

# Comparative Analysis of Budgetary Program Evaluation in OECD Countries : focusing on Korean PART system

2014. 9.

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# Introduction



## Performance Management and Budgetary Program Evaluation System

### □ Performance Management

- A Rational and systematic movement in the organizations or policy units to achieve policy goals. This includes managerial control in policy process, confirmation of policy outcomes through performance measurement and evaluation, feedback of performance information to improve the quality of performance in the next stage.

### □ Budgetary Program Evaluation System

- A part of performance management, especially refers to a system that managing the performance of budgetary program.

# Introduction



## History of Budgetary Program Evaluation System

### □ US

- Implementation of GPRA(Government Performance and Results Act) in 1994.
- Showed the limitation in budget allocation and finance management → PART(Program Assessment Rating Tool) implementation(OMB: Office of Management and Budget).
- Introduced of GPRAMA(GPRA Modernization Act) in 2010. Strengthened the relationship of 'Plan-Program-Performance information'.

### □ UK

- Abolition of 'Public Service Agreement' which was the basis of performance management system.
- Introduced the system that checks the performance goals in the Departmental Business Plan.

### □ Korea

- Promotion of Performance-based Budgeting System in the Kim Dae-jung government.
- Establishment of Integrated Performance Management System(almost similar to the PART in main contents)
- Implemented of KPART(Program Assessment Rating Tool of Korea)
- In general, Korea had benchmarked the advanced foreign systems that following the main contents, meanwhile differing in specific contents.

# Introduction



## Subjects and Contents of Study

### □ Subjects of Study

- Analyze characteristics of performance management in Korea by comparing program evaluation system of Korea and other OECD countries.
- Selected three countries(US, UK, and Australia) which are settled down the budgetary program evaluation system and compared with Korea

### □ Contents of Study

- Common characteristics : Which philosophy and value is Performance Management Policy and System based on?
- Cross-national comparison : What institutional similarities and differences Korea have in comparison with other advanced countries?
- The present state and problems of Korea : Is KPART, which is typical system of Performance Management Policy in Korea, working properly following its purpose and common characteristics of performance management system?

# Theoretical background



## Purpose of Budgetary Program Evaluation System

### □ Purpose of Performance-based Budgeting System

- 1.To improve efficiency and effectiveness of government organizations and programs, and strengthen internal control and accountability
- 2.To Strengthen decision-making function and accountability of finance department in the budget process or resource allocation process
- 3.To Strengthen external transparency and accountability to the assembly and the public, and clarify the role and responsibility of bureaucrats
- 4.To help reduce Budget

# Theoretical background

## Purpose of Budgetary Program Evaluation System

### < Classification of Public Accountability >

Hoek, et al. (2005)	Romzek & Dubnick (1987)	Kopell (2005)	Ospina et al. (2004)	Mulgan (2000)	Lee, J. S. (2001)	Choi, S. B. (2001)
Vertical	Political Legal	Liability Controllability Transparency	Political Managerial	External	Legal Responsiveness	Legal Responsiveness
Internal	Bureaucratic Professional	Responsibility Controllability Transparency	Managerial	Internal	Ethical responsibility	Moral responsibility
Customer	Political Legal	Responsiveness Transparency	Political	External	Responsiveness	Moral responsibility Responsiveness
Social	Political Legal	Responsiveness Transparency	Political	External	Responsiveness	Moral responsibility Responsiveness

# Theoretical background



## Framework for Analyzing Budgetary Program Evaluation System

### 1. Vertical accountability

Fully following the policy direction or managerial guidelines of supervisory agencies or superior authorities in the budget process

### 2. Internal accountability

Effective management and control through securing the internal control system of the public agencies

### 3. Social accountability

Accountability to the society including the direct/indirect customers of the policy service

### 4. Technological efficiency

Accountability that related to how the system efficiently achieved its own purpose

