Evaluation in Japan

Ryo Sasaki

Overview

Two years have passed since the "Government Policy Evaluations Act" (GPEA) became effective in Japan on April 1, 2002. In that time, evaluation has been well accepted as an essential part of the policy management cycle at each ministry of the Japanese government. It is reported that evaluation results have been utilized for budget formulation by governmental ministries, and it is also observed that policies have been prioritized and, conversely, abolished based on the evaluation results. Other merits of introducing evaluation are that the so-called 'policy diagram' has been frequently developed at ministries, and policy goals have become more outcome-oriented with more quantitative measures. Now the Act is under discussion for amendment with some major points proposed for change.

Background to Introduction of the Act

'The Basic Law for the Reorganization of Central Government Ministries and Agencies' came into effect in June 1998, marking the start of serious reform of the Japanese public sector. Though the law comprises almost all the subjects of administrative reform, strengthening of *policy evaluation* is pointed out as one of the major tools for government-wide reform. One thing should be pointed out: the word *policy* is used with a very broad meaning in Japan, and this includes all three levels in the hierarchy of governmental activities, namely, *policy, program and projects*.

Reflecting the concept of this basic law, the Ministry of Internal Affairs and Communication (hereafter the MIC)[1], prepared the 'Standard Guidelines for Policy

---

[1] *Ministry of Public Management, Home Affairs, Posts and Telecommunication* was the formal name in 2002.

Evaluation' in 2001, and the MIC encouraged each ministry to test them on their policies, programs and projects. Three approaches were suggested in the guidelines, namely 'project evaluation,' 'performance evaluation' and 'comprehensive evaluation.' These names do not match with the internationally accepted academic norms. Roughly saying, 'project evaluation' is a different expression for *ex-ante project-level evaluation*, or simply *appraisal*. 'Performance evaluation' is equivalent to *performance measurement*. 'Comprehensive evaluation' is almost the same as *program evaluation* as has been developed be evaluators for the long term. (see Box 1)

After a certain period of examination, the GPEA was prepared by the MIC and passed through the Diet in 2001. The law required all governmental ministries to evaluate their policies and report the results to the public. It also asked ministries to reflect evaluation results in policy and budget formulation, albeit not by mandate.

Box 1. *Summary of Standard Guidelines for Policy Evaluation*

Evaluation Method and Performance Ideas

Based on the following three standard evaluation methods, each government office must select an appropriate evaluation method and carry out evaluation in accordance with the characteristics of its own policy and the need for policy evaluation in each area.

(1) **"Project Evaluation"** to provide information useful for adoption, rejection, and selection of administrative activities by conducting evaluation beforehand, and carrying out verification during and after the implementation.

(2) **"Performance Evaluation"** to provide information on the extent of policy achievements. This is accomplished by setting up the goals to be achieved beforehand in the wide-ranging areas of administration, measuring the performance, and evaluating the extent of goal achievements.

(3) **"Comprehensive Evaluation"** to provide a variety of information useful for solving problems by setting up a specific theme, carrying out comprehensive evaluation by looking at the theme deeply and from various angles, and finding out policy effects

---

Source: Ministry of Internal Affairs and Communication, *Summary of Standard Guidelines For Policy Evaluation,* 15 January 2001

Utilization of Evaluation Results

As has been already mentioned, two years have passed since the Act came into effect. The MIC has conducted survey for each ministry and published a report concerning the extent and degree to which evaluation results are utilized.

Evaluation Results are Well Utilized for Policy and Budget Formulation

In 2002, a total of 2,436 ex-post evaluations were conducted using one of the approaches suggested above. Out of the total, 1,920 cases (78.8%) were evaluated as 'well done and should be continued as is;' 450 cases(18.5%) were evaluated as 'should be improved or reconsidered;' and 55 cases (2.3%) out were judged as ''should be suspended, terminated or abolished,' which has actually transpired. In 2003, a total of 5,923 ex-post evaluations were conducted and with the breakdown of results as shown in the following figure.

