Performance–oriented Budgeting in Korea: Overview and Changes

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Current Systems

- Ex–ante evaluation system for large SOC projects
  - Feasibility Study
  - Controlling mechanism for budget increase during project implementation

- Outcome–oriented performance budgeting system
  - Performance goal management system
  - Periodic Assessment of Budgetary Programs
  - In–depth evaluation system
Current Initiatives by MOSF

- Performance goal management system
  - Introduce performance dashboard for selected budgetary programs

- Periodic assessment of budgetary programs
  - Develop more sensible way of linking assessment results to budget formulation
  - Identify policy implications from the periodic assessment

- In-depth evaluation system
  - Formalize in-depth evaluation system
  - Include budgetary implications into evaluation results
  - Introduce explicit cross-cutting program evaluation

- Introduce performance management of tax expenditure

- Beefing up capacity of MOSF and line ministries
Increasing involvement of the National Audit Office & the National Assembly

- With the enactment of the National Finance Act in 2006, the NAO and the NA’s involvement is increasing

Pros
- More rigor to the system
- Accountability is increasing

Cons
- Danger of becoming passive compliance system
Initiatives by the NA & NAO

- Performance Goal Management
  - Develop summary of annual performance plan and report
  - Improve cost accounting
  - Develop sectoral performance information
  - More scrutiny over the quality of performance evaluation

- Periodic Assessment of Budgetary Programs
  - More binding 10% budget cut
Thank you