# Theoretical background

## Budgetary Program Evaluation System of Korea

	Management by Performance Objectives (1st stage, Monitoring)	Program Assessment Rating Tool (2nd stage, Review)	Intensive Program Evaluation (3rd stage, Evaluation)
Targets	All Budget programs	1/3 of budget programs (three-year period assessment)	Budget programs (or group of programs) that have financial problems
Main Contents	<ul style="list-style-type: none"> <li>• Management of performance objectives and indicators in performance plan</li> <li>• Performance measurement and analysis by performance report</li> </ul>	Assessment by Check list	In-depth Analysis of the budget program
Range of targets	50 departments, about 2,000 programs	Annually about 500 programs	Annually about 10 programs (or group of programs)

< Lee, T. S. (2013). 「 Program Assessment: Budgetary Program 」 .p.158.>

- ◆ Introduced ‘Top-down Budget System’ in 2003 to reinforce the connection to budget programs, and provide each departments autonomy in budget planning. Also Performance Objective Management System introduced to strengthen accountability
- ◆ Developed performance objectives and indicators by referring to GPRA
- ◆ Set the assessment items and criteria, and Adapted KPART consider of Korean reality  
→ Secure effectiveness of Performance Objective Management System



# Characteristics of the System of OECD 4 Countries



## 1. Character of central budget authority

### Q.1 Where is the function of the Central Budget Authority located?

	Australia	Korea	UK	US	Total(OECD)	Percentage(%)
Ministry of Finance		1	1		25	83.3
President' s office				1	1	3.3
Prime Minister' s office						
Independent Agency						
The Central Budget Authority is split between two or more agencies	1				2	6.7
Other					2	6.7

- ◆ Mostly the Ministry of finance is central budget authority in Korea, UK, and other OECD countries (25 countries, 83%)
- ◆ In US, OMB is central budget authority
- ◆ Australia has a dual structure of Department of the Treasury and Department of Finance and Administration

# Characteristics of the System of OECD 4 Countries



## 1. Character of central budget authority

### Q.2 Who is the head of the Central Budget Authority?

	Australia	Korea	UK	US	Total(OECD)	Percentage(%)
Political appointee		1		1	10	33.3
A senior civil servant	1		1		20	66.7

- ◆ The head of the central budget authority is divided into ‘political appointee’ (33.3%) and a senior civil servant(66.7%)
- ◆ Korea and US fall under the former, and Australia and UK are the latter

# Characteristics of the System of OECD 4 Countries



## 1. Character of central budget authority

Q.3 What is the total number of staff working in the Central Budget Authority?

	Australia	Korea	UK	US
Number of staff working	850	846	800	475

- ◆ The number of staff working in the central budget authority varies in OECD countries, from 35 staffs in Finland to 2,250 to staffs in Canada
- ◆ Australia has the largest number of staff(850 staffs) except Canada, Korea(846) and UK(800) have similar number of staff
- ◆ The number of staff in US is 475, which is smaller than that of Mexico(770) and Island(613)
- ◆ The average number of staff working in the central budget authority of OECD countries is 274(except Canada)

# Characteristics of the System of OECD 4 Countries



## 2. Introduction timing of Performance Management

Q.4 In which year was the first Government-wide initiative to introduce performance measures?

	Australia	Korea	UK	US
year	1999	2004	1998	1993

- ◆ Introduction timing of Performance Management varies in OECD countries
- ◆ US introduced performance management in 1993. West European countries such as Austria, Italy, France, and Netherland introduced in early 2000s
- ◆ Korea introduced performance management in 2004 and is included introduction timing group(with Turkey and Portugal) among the OECD countries

# Characteristics of the System of OECD 4 Countries



## 3. Evaluation institution and contents

- Q.2 What types of evaluations are commissioned and/or conducted by the following institutions?

Q.2.a Review of ongoing programs						
	Australia	Korea	UK	US	Total(OECD)	Percentage(%)
Central Budget Authority	1	1	1		14	46.7
Ministry of Finance			1		16	53.3
Line Ministries		1	1	1	23	76.7
Supreme Audit Institution	1		1	1	19	63.3
Legislature				1	5	16.7

- ◆ Line Ministries function as main evaluation institution in overall OECD countries
- ◆ Line Ministries also have the responsibility for the evaluation of the efficiency and cost effectiveness of budget programs
- ◆ The type of evaluation of Supreme Audit Institution is mostly review of ongoing programs or ex post review, including UK, US, Australia, and Korea, but priori assessment is not much

# Characteristics of the System of OECD 4 Countries



## 3. Evaluation institution and contents

- Q.2 What types of evaluations are commissioned and/or conducted by the following institutions?

