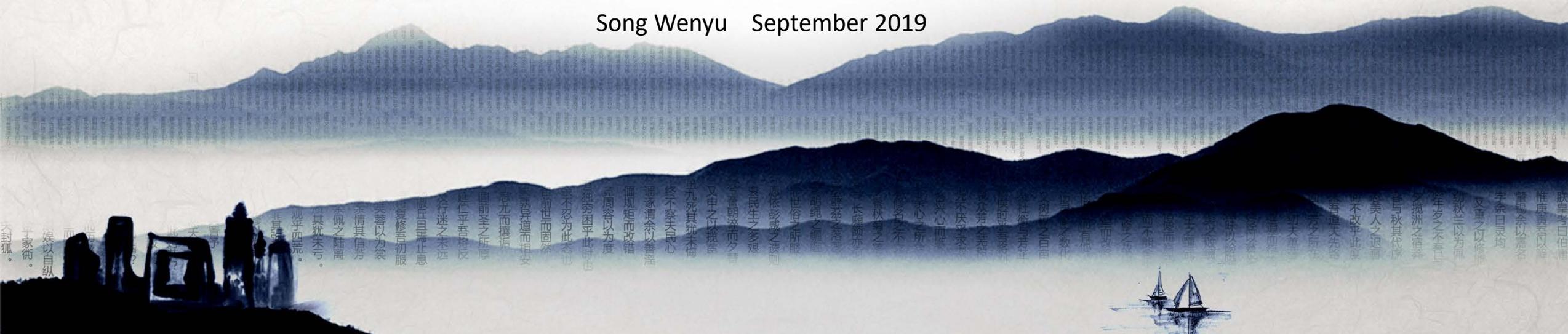


# Observations and Thoughts about Performance Evaluation



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# CONTENTS

1

Work done since 2015

2

Thoughts and  
recommendations about  
performance evaluation



01

# Work done since 2015



# Projects subject to performance evaluation

## Overview

Since 2015, our center has undertaken 128 performance evaluation tasks, including 68 tasks at the central government level covering a total expenditure 241.023 billion yuan, 31 transfer payment projects with a total expenditure of 285.804 billion yuan, 3 government funds with a total expenditure of 64.583 billion yuan, 12 policies, 9 government departments and entities and 5 government-invested funds.

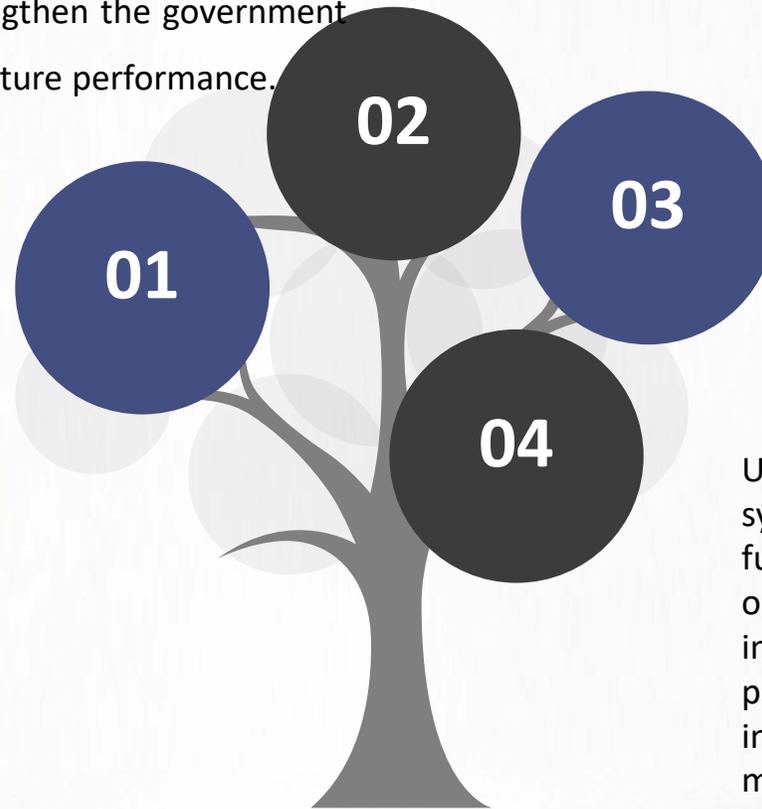
Year	Central departments		Transfer payments		Government funds		a	b	c	Sum
	No.	Amount	No.	Amount	No.	Amount				
2015	10	39.43						1		11
2016	9	35.3	4	698.73			2			15
2017	23	1141.9	14	1155.74			8	2	2	49
2018	7	65.9	9	929.04	3	645.83		2		21
2019	19	1127.09	4	84.44			2	4	3	32
合计	68	2409.62	31	2867.95	3	645.83	12	9	5	128

Note: a= policies, b=department-wide expenditure, c=government-invested funds

## Research projects

Undertook research on the government department-wide expenditure performance evaluation, identified the relevant status quo and challenges in the government practices, drew from international best practices and developed recommendations with an aim to strengthen the government department-wide evaluation of expenditure performance.