Figure 1. *Feedback of Evaluation Results (2002, 2003)*
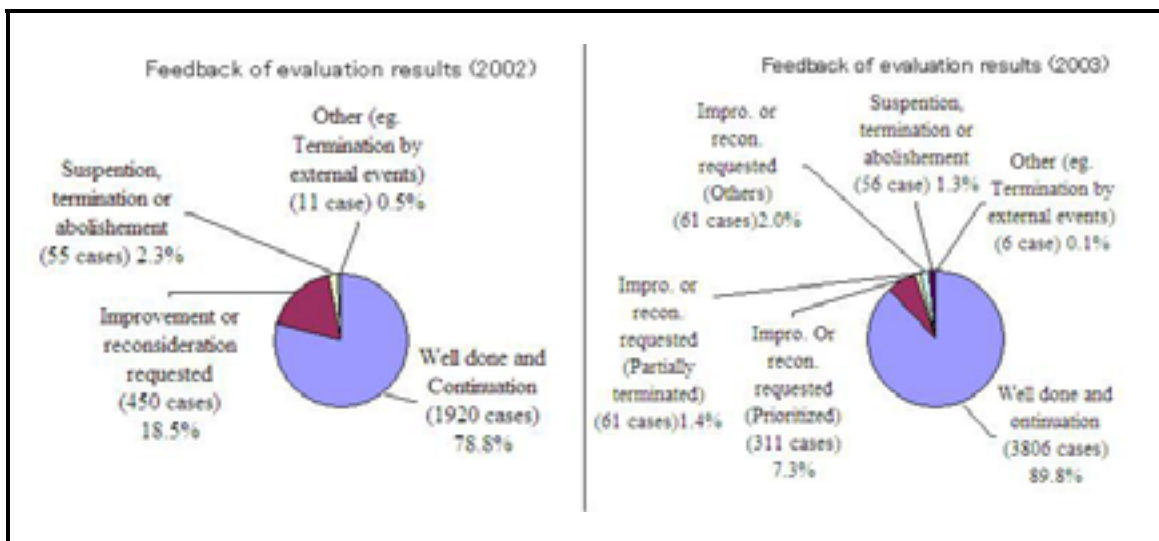
Source: Ministry of Internal Affairs and Communications, *Implementation Situation of Policy Evaluation and Feedback for Policy Formulation,* 2004 and 2005

Policy Diagrams Have Been Developed at Each Ministry

Along with the introduction of evaluation activities, the so-called policy diagram was developed in more than half of all ministries. A policy diagram is like a hierarchy of policies, programs and projects, or a hierarchy of mission, vision, strategic goals, programs, and associated activities. For instance, the Ministry of Agriculture, Forestry and Fisheries has developed a policy diagram consisting of 5 major goals, 12 intermediate goals, 59 policy areas with 142 numerical targets, and associated programs and interventions. This kind of framework was not considered

in Japan until the introduction of evaluation activities. It has been unanimously reported that policy diagrams are shared throughout whole organizations and are used as effective internal communication tools.

Policy Goals Have Become More Outcome-Oriented with More Quantitative Measures

It is reported, for example, by the Ministry of Education and Technology, that certain words such as *outcomes* and *performance indicators* were broadly accepted and their concepts were shared by the entire organization. The MIC reported that the ratio of cases where performance targets are set in a quantitative manner has increased from about 30% in 2002 to more than 50% in 2003.

Discussion for Amendment of the GPEA

The GPEA states that the Act shall be amended based on the lessons learned after three years. The professional committee of the MIC, the formal name of which is the *Committee for Policy Evaluation and Independent Administrative Institutions*, published a report entitled 'Major points for amendment of policy evaluation system' in December 2004. A summary of the report is given below (see Box 2). Based on these points, discussion will heat up through this year, and it is expected that amendment of the GPEA will be actually proposed to the Diet at the end of fiscal 2005. Professional associations, such as Japan Evaluation Society, are strongly requested to contribute to this discussion and take a lead on the appropriate use of professional terms on evaluation and the diffusion of various evaluation concepts.

Box 2. *Major Points for Amendment of Policy Evaluation System*

<Feedback of evaluation results for policy formulation>

- More feedback for budget formulation as well as policy formulation should be done

- 'Units' to which evaluation is applied should be set more clearly. For example, 'units' can be recognized by development of an appropriate policy diagram.

- Mindset of staffs should be changed. Concepts of management cycle and results-oriented management should be diffused.

<Promotion of more objective and rigorous evaluation>

- Target setting should become more quantitative.

- Information of *cost* invested for policy implementation should be gathered and cost-effectiveness analysis should be conducted more frequently.

- Knowledge of academic and professional expertise should be utilized more.

- Possibility of re-examination and double check by outside expertise should be maintained.

<Sophistication of evaluation activities>

- Various evaluation activities should be appropriately prioritized and conducted in a more cost-effective way.

- Ex-ante evaluation on introduction and amendment of public regulation should be more sophisticated and amplified.

<Public report of evaluation results>

- Evaluation report should be prepared in a more reader-friendly manner.

- National discussion on evaluation should be stimulated.

<Other issues>

- Cooperation with regional authorities, - Role of the MIC, - Tie-up with related fields

Source: Committee for Policy Evaluation and Independent Administrative Institutions, *Major points for amendment of policy evaluation system,* December 2004

References

Ministry of Internal Affairs and Communication, *Summary of Standard Guidelines for Policy Evaluation,* 2001
http://www.soumu.go.jp/english/kansatu/evaluation/evaluation_04.html

Ministry of Internal Affairs and Communications, *Implementation Situation of Policy Evaluation and Feedback for Policy Formulation,* 2004 and 2005.

Committee for Policy Evaluation and Independent Administrative Institutions, *Major points for amendment of policy evaluation system,* 2004.