Q.2.b Ex post review of programs						
	Australia	Korea	UK	US	Total(OECD)	Percentage(%)
Central Budget Authority	1	1		1	10	33.3
Ministry of Finance				1	13	43.3
Line Ministries		1	1	1	22	73.3
Supreme Audit Institution	1	1	1	1	23	76.7
Legislature				1	9	30.0
Q.2.c Review of new initiatives or programs						
Central Budget Authority	1	1	1	1	13	43.3
Ministry of Finance			1		14	46.7
Line Ministries		1	1	1	22	73.3
Supreme Audit Institution				1	8	26.7
Legislature				1	4	13.3

# Characteristics of the System of OECD 4 Countries



## 3. Evaluation institution and contents

### ● Q.2 What types of evaluations are commissioned and/or conducted by the following institutions?

- ◆ In all OECD 4 countries, Line Ministries and Central Budget Authority conduct evaluation on the programs
- ◆ Australia : Line Ministries don't act main role in evaluation
- ◆ UK : Central Budget Authority conduct evaluation on the new initiatives or ongoing programs, But doesn't Ex post review
- ◆ US : OMB is intervene in priori and ex post evaluation. Especially, Supreme Audit Institution and Legislature are involved in priori, ongoing, ex post evaluation
  
- ◆ In the case of evaluation on the efficiency and cost effectiveness, Supreme Audit Institution and Legislature are involved in evaluation in US
- ◆ In Korea, Ministry of Finance and Line Ministries are concerned
- ◆ In Australia, only Ministry of Finance is concerned

# Characteristics of the System of OECD 4 Countries



## 3. Evaluation institution and contents

- Q.2 What types of evaluations are commissioned and/or conducted by the following institutions?

Q.2.e Efficiency and/or cost effectiveness reviews						
	Australia	Korea	UK	US	Total(OECD)	Percentage(%)
Central Budget Authority	1	1	1	1	12	40.0
Ministry of Finance			1		12	40.0
Line Ministries		1	1	1	21	70.0
Supreme Audit Institution			1	1	16	53.3
Legislature				1	4	13.3

- ◆ US focuses on priori review and ex post review, on the contrary to this, UK focuses on review of ongoing programs
- ◆ Korea is into ex post review of programs,
- ◆ Australia is concerned about all stages of programs, But Central Budget Authority is mainly concerned , role of Line Ministries is limited



# Characteristics of the System of OECD 4 Countries



## 4. Evaluation of Non-financial performance

Q.1 What types of performance information are produced to assess the Government's non-financial performance?

	Australia	Korea	UK	US	Total(OECD)	Percentage(%)
None					2	6.7
Performance targets	1	1	1	1	21	70.0
Performance measures	1	1	1	1	24	80.0
Evaluation report	1	1	1	1	25	83.3
Benchmarking	1				9	30.0
Other				1	3	10.0

- ◆ OECD countries use performance information in various way such as evaluation report, performance measures, performance targets
- ◆ All 4 OECD countries use three types(performance targets, performance measures, evaluation report) of performance information, in addition, Australia uses Benchmarking and US uses Expert panel assessments

# Characteristics of the System of OECD 4 Countries



## 4. Evaluation of Non-financial performance

Q.3 What types of non-financial performance measures have been developed for Central Government?						
Q.3.a Output measures						
	Australia	Korea	UK	US	Total(OECD)	Percentage(%)
Yes	1	1	1	1	27	90.0
No					3	10.0
Q.3.b Outcome measures						
Yes	1	1	1	1	22	73.3
No					7	23.3
Missing answer					1	3.3
Q.3.c Other non-financial performance measures						
Yes		1			11	36.7
No				1	16	53.3
Missing answer	1		1		3	10.0

