries headed by Vice Ministries |
| Economic Subcommittee | Economic 1 | Ministry of Strategy and Finance, National Science and Technology Commission, Fair Trade Commission, Financial Services Commission | National Tax Service, Customs Service, Public Procurement Service, Statistics Korea |
| | Economic 2 | Ministry of Food, Agriculture, Forestry and Fisheries, Ministry of Knowledge Economy, Ministry of Land, Transportation, and Maritime Affairs, Korea Communications Commission | Rural Development Administration, Forest Service, Small and Medium Business Administration, Intellectual Property Office |
| Social and Cultural Subcommittee | | Ministry of Education, Science and Technology, Ministry of Culture, Sports and Tourism, Ministry of Health and Welfare, Ministry of Employment and Labor, Ministry of Environment, Ministry of Gender Equality and Family | Cultural Heritage Administration, Food and Drug Administration, Meteorological Administration |
| Administrative Subcommittee | | Ministry of Justice, Ministry of Public Administration and Security, Nuclear Safety and Security Commission, Anti-Corruption and Civil Rights Commission | Ministry of Government Legislation, National Police Agency, National Emergency Management Agency, Multiple Administrative City Construction Agency |
| Diplomacy, Unification, and National Defense subcommittee | | Ministry of Foreign Affairs and Trade, Ministry of Unification, Ministry of National Defense | Ministry of Patriots and Veterans Affairs, Military Manpower Administration, Defense Acquisition Program Administration, Coast Guard |

## 2. Target Evaluation Ministries of Job Creation Projects

### 1) Ministries Headed by Ministers

Ministry of Strategy and Finance, Ministry of Education, Science and Technology, Ministry of Foreign Affairs and Trade, Ministry of Public Administration and Security, Ministry of Culture, Sports and Tourism, Ministry of Knowledge Economy, Ministry of Health and Welfare, Ministry of Employment and Labor, Ministry of Gender Equality and Family,

### 2) Target Ministries by Vice-Minister

Forest Service, Small and Medium Business Administration

## 3. Target Evaluation Ministries of Green Growth Policies

### 1) Ministries Headed by Ministers

Ministry of Strategy and Finance, Ministry of Education, Science and Technology, Ministry of Foreign Affairs and Trade, Ministry of National Defense, Ministry of Public Administration and Security, Ministry of Culture, Sports and Tourism, Ministry of Food, Agriculture, Forestry and Fisheries, Ministry of Knowledge Economy, Ministry of Health and Welfare, Ministry of Environment, Ministry of Employment and Labor, Ministry of Gender Equality and Family, Ministry of Land, Transportation, and Maritime Affairs, Korea Communications Commission, Financial Services Commission.

### 2) Ministries Headed by Vice-Ministries

Public Procurement Service, Statistics Korea, Defense Acquisition Program Administration, National Emergency Management Agency, Rural Development Administration, Forest Service, Small and Medium Business Administration, Food and Drug Administration, Meteorological Administration

## 4. Target Evaluation Ministries of Regulatory Reform

### 1) Ministries Headed by Ministers

Ministry of Strategy and Finance, Ministry of Education, Science and Technology, Ministry of Foreign Affairs and Trade, Ministry of Justice, Ministry of National Defense, Ministry of Public Administration and Security, Ministry of Culture, Sports and Tourism, Ministry of Food, Agriculture, Forestry and Fisheries, Ministry of Knowledge Economy,

Ministry of Health and Welfare, Ministry of Environment, Ministry of Employment and Labor, Ministry of Gender Equality and Family, Ministry of Land, Transportation, and Maritime Affairs, Korea Communications Commission, Financial Services Commission, Fair Trade Commission

## 2) Ministry Headed by Vice-Minister

Ministry of Patriots and Veterans Affairs, Military, National Tax Service, Customs Service, National Police Agency, National Emergency Management Agency, Cultural Heritage Administration, Forest Service, Small and Medium Business Administration, Intellectual Property Office, Food and Drug Administration, Coast Guard

## 5. Target Evaluation Ministries of Public Satisfaction

| Categories | | Ministries |
|---|---|---|
| Ministries Headed by Ministers | Economic Areas (8) | Ministry of Strategy and Finance, Ministry of Food, Agriculture, Forestry and Fisheries, Ministry of Knowledge Economy, Ministry of Land, Transportation, and Maritime Affairs, Korea Communications Commission, National Science and Technology Commission, Fair Trade Commission, Financial Services Commission |
| | Social/Cultural Areas (6) | Ministry of Education, Science and Technology, Ministry of Culture, Sports and Tourism, Ministry of Health and Welfare, Ministry of Employment and Labor, Ministry of Environment, Ministry of Gender Equality and Family |
| | Diplomacy/National Security/Public Administration Areas (7) | Ministry of Foreign Affairs and Trade, Ministry of Unification, Ministry of National Defense, Ministry of Justice, Ministry of Public Administration and Security, Nuclear Safety and Security Commission, Anti-Corruption and Civil Rights Commission |
| Ministries Headed by Vice Ministers | Economic Areas (8) | National Tax Service, Customs Service, Public Procurement Service, Statistics Korea, Rural Development Administration, Forest Service, Small and Medium Business Administration, Intellectual Property Office |
| | Public Administration Areas (12) | Ministry of Government Legislation, Ministry of Patriots and Veterans Affairs, Supreme Prosecutor's Office, Military Manpower Administration, Defense Acquisition Program Administration, National Police Agency, National Emergency Management Agency, Cultural Heritage Administration, Meteorological Administration, Food and Drug Administration, Multiple Administrative City Construction Agency, Coast Guard |