Undertook the World Bank TCC6 subproject entitled “Research on the Chinese Performance Evaluation System for the Fiscal Expenditure Policies”, produced research reports and publication translation and published a book with all the research outcomes included—*Research on the Performance Evaluation System for the Fiscal Expenditure Policy in China*. This book provides reference for the Chinese evaluation of fiscal expenditure policies, in particular of the special transfer payment policies.



Undertook research on the performance evaluation indicator systems; identified the existing performance evaluation indicator systems, raised recommendations to develop common indicator systems for each of the three domains, projects expenditures, policies and department-wide expenditures and to develop sector-specific indicator systems.

Undertook research on the indicator system of the government-invested fund performance evaluation and operation methodologies, set up the indicator system for evaluating the performance of the government-invested funds and drafted the relevant management methods and operation guidance.

## Other outcomes



Assisted the joint assessment of 2024 tier-1 projects of 153 central departments and 93 central-to-local transfer payment performance objectives.



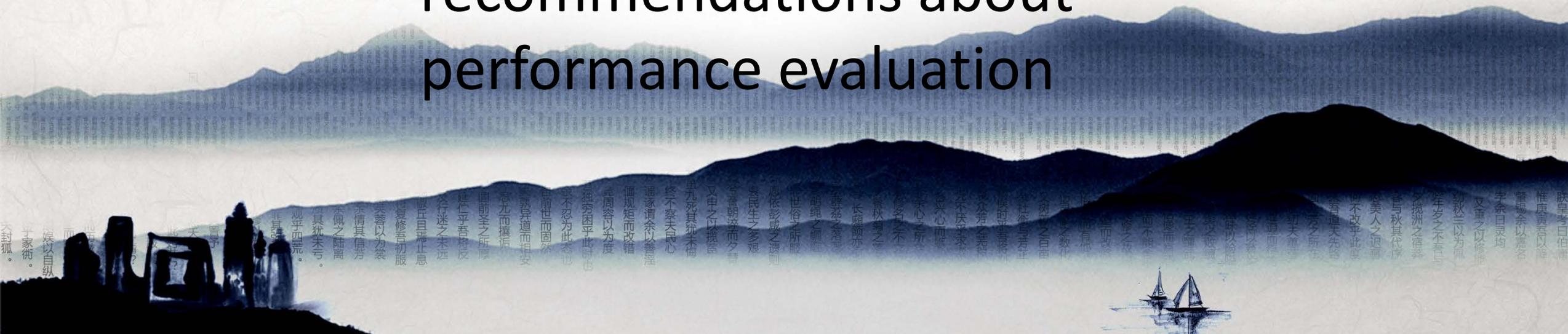
Took the lead in the development of evaluation indicator systems for military industrial projects. Specific outcomes include a positive list of management requirements for military industrial projects and a negative list of issues, five performance indicator systems for military industrial projects.



Supported the development of sector-specific performance indicator systems; reviewed the proposals of indicator systems submitted by departments, provided recommendations for further improvement, and fostered sector-specific performance indicator systems.