# Characteristics of the System of OECD 4 Countries



## 4. Evaluation of Non-financial performance

< Character of measures and examples >

	Australia	Korea	UK	US
Number of output measures	200	2,496	-	2,500
Examples	-Assistance for Isolated Children -Project to enhance literacy and numeracy outcomes	-number of government support for Tour Resource Development -number of beneficiaries of government support for the fiber industry	-Waiting times for hospital treatment -Number of police officers	- Troops-to-Teachers: percentage of participants who remain teaching 3 or more years after being placed in a teaching position in a high-need school district - Navigation services: the hydrographic survey backlog within navigationally significant areas to be surveyed
Number of outcome measures	242	1,472	-	1,200
Examples	Individuals achieve high quality foundation skills and learning from schools and other providers	-Percentage reduction in mining accident - Collection rate of abandoned vinyl	-Crime rates -Educational attainment of school children	- Homeless Assistance Grants: percentage of formerly homeless persons who remain housed in Housing and Urban Development permanent housing projects for more than 6 months - Internal Revenue Service Investigations: conviction rate
Input measure /Process measure		728		

- ◆ Most OECD countries use output measures and outcome measures together
- ◆ Australia uses outcome measures much, in Korea and US, output measures take a larger part of measures
- ◆ Korea uses 728 input measures and process measures

# Characteristics of the System of OECD 4 Countries



## 5. Performance-expenditure link

Q.5 Approximately how many performance targets are there in the budget?

	Australia	Korea	UK	US	Total (OECD)	Percentage (%)
Not included					6	20.0
1-10%					2	6.7
11-20%						
21-30%					1	3.3
31-40%					1	3.3
41-50%			1		1	3.3
51-60%					2	6.7
61-70%						
71-80%					1	3.3
81-90%		1			1	3.3
91-100%	1			1	5	16.7
Missing answer					10	33.3

- ◆ A wide spectrum between countries that use performance targets and countries that do not
- ◆ Korea is one of the few countries among Czech Republic and US that have thousand units of performance target
- ◆ Korea has a high-levels of link between performance targets and expenditure. UK is far beneath Korea

# Characteristics of the System of OECD 4 Countries



## 5. Performance-expenditure link

Q.6 Are expenditures linked to performance goals or objectives?						
	Australia	Korea	UK	US	Total(OECD)	Percentage(%)
No			1		7	23.3
Yes, 0-20% of expenditures				1	5	16.7
Yes, 21-40% of expenditures						
Yes, 41-60% of expenditures					1	3.3
Yes, 61-80% of expenditures					1	3.3
Yes, 81-100% of expenditures		1			7	23.3
Missing answer	1				9	30.0

- ◆ Korea and Canada, Finland, New Zealand fall under the range of 81-100%
- ◆ In the case of Australia and UK, performance goals or objectives, which are subordinate level of performance targets, are not linked to expenditures totally
- ◆ In US, there' s a limited link with expenditures, such as finishing the program early when the program achieves its performance goals(or objectives)

# Characteristics of the System of OECD 4 Countries



## 6. Setting and achieving performance targets

Q.7 Who has responsibility for setting performance targets?				
	Australia	Korea	UK	US
Formally	The Cabinet	The administrative head of the relevant ministry	The Cabinet	The relevant minister
In practice	The Prime Minister, The Cabinet, and The relevant minister	The administrative head of the relevant ministry	The Prime Minister, and The Minister of Finance	The President, The Legislature, The relevant minister, and Staff of the administrative head of the relevant agency

- ◆ In most Countries, the relevant ministries set performance targets by themselves
- ◆ In UK and Australia, formally the cabinet has responsibility for setting, but in practice, the prime minister and others have important role in setting targets
- ◆ In Korea, the administrative head of the relevant ministry has formal and practical responsibility
- ◆ In US, the relevant minister has responsibility, but in practice, the president, and legislature, the relevant minister, and staff set performance targets jointly

# Characteristics of the System of OECD 4 Countries



## 6. Setting and achieving performance targets

### Q.8 Who is responsible for achieving performance targets?

	Australia	Korea	UK	US	Total(OECD)	Percentage(%)
No one					1	3.3
The President						
The Prime Minister						
The Central Budget Authority						
The relevant minister	1	1	1	1	18	60.0
The highest civil servant in the relevant ministry					2	6.7
Other					7	23.3
Missing answer					2	6.7

- ◆ In most cases, the relevant minister is responsible for achieving performance targets

# Characteristics of the System of OECD 4 Countries



## 6. Setting and achieving performance targets

Q.9 If performance targets cut across organizational boundaries who is responsible for achieving them?

	Australia	Korea	UK	US	Total(OECD)	Percentage(%)
No one					2	6.7
One of the relevant ministers					2	6.7
All of the relevant ministers	1		1	1	14	46.7
The highest ranking civil servant in one of the relevant organisations						
The highest ranking civil servant in each of the relevant organisations					3	10.0
Other		1 (the prime minister)			6	20.0
Missing answer					3	10.0

- ◆ If performance targets cut across organizational boundaries, it is the majority answer that all of the relevant ministers are responsible for achieving them
- ◆ Korea is the only country that the prime minister has responsibility as a mediator for inter-organizational performance targets



# Characteristics of the System of OECD 4 Countries



## 7. Performance report

### 1) Reporting institutions

- All countries are reporting performance, but institutions which are reported performance are varied
- In Australia, UK, and US, ministries/government organizations are required to report on performance to the legislature. In Korea, central Budget Authority and prime Minister's Office are reported institutions
- In Australia, performance is reported to the cabinet, and UK reports performance publicly. In particular, US reports performance to many institutions which are internally within the relevant ministry/Government organization, parent Ministry, OMB and other institutions

### 2) Performance report to the Legislature

- It varies across the country
- In Australia and UK, each ministry prepares performance reports accompanying the budget for the Legislature routinely
- In US, Performance information is presented in the main budget documents for more than half of the agencies

### 3) Openness to the public

- Most countries are presenting performance information to the public in one form or another
- In US and UK, there is an internet site for performance information. US is the most positive country to presenting information to the public
- Korea, isn't generous in opening of information to the public

# Characteristics of the System of OECD 4 Countries



## 8. Use of performance information

### 1) Use as part of the budget discussions/negotiations between the Central Budget Authority and line/spending ministries

- Most countries use performance information as a part of the budget discussion/negotiations, but it is just as a reference material
- In Australia and Korea, the proportion of ministries uses performance information as a basis for negotiation is high

### 2) Purpose of Using performance information

- OECD countries have a common practice that central budget authority and line ministries use performance information as a basis of compelling or pushing change in programs
- Line ministries make much use of performance information than central budget authority, but in cutting expenditures, there is a reversal of the situation that central budget authority make much use of performance information than line ministries
- In Australia, allocating resources between programs is important purpose of using information. UK uses to justify existing allocations to specific activities/programs and push changes in program, and manage programs/agencies
- Korea is one of the few countries that central budget authority and line ministries make use of performance information together. Especially, line ministries use performance information directly in cutting expenditures of the following fiscal year



## 8. Use of performance information

### 3) Dealing with programs that didn't meet performance targets

- There are few countries where program is eliminated if performance targets are not met
- In most OECD countries, there is almost never reduction of budget. On the contrary, Korea answered that there are “almost always” negative consequences for the size of the budget of the ministry responsible for delivering the target. Besides, there are negative consequences for the pay of the head of the ministry/entity responsible for delivering the target

### 4) Actors who use performance information in budgetary decision-making

- Though actor who use performance information in budgetary decision-making varies, most actors are the cabinet, minister of finance, central budget authority, and the minister with responsibility for the ministry which is supposed to deliver a performance target
- In US, the president “almost always” refers to performance information in budgetary decision-making
- Korea, only central budget authority “almost always” reflect performance information in budget