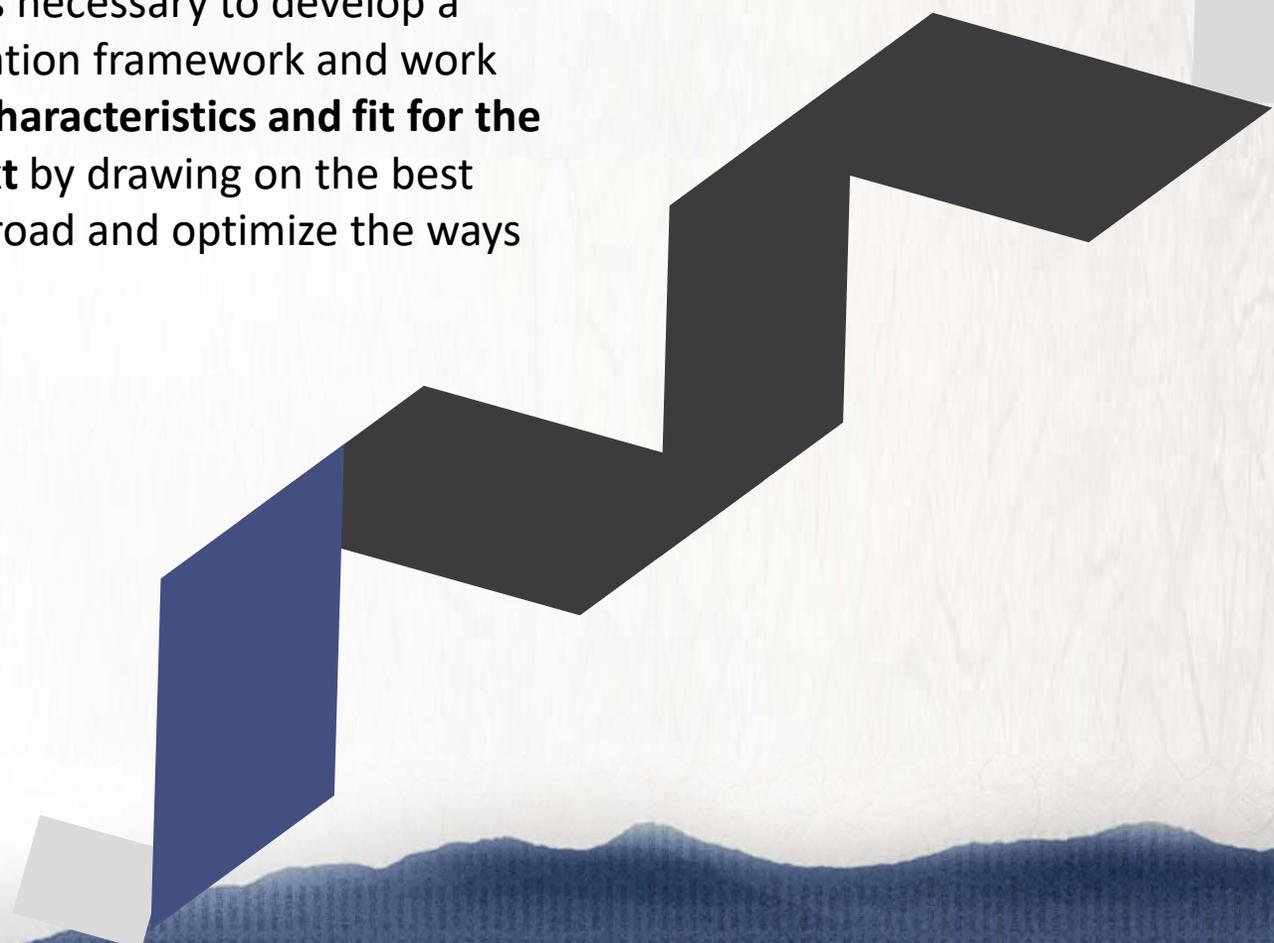
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# Thoughts and recommendations about performance evaluation



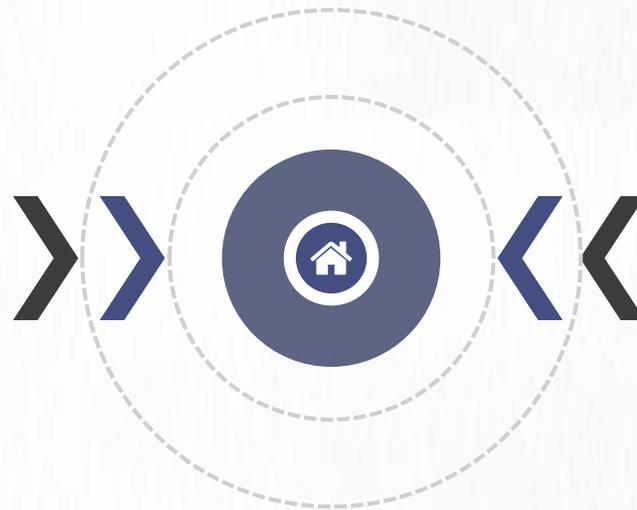
# Enhance the theoretical studies regarding performance evaluation

In order to meet the requirements of the central government to comprehensively implement the budgetary performance management, it is necessary to develop a theoretical performance evaluation framework and work approaches **with the Chinese characteristics and fit for the Chinese budget-making context** by drawing on the best practices both at home and abroad and optimize the ways of performance evaluation.



## Identify the main parties responsible for performance evaluation

It is important that the departments and entities be held accountable for their own performance management, and the finance department(s) be responsible for delivering the functions of organization, coordination and supervision.



It is necessary to further clarify the division of responsibilities among the finance department, budget department and the fund users. The finance department shall give priority to the evaluation of government budget performance while improving the ways of selection of key performance evaluation tasks. Emphasis will be placed on the setting of reasonable objectives and on addressing the problems. It is crucial to focus on the major policies, key projects and departments, with an aim to address the existing piecemeal evaluation practices, align the evaluation with relevant policies and make sure all are measurable and evaluable.

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# Foster reform of the department budget management

Improve the ways of that the departments manage their budgets; decentralization shall be integrated with the accountability mechanism.



It is important to modify the contents in the budget and final budgets of different levels of government and various departments, closely align the strategic objectives, planned tasks, arrangements of public finance with the performance objective and outcomes, thus integrating the expenditure with accountability.



It is important to enhance review of the performance objectives and such review results need to be connected with the budget making process. For those projects without clear objectives, they will not be included in the budget.

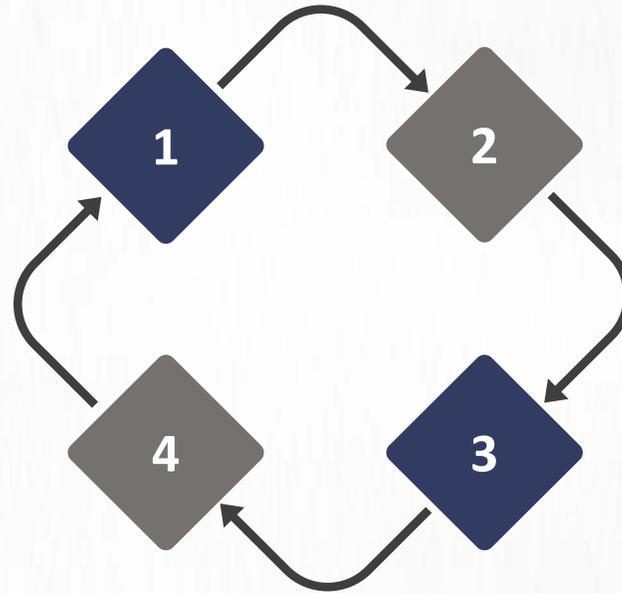


The ex ante performance appraisal will be integrated with budget review. Ex ante appraisal will be carried out for the major policies and projects that involve huge investments and have attracted a high degree of attention from the society. By doing so, the assessment of quality is moved forward and efforts can be made at the source to ensure the budget is scientific and accurate.

# Further build the performance evaluation infrastructure system

Build a performance evaluation mechanism with the participation of multiple parties, carry out public satisfaction surveys, foster performance information disclosure and enable performance evaluation to become a crucial democratic means of wealth management.

Fully utilize the modern ICT technology to carry out performance evaluation, increase the application of big data, conduct in-depth research on the data architecture and logic relations to improve depth and efficiency of performance evaluation.

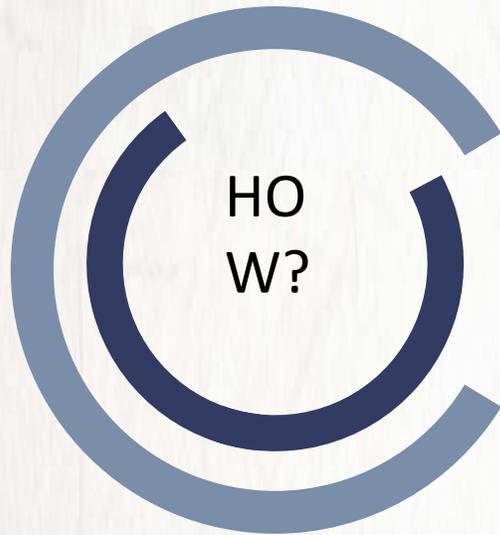


Build a strong team of talents, cultivate the third-party agencies, establish disciplines and academic programs suited to the needs of budget performance management, particularly of performance evaluation.

Further build performance evaluation indicator systems, set up the common indicators framework, accelerate the development of sector-specific indicator systems, extract key indicators, construct indicator systems with clear logic, appropriate weighting and scientific scoring.

# Leverage the benefits of performance evaluation

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Highlight the priorities needing performance evaluation. Emphasis will be placed on the key policies, projects and department-wide performance that need evaluation so that the project management will be improved, policy design optimized and management of departmental budgets ameliorated.

Improve the scientific nature of evaluation. It is important to further improve ways of performance evaluation, strengthen the macro policy analysis and convert to a more powerful language of policies so as the evaluation outcomes are put into more and better use.

Enhance the mechanism to further leverage the performance evaluation outcomes. Efforts can be made to apply the evaluation outcomes multi dimensionally, instead of just linking up the evaluation results with budget-making. It is necessary to foster connections between evaluation outcomes with project approvals, policy adjustments, information disclosure, stronger budget management systems and institutions. Sense of ownership needs to be enhanced further in the departments in line with the principle “expenditure will be subject to the evaluation of benefits; the lack of benefits will lead to accountability”.