## 8. Use of performance information

### 5) Use of performance information by the central budget authority in the budget formulation

- Korea can be classified as exception that performance against targets is “almost always” used to determine budget allocations
- US answered that performance against targets is “almost never” used to determine budget allocations. Australia and UK answered that performance against targets is “almost always” actively used along with information on fiscal policy and policy priorities to inform but not determine budget allocations
- US reflects performance information in budget, but is very careful about reflecting performance against targets in budget
- It is somewhat mechanical and inflexible approach that using performance against targets to determine budget
- Korea is inflexible and elaborative, on the basis of mechanical decision

# Problems of the KPART



## 1. Vertical accountability

OECD countries	Korea
<ul style="list-style-type: none"><li>- Self assessment of line ministries</li></ul>	<ul style="list-style-type: none"><li>- Evaluation of Central budget authority</li></ul>
<ul style="list-style-type: none"><li>- Performance information is reported internally</li></ul>	<ul style="list-style-type: none"><li>- Performance information is presented to central budget authority and the prime minister's office → be subjected to intervention of the institution which have authority over budget allocations and performance information</li></ul>
<ul style="list-style-type: none"><li>- Australia : line ministries are excluded from evaluation, but supervision authority of Supreme Audit Institution(ANAO) is powerful</li><li>- UK : the cabinet sets performance targets, ministry of finance reviews expenditures and sets performance goals. performance information are presented to the legislature related to PSA targets</li><li>- US : doing prior/ex post evaluation from the legislature and the supreme audit institution</li></ul>	<ul style="list-style-type: none"><li>- A little pressure of evaluation from the legislature or the supreme audit institution. But control from the central budget authority to the line ministry is very powerful</li></ul>

# Problems of the KPART



## 1. Vertical accountability

< Results of KPART and budget changes(recent 3 years) >

Year of evaluation	Evaluation grade	Number of programs	Budget of Year in evaluation (A)	Budget of following fiscal year(B)	variation	
					(B-A)	%
2010 <programs of 2009' s>	Total	473	45.4	47.3	1.9	3.9
	Very excellent	22	0.7	0.8	0.1	9.8
	·excellent					
	average	335	40.9	43.6	2.7	6.5
	Very poor-poor	116	3.8	3.3	△0.5	△12.5
2011 <programs of 2010' s>	Total	389	51.6	50.7	0.9	△1.7
	Very excellent	26	1.9	2.0	0.2	5.8
	·excellent					
	average	246	46.2	45.7	△0.5	△1.0
	Very poor-poor	117	4.3	3.9	△0.4	△10.4
2012 <programs of 2011' s>	Total	405	33.6	36.1	△2.5	7.2
	Very excellent	27	3.2	3.3	0.2	5.2
	·excellent					
	average	281	28.7	31.3	△0.3	9.1
	Very poor-poor	97	1.8	1.5	△0.3	△18.5

- ◆ very poor/poor programs had a budget cut in comparison to budget of the previous fiscal year during recent 3 years
- ◆ Results of KPART had practically reflected in budget that the government' s budget is declined (5.6%, 5.2%, 5.3%) during the same period
- ◆ By National Finance Act, the Minister of finance has authority with evaluation of budget programs, and results of the evaluation can reflected in operation of budget
- ◆ Result of KPART is rated on five grade, following this, determine reduction of budget

# Problems of the KPART



## 1. Vertical accountability

- ◆ Korea makes much use of performance information that the proportion of ministries which use performance information as a basis for budget negotiation between the central budget authority is almost 81~100%
  - ◆ Central budget authority of Korea is thrusting strict criteria and making a stern order
  - ◆ UK has changed into departmental performance management focusing on improvement of efficiency  
→ new programs must go through approval of finance officer, and high ranking civil servant make autonomous decision of budget internally within the department
  - ◆ Korea has a strong link of performance results and budget, even more than that of PART in US. Under this situation, there is no room for intervention of the legislature in evaluation, even if the legislature can intervene in evaluation, it is a confirmation or check of the performance information as a mere formality
- ⇒ Therefore, the future role of the legislature and the central budget authority of Korea is focusing on priori evaluation and review of ongoing programs, and accepting opinion of the legislature in the evaluation process

# Problems of the KPART



## 2. Internal accountability

### < Phased results of KPART(Ministry of National Defense) >

Year	Number of programs	Plan (100점)			Process (100점)	Outcome /feedback (100점)
		Program plan (50)	Performance plan (50)	Total		
2008	9	48.6	36.3	84.9	63.9	61.2
2009	9	50.0	27.8	77.87	75.0	61.9
2010	9	50.0	27.8	77.8	88.9	49.5
2011	10	50.0	40.0	90.0	69.7	51.0
2012	9	50.0	47.2	97.2	60.2	55.8
2013	21	50.0	37.7	87.7	64.8	52.8
Average		49.8	36.1	70.6	70.4	55.4

- ◆ Korea is weak in feedback of evaluation results
  - ◆ For example, average scores of phased results(plan/process/outcomes-feedback) show that score of outcome/feedback is especially low, and stay low consistently with every passing year
- ⇒ Even though Korea introduced KPART, it remains a major task of improving performance in quality



# Problems of the KPART



## 2. Internal accountability

- ◆ Looking at the number of performance target, Korea is a country that has larger number of policy than most OECD countries do
  - ◆ In Korea, there are indicators which set separately against performance goals in upper level of performance objectives
  - ◆ But performance goals can achieved through performance objectives, logically, performance goals should be achieved automatically if performance objectives are achieved. If it is not, there is a problem with the link of performance goals and objectives, or a lack of representatives of performance goals, finally, it admits itself that performance management system is irrational
  - ◆ Also, Korea has the system that performance targets are directly linked to budget expenditures, such as Australia, US. And the link of performance goals(or objectives) and budget expenditures is highest among the OECD countries
- ⇒ Korea prefers to clarify where the responsibility lies that if performance targets cut across organizational boundaries, the prime minister is responsible for performance. Like so, internal accountability is very high in Korea

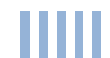
# Problems of the KPART



## 3. Social accountability

- ◆ In achieving social accountability, performance management system of US is most advanced
  - The central budget authority, the legislature and supreme audit institutions take part in evaluation, and additionally, expert panel also participates in evaluation
  - overlapping use of many tools to open the performance information, such as websites, publication of reports, present to the legislature
- ◆ In Korea, results of KPART are opened to the public on website of Ministry of finance. But participation of the public and accessibility of information is low
  - ⇒ performance of government is for the public ultimately, participation in policy process and opening of information is essential
  - ⇒ It is important to let the public involved in policy process, and accept their opinion to correct direction of policy well. Also it is needed to inform performance information easily to the public
  - ⇒ The public is concerned about policy than performance, so it is a point to be considered to present performance report along the each policy sector
  - ⇒ It is better to inform the essential contents of the policy to help the public understand easily, not simply opening the performance information only

# Problems of the KPART



## 4. Technological efficiency

- ◆ In UK and US, supreme audit institutions intervene in efficiency and cost effectiveness evaluation. Especially, the legislature also intervenes on the evaluation in US
  - ◆ The system for achieving cost effectiveness of Korea is relatively inadequate  
→ resulted from focusing much more on the ex post evaluation than priori evaluation
  - ◆ In Korea, the number of output measures is larger than number of outcome measures. Especially, input/process measures are largely used
  - ◆ Finally, Korea has a strict budgetary program evaluation system that performance information is directly linked to budget expenditures. But it is doubtful in that its effectiveness on “improving performance” is weak
  - ◆ It looks as a well designed system, but it is bounded to system itself and it ignores what the public most want, “improving performance”
  - ◆ Globally, it is rare that cutting the budget of following fiscal year because of the performance didn't meet the target
- ⇒ performance information should be used as a part of consulting of budget programs to improve performance. Especially, programs that didn't meet targets need more consulting rather than cutting of budget
- ⇒ Korea should change the overall direction of the system. It needs to focus on monitoring as Australia does, and strengthen priori evaluation and review of ongoing programs like UK. Finally, it is important to raise intervention of the legislature, and participation and attention